86040 BOOK 5 PAGE 920

HONALD INC.

1800 West Second Street P. O Box 890 Phone (503) 296-4138 The Dalles, Oregon 97058

LEASE AGREEMENT

No.

AGREEMENT made DEC 5TH, 1977, between HONALD INCORPORATED, a corporation, herein called Honald Inc., located at 1800 W 2ND THE DALLES, ORE, and

LESSEE: Name TOWN TAVERN

Address STEVENSON, WASH.

an individual ( ) a partnership ( ) a corporation ( )

herein called LESSEE

1. DISPLAY: Honald Inc. shall, to Lessee's special order and specificati, for Lessee's use, construct, install and, during the term of this agreement maintain for and rent to Lessee the advertising display(s), hereinafter called "Display," in accordance with the specifications and description set forth herein.

2. RENTAL: Lessee shall pay Honald Inc. a monthly rental of $ 26 00 plus tax for each and every calendar month during the term of this agreement, for the cost of installing said Display, for the agreement to supply parts, repairs and maintenance, and for the right and license to use said Display in accordance with the terms hereof, plus a proportionate monthly rental charge for the first partial month following the date of installation.

In addition, Lessee shall pay Honald Inc., on the date this agreement is signed, the last three months rental in advance. This advance rental shall not eliminate or reduce Honald Inc.'s right or Lessee's liabilities under paragraph 7 and 9 herein.

3. TERM: This agreement shall continue in effect for a term of 36 months, commencing with the first day of the month following the month in which the Display is installed. All rentals shall be due and payable in advance on the first day of each and every month at the office of Honald Inc. at the above mentioned address, beginning on the first day of the month following installation of Display, and rental shall be due and payable whether or not Display shall be used or operated by Lessee, except as herein otherwise expressly provided. In the event Lessee shall continue to operate Display beyond the Term without execution of a new agreement, the Lessee shall continue to be bound by all the provisions of this Agreement while holding over in possession of Honald Inc.'s said property.

4. SPECIFICATIONS: Total number of Displays ONE (1)

OVERALL SIZE (approx.) (a)____ (b)____ (c)____ (d)____

TYPE: Vertical____ Horizontal____ Single____ Double____

METAL: Flat____ Other____ Baked Enamel____ Paint____ Porcelain Enamel____

BACKGROUND TYPE AS PER EXISTING SIGN BACKGROUND COLOR____

ACCESSORIES____ DISPOSAL OF OLD SIGN____

ADDRESS OF INSTALLATION____

POSITION OF INSTALLATION____ TYPE OF STRUCTURE____

LETTERING AND ORNAMENTATION	SIZE OF LETTER	TYPE OF LETTER	COLOR FACE	COLOR EDGE	ILLUMINATION COLOR	ILLUMINATION TYPE
RENEWAL OF EXISTING CONTRACT FOR 5'X6' D/F PLEX						
SIGN AND 2'+2' PLEX SIGN + ARROW THAT IS ON LESSEE'S PROPERTY						

The size of letters referred to herein is the height of either the painted or metal letters, NOT the height of the tubing itself. Glass or reduced tubes change color and light intensity proportionate to period of use. Mercury filled tubing of any age is affected by cold weather. These are inherent characteristics and not defects in manufacture or maintenance. Replacement of operating tubes so affected is not a part of this agreement unless herein otherwise specified.

HONALD INCORPORATED

BY Mark Randolph (Salesman)

ACCEPTED____ (Authorized Signature)

Title____ Date____

LESSEE

TOWN TAVERN

BY [signature]

Title____

GUARANTY: The undersigned herein guarantees the full and faithful performance of each and every obligation of Lessee to the same extent as if primarily liable on account of the contract, hereby waiving notice of default and consenting to any change or modification hereafter made to the contract by Lessee and Honald Inc.

Guarantor

Guarantor

Date____

STATE OF WASH. } ss
COUNTY OF SKAMANIA }

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT OF WRITING WAS RECEIVED AND FILED IN MY OFFICE AT [illegible]

DEC 6 1977

[illegible]

86040

STATE OF WASH. } ss
COUNTY OF SKAMANIA }

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT OF WRITING WAS RECEIVED AND FILED IN MY OFFICE AT [illegible]

6. MAINTENANCE: Honald Inc., at its own expense, shall maintain and service Display, including in such service, cleaning, repainting and necessary repairs, and for these purposes Honald Inc. shall have free access to Display. If Display fails to operate for any reason except by reason of fault of Lessee or its agents or employees, Honald Inc. shall repair Display within two business days of receipt of written notice from Lessee. If Honald Inc. fails to repair the Display, Lessee shall receive a credit of 1/30th of the monthly rental for each day that Display fails to operate in whole or in part in excess of said two business day period, but shall be entitled to no other claim, remedy or damage on account thereof. Charges for any repairs or replacements due to act or negligence of Lessee, its agents or employees will be borne by Lessee.

6. TAXES: Lessee shall pay all personal property and other taxes levied upon or with respect to Display or the use thereof and/or upon this agreement or the rentals to be paid hereunder, including without limitation, all sales, rental or use taxes levied by the United States or by any State, County, City or political subdivision. In event Honald Inc. is required to pay any of the foregoing taxes imposed upon Lessee, Lessee shall reimburse Honald Inc. for such taxes.

7. DAMAGE OR DESTRUCTION OF DISPLAY: In the event of damage to or destruction of Display, Honald Inc. shall have the right at its option either to repair or rebuild the same, and the term of this agreement shall be extended for such period of time as display may be unavailable for use by Lessee by reason of such damage or destruction, or at its option, Honald Inc. may terminate this agreement, in which event the Lessee shall not be obligated to make further rental payments hereunder. However Lessee shall be responsible for damage to or destruction of Display caused by or resulting from any act or negligence of Lessee, its agents or employees and providing further, however, that this paragraph shall not apply in the event of damage to or destruction of display caused by hurricane, tornado, or similar abnormal weather condition. The risk of loss occasioned by such causes shall be upon Lessee, and this agreement shall continue in effect despite damage to or destruction of Display from such causes.

8. REMOVAL OF DISPLAY: Display shall at all times be deemed personal property. It shall not by reason of attachment or connection to any realty become or be deemed a fixture or appurtenance to such realty, and shall at all times be severable therefrom and shall be and remain at all times the property of Honald Inc. free from any claim or right of Lessee or others except as herein provided. Upon termination of this agreement or any extension thereof for any reason, Honald Inc. shall have the right in addition to any other rights Honald Inc. may have hereunder or at law, to remove Display from the premises where installed and Lessee agrees to surrender and deliver possession thereof and pay Honald Inc. its removal charges. Lessee shall obtain such consents from others and do such other acts and things as shall be necessary to insure Honald Inc.'s right of removal as herein provided.

9. BREACH OF AGREEMENT: Honald Inc. and Lessee mutually recognize that Display is not an article of general trade or utility, but is designed to be constructed, installed and maintained at the request and for the special distinctive uses and purposes of Lessee that Display is of no value to Honald Inc. except as so used, and that it is a material consideration to Honald Inc. in entering into this agreement that Lessee shall continue to use Display as contemplated, and it is expressly agreed that if Lessee shall breach any of the terms, provisions or agreements herein contained, or if during the term of this agreement or any extension thereof bankruptcy, debtor, reorganization or insolvency proceedings are commenced by or against Lessee, or if Lessee makes an assignment for the benefit of creditors, or if a receiver is appointed to take possession of business of Lessee, or if action is taken to accomplish this end, or if Lessee discontinues business in the premises where Display is located, or sells its business or a material part thereof, or files, records or publishes or there is filed, recorded or published a notice of intention to sell or mortgage under any statute or provision of law or Lessee transfers its business or a material part thereof voluntarily or involuntarily, or if continued use of Display is prohibited for any reason whatsoever, then, and in any such event, all of the unpaid rentals to the end of this agreement or any extension thereof shall without notice or demand, be at once accelerated and become due and payable and all rights and interest of Lessee herein and in the Display shall thereupon terminate. It is agreed that in the event of such acceleration and termination, Lessee's interest herein and in the Display together with deduction for Honald Inc's. unexpended costs and possible salvage shall be valued at sum equal to 25% of the amount of the rental for said unexpired term, and that this amount shall be allowed in deduction of Lessee's obligations hereunder. Provision is so made herein for a liquidated amount as liquidated damages in case of any such breach or event for the reason that it is and ever would be impracticable or extremely difficult to ascertain the actual amount of damages. If Honald Inc. shall institute any suit or action for the enforcement of any of the obligations of Lessee hereunder, including without limitation the payment of damages, Lessee agrees to pay, in addition to all sums found due from Lessee, a reasonable attorney's fee, including a fee from any appeal from a judgment or decree. All overdue payments under this agreement shall bear interest at the rate of 10% per annum.

10. CREATION OF SECURITY INTEREST: Lessee hereby grants to Honald Inc. a security interest in the display(s) described herein to secure the performance of the obligations of Lessee to Honald Inc. contained herein. Honald Inc. shall have the rights and remedies provided in the Uniform Commercial Code in force in the state where the display(s) are located to the extent they are not modified herein in terms permitted by the Code. Lessee will sign and execute alone or with Honald Inc. any Financing Statement or other document or procure any document necessary to protect the security interest under this Security Agreement against the rights or interests of third persons. Honald Inc. may give any notice or notification to Lessee required by the Uniform Commercial Code by mailing such notice, postage prepaid, at least five days before the event, if any, which is the subject of the notice, to Lessee's address as it appears herein.

11. DELIVERY AND PERFORMANCE: Honald Inc. shall commence the construction of Display and prosecute the work thereon with diligence until completion. All obligations to be performed by Honald Inc. hereunder shall be subject to delay or failure resulting from war, fire, labor dispute, unforeseen commercial delays, acts of God laws, regulations or restrictions of the Government or public authorities or accidents, forces, conditions or circumstances, whether or not similar to the foregoing, beyond its reasonable control.

12 WAIVER OF BREACH: Time and punctual performance of each and all of the terms, provisions and agreements hereof are of the essence of this agreement, except as herein otherwise expressly provided. No waiver by either party hereto of the nonperformance or any breach of any term provision condition or agreement hereof or of any default hereunder shall be construed to be or operate as a waiver of any subsequent nonperformance breach or default.

13 TRANSFER OF AGREEMENT All of the terms provisions and agreements hereof shall be binding upon the successors, assigns and legal representatives of the respective parties hereto, provided however that the interest of Lessee herein shall be transferable only with the prior written consent of Honald Inc.

14 PERMITS AND LICENSES Honald Inc. shall obtain as Lessee's agent all permits and licenses from public authorities for the installation of the display Lessee shall obtain the necessary permits from the owner of the premises and others whose consent is necessary for the installation maintenance, use and or existence of display in the event of failure of any of the above mentioned permits Lessee shall be relieved of any of its responsibilities under the terms of this agreement if such permits are denied after every reasonable effort by the parties to same. If this agreement shall terminate without the fault of either party except that Honald Inc. shall be reimbursed for its [illegible] to the termination

15 SERVICE WIRING COST OF ELECTRICITY, BUILDING PHYSICAL CONDITION Lessee shall [illegible] able capacity and approved type to the location of the display and connection the electric current pay for all electric current used and shall be responsible for the supply there of [illegible] in writing to the contrary Lessee shall provide and pay monthly to the building owner Display [illegible] Lessee shall pay the costs of replacing power lines or other interference with [illegible] Federal, State or Municipal agencies [illegible] the assumption that the installation will be in normal [illegible] over soil conditions or underground obstructions [illegible] parties agree to adjust the extra installation cost based on [illegible]

16. LESSEE SHALL PROVIDE SERVICE FEED WIRES OF SUITABLE CAPACITY TO LOCATION OF DISPLAY IN ADVANCE OF INSTALLATION DAY AND SUBSEQUENTLY MAKE CONNECTION THERETO

1. ACCEPTANCE OF AGREEMENT: This agreement shall not be binding or effective until signed by or on behalf of Lessee and approved by an executive officer of Honald Inc. and signed by him on Honald Inc's behalf. It is hereby further declared agreed and understood that there are no prior oral or written negotiations, understandings, representations or agreements between the parties not herein expressed.

This lease was assigned by Honald, Inc. to B.E. Douglas and Michael P. Truax in the Asset Purchase Agreement and Security Agreement dated December 1, 1977, a memorandum of which was filed with the Wasco County Oregon Recorder on March 7, 1978 and recorded on page 78284(5).

2. RENTAL: Lessee shall pay Honald Inc. a monthly rental of $ [illegible] plus tax for each and every calendar month during the term of this agreement for the cost of installing said Display, for the agreement to supply parts, repairs and maintenance, and for the right and license to use said Display in accordance with the terms hereof, plus a proportionate monthly rental charge for the first partial month following the date of installation.

In addition, Lessee shall pay Honald Inc. on the date this agreement is signed, the last three months rental in advance. This advance rental shall not eliminate or reduce Honald Inc.'s right or Lessee's liabilities under paragraph 7 and 9 herein.

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METAL: Flat____ Other AS PER EXISTING SIGN Baked Enamel____ Paint____ Porcelain Enamel____

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ADDRESS OF INSTALLATION____

POSITION OF INSTALLATION____ TYPE OF STRUCTURE____

LETTERING AND ORNAMENTATION	SIZE OF LETTER	TYPE OF LETTER	COLOR FACE	COLOR EDGE	ILLUMINATION COLOR	ILLUMINATION TYPE
RENEWAL OF EXISTING	CONTRACT FOR	5'x6' D/F PLEX				
SIGN ANY	2'x2' PLEX SIGN	+ ARROW THAT	IS OWNER'S PROPERTY			

The size of letters referred to herein is the height of either the painted or metal letters. NOT the height of the tubing itself. Gaseous conducted tubes change color and light intensity proportionate to period of use. Mercury filled tubing of any age is affected by cold weather. These are inherent characteristics and not defects in manufacture or maintenance. Replacement of operative tubes so affected is not a part of this agreement unless herein otherwise specified.

HONALD INCORPORATED

BY Mark Randolph
(Salesman)

ACCEPTED____
(Authorized Signature)

Title____ Date____

LESSEE

JOHN TRAVERS

BY [signature]

Title____

GUARANTY: The undersigned hereby guarantees the full and faithful performance of each and every obligation of Lessee to the same extent as if primarily liable on account of the contract, hereby waiving notice of default and consenting to any change or modification hereafter made to the contract by Lessee and Honald Inc.

____ Guarantor

Date____ ____ Guarantor

[illegible] 1978 RECEIVED [illegible]

This lease Truax In December Oregon Re

M5010

STATE OF WASHINGTON }
COUNTY OF KLICKITAT } ss

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT OF WRITING WAS RECEIVED FOR RECORD AT [illegible] ON THE [illegible] DAY OF [illegible] 19 78 AND RECORDED IN BOOK [illegible] OF [illegible] PAGE [illegible] RECORDS OF KLICKITAT COUNTY, WASH.

COUNTY AUDITOR

BY [illegible]

REGISTERED
INDEXED
STATE
ABSTRACTED
MAILED
$ [illegible]

Unofficial Document

employees and providing further, however that this provision shall not apply in the event of damage to or destruction of display caused by fire, cane, tornado, or similar abnormal weather condition. The rental occasioned by such causes shall be upon Lessee and this agreement shall continue in effect despite damage to or destruction of Display from such causes.

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This lease was assigned by Honald, Inc. to Truax in the Asset Purchase Agreement dated December 1, 1977, a memorandum of which was filed with the Oregon Recorder on March 16, 1978 and recorded

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