

(b) Phase II: At the Phase 1 Closing, SROA shall grant SilverStar the Option attached hereto as Exhibit “B” and incorporated by reference;

(c) The Option Fee of \$10,000 shall be paid by SilverStar at the Phase 1 Closing and applied to the remaining Purchase Price at Closing of the sale of Phase II (the “Phase II Closing”); and

(d) Exercise Date: the Option shall be exercised not more than two years from the date of the Phase 1 Closing.

(e) The Memorandum of Option attached hereto as Exhibit “C” and incorporated by reference shall be recorded at the Phase 1 Closing.

3. Additional Consideration. Subject to the conditions set forth in this Sales Agreement, SROA and SilverStar each agree as follows:

(a) **Beaver Drive.** As additional consideration for the Property, SilverStar shall pay at its sole expense for any and all engineering, repaving and upgrades to Beaver Drive, in accordance with a construction procedure and design approved by SROA, along its original platted right-of-way, at the East border of SilverStar’s project site prior to closing any portion of the existing Beaver Drive to traffic. If Closing occurs prior to the relocation of Beaver Drive, SROA shall retain an easement in the form set forth on Exhibit “D” over the existing Beaver Drive right-of-way which shall terminate upon opening of the relocated Beaver Drive.

(b) **Visitor’s Center.** As additional consideration for the Property, SilverStar hereby agrees to include in its project plan adequate space to house a Sunriver Visitors’ Center, in one or more locations in SilverStar’s project site, of similar size and utility to the visitors’ center space currently leased and operated by the Sunriver Area Chamber of Commerce (the “Visitors’ Center”). At SilverStar’s discretion, this obligation may be satisfied through a lease of space to the Sunriver Area Chamber of Commerce or other service organization, or through the provision of space in SilverStar’s own sales or operations office. In the event that SilverStar does not furnish such space in its first phase facilities, it shall assure that similar space is available elsewhere in the Town Center District property. SilverStar shall have no obligation to donate or operate such Visitors’ Center or required space.

(c) **Construction of Beaver/Abbot Circle.** SROA shall use a portion of the proceeds from this sale of the Property to fund the design, engineering and construction of a new traffic circle at the intersection of Abbot Drive and the reconstructed Beaver Drive described in Subparagraph (a) above, provided both (1) SROA has received the approval to expend the funds necessary for design, engineering, and construction by the members of SROA as required by the Consolidated Plan of Sunriver, and (2) SilverStar has closed on the purchase of Property or a portion thereof, totaling not less than \$750,000 of Purchase Price. SROA shall make reasonable efforts to obtain such approval on or before the first Closing. However, SROA shall not be obligated to incur costs or expenses in making such reasonable efforts. The design, engineering, and construction of this traffic circle shall be the responsibility of SilverStar in accordance with a

construction procedure and design approved by SROA. Construction of the circle shall be completed prior to closing any portion of the existing Beaver Drive to traffic, but shall not commence without a favorable approval of the sale contemplated by this Agreement by the SROA members. SilverStar may expend funds for design and engineering prior to SROA member approval, provided that all such costs shall be the sole responsibility of SilverStar and not subject to reimbursement by SROA if the sale is not approved by SROA members. SROA must pre-approve all contracts and modifications to contracts that affect SilverStar expenses that will be reimbursed to SilverStar by SROA under the provisions of this Section 3(c). Expenses incurred by SilverStar prior to Closing will be reimbursed at Closing provided SilverStar has provided supporting documentation for such expenses 30 days prior to Closing. After Closing, SROA shall reimburse SilverStar for its expenses (whether incurred before or after Closing) within 30 days after submission to SROA of an invoice and supporting documentation of such expenses. Expenses incurred by SilverStar to expedite completion of the circle sooner than the SROA approved construction schedule will not be eligible for reimbursement by SROA.

(d) Sunriver Streetscape Project. The parties acknowledge that SROA has stated its intent to design and implement a landscape design and improvement project in the following locations: a) along Abbot Drive, from South Century Boulevard to the Sunriver Resort L.P. property, b) north along Abbot Drive from Circle 1; and c) North along Beaver Drive from Abbot Drive. Given their mutual and coincident investment and efforts to improve the Sunriver streetscape and arrival experience, SROA and SilverStar hereby each agree to cooperate with one another on the planning, design, wayfinding, directional signage, theme and execution of such improvements, including furnishing access to one another's professional design and installation teams, and reasonable access to contiguous property as needed for such planning and construction activities during such processes.

(e) Sunburst Logo. SROA acknowledges that SilverStar may seek to obtain a license for the "Sunriver Sunburst" logo and trademark from Sunriver Resort Limited Partnership ("SRLP") and SROA hereby agrees not to object to SilverStar's use of the logo and mark, or SilverStar's efforts to obtain such a license from SRLP.

(f) Bike Paths. SilverStar acknowledges that SROA has bike paths which cross the Property. SROA and SilverStar each agree to negotiate in good faith an easement across existing bike paths and/or such new bike paths as SilverStar may construct around the perimeter of the Property, pursuant to which SROA members and invitees would have bike path access and SROA would assume responsibility for upkeep and maintenance of such bike paths.

4. Closing and Costs. Closing shall take place at the offices of First American Title Insurance Company of Oregon at 57084 Grizzly Lane, Sunriver, Oregon. Closing on at least a portion of the Property shall occur by no later than the 2nd anniversary of the Approval Date (defined in Section 6(a) below). SilverStar shall bear all costs associated with the process of transferring real property ownership, including but not limited to all survey costs and fees, escrow fees, all of the recording fees for recording the deed(s) for the Property, and any premiums for any title insurance.

5. Preliminary Title Report. Within 30 days after full execution of this Agreement, SROA shall furnish to SilverStar a preliminary title report showing the condition of title to the Property for all legal lots of record, together with copies of all exceptions listed therein (the "Title Report"). For any portion of the Property that is not a legal lot of record as of the date of this Agreement, within 30 days of that portion of the Property becoming a legal lot of record a preliminary title report shall be furnished as provided herein. SilverStar will have 15 days from receipt of such applicable Title Report to review the Title Report and to notify SROA, in writing, of SilverStar's disapproval of any exceptions shown in the Title Report. Those exceptions not objected to by SilverStar are referred to below as the "Permitted Exceptions." Zoning ordinances, the Consolidation Plan of Sunriver, the Sunriver Country Mall Declaration, other Sunriver or village declarations, taxes due and not yet payable for the current tax year shall be deemed Permitted Exceptions. If SilverStar notifies SROA of disapproval of any exceptions, SROA shall have 15 days after receiving the disapproval notice to either remove the exceptions or provide SilverStar with reasonable assurances of the manner in which the exceptions will be removed before the transaction closes. If SROA does not remove the exceptions or provide SilverStar with such assurances, SilverStar may terminate this Agreement by written notice to SROA given within 15 days after expiration of such 15-day period, in which event this Agreement shall be null and void.

6. Conditions. SilverStar's obligation to purchase the Property and SROA's obligation to sell the Property is contingent on satisfaction of each of the following conditions:

(a) Approval by SROA membership. SROA shall not be obligated to sell any of the Property without a favorable approval of the sale contemplated by this Agreement by the SROA members in accordance with the terms of the Sunriver Consolidated Plan, including without limitation, the approval of any amendment to the Consolidated Plan which may be necessary to complete the transaction contemplated in this Sale Agreement (the date of such approval shall be hereinafter referred to as the "Approval Date"). SROA shall make reasonable efforts to obtain such approval on or before February 15, 2008. However, SROA shall not be obligated to incur costs or expenses in making such reasonable efforts. SilverStar shall bear all costs directly associated with SROA conducting a vote to obtain approval for the sale of the Property as contemplated in this Agreement from SROA members if such vote is conducted by special election.

(b) Closing. SilverStar shall consummate its purchase of some or all of the Property as provided in Section 2 above, on or before the 2nd anniversary of the Approval Date.

(c) Lot Line Adjustment/Partition. The parties acknowledge that portions of the Property are not legal lot(s) of record (the "Unpartitioned Property") as of the date of this Agreement. SROA and SilverStar shall each fully cooperate to obtain a lot line adjustment and/or partition from Deschutes County to delineate separate and distinct legal lot(s) of record that will be transferred to SilverStar. All costs associated with obtaining any lot line adjustments and/or partitions shall be the responsibility of SilverStar. In the event a lot line adjustment and/or partition cannot be obtained from Deschutes County, SROA shall not be obligated to sell and SilverStar shall not be obligated to buy the Unpartitioned Property and the Purchase Price

shall be reduced proportionally by the square footage of the Unpartitioned Property. The price per square foot shall be based on a pro rata portion of the Property.

7. **Deed.** On the Closing Date, SROA shall execute and deliver to SilverStar a statutory warranty deed, conveying the Property (or applicable portion thereof) to SilverStar, free and clear of all liens and encumbrances except the Permitted Exceptions.

8. **Title Insurance.** If elected by SilverStar, within 30 days after Closing, SROA shall furnish SilverStar at SilverStar's cost with an ALTA owner's policy of title insurance in the amount of the applicable Purchase Price, standard form, insuring SilverStar as the owner of the Property subject only to the usual printed exceptions and the Permitted Exceptions. If SilverStar elects to obtain extended coverage, Silverstar shall pay the premium for such coverage.

9. **Taxes; Prorates.** Real property taxes for the current tax year and assessments, rents, utilities and other usual items shall be prorated as of each Closing.

10. **Possession.** SilverStar shall be entitled to possession of the Property (or applicable portion thereof) on the Closing Date.

11. **Seller Representations; Property "As Is"**.

11.1 Violation of Laws. SROA has not received any written notice that the Property is in violation of applicable building codes, zoning and land use laws, environmental laws and regulations, or other local, state and federal laws and regulations nor to its actual knowledge is the Property in material violation of applicable building codes, zoning and land use laws, environmental laws and regulations, or other local, state and federal laws and regulations. SROA will immediately notify SilverStar in writing if it receives any such notice prior to the Closing(s).

11.2 Environmental Violations and Proceedings. SROA has not received any written notices of violations by regulatory agencies regarding environmental matters or permit compliance with respect to the Property. SROA has no actual knowledge of any proceedings, governmental administrative actions, or judicial proceedings with respect to the Property pending or contemplated under any federal, state, or local laws regulating the discharge of hazardous materials or substances from, on or under the Property. SROA will immediately notify SilverStar in writing if it receives any such notice prior to the Closing(s). Except for janitorial and office supplies of types and quantities typically used in connection with general office uses, to SROA's actual knowledge, the Property does not contain, nor has there been a release on or under the Property of, any hazardous substances of a type or in quantities that under applicable law are required to be reported to any governmental authorities.

11.3 Property "As Is". SilverStar represents that it has accepted and executed this Agreement on the basis of its own examination and personal knowledge of the Property; that SROA and SROA's agents have made no representations, warranties, or other agreements concerning matters relating to the Property except as provided in Sections 11.1 and 11.2; that SROA and SROA's agents have made no agreement or promise to alter, repair, or improve the Property; and that except for breaches of the representations of SROA in Sections 11.1 and 11.2,

SilverStar takes the Property in the condition, known or unknown, existing at the time of this Agreement, "AS IS."

12. Access to Property; Approvals.

12.1 Access. SROA grants to SilverStar and its agents the right to enter on the Property at any reasonable times before the Closing(s) for the purpose of conducting tests or studies that SilverStar may deem necessary or appropriate in connection with its acquisition of the Property. No soil tests or drilling shall be undertaken without first obtaining SROA's approval. SilverStar shall protect, defend, and hold SROA harmless from any loss, liability, or damage to persons or property arising out of or related to SilverStar's activities on the Property. If SilverStar fails to purchase the Property, or any portion thereof, SilverStar shall fully compensate SROA for any physical damage to the Property, or applicable portion thereof, or any lien, encumbrance, or charge on it attributable to SilverStar's activities pursuant to this paragraph. If SilverStar fails to purchase the Property, or any portion thereof, SilverStar shall deliver to SROA a legible copy of any reports, studies, and drawings owned by SilverStar that relate to the Property, or applicable portion thereof.

12.2 Approvals. SilverStar shall have the right to apply for and obtain any governmental approvals to use and develop the Property as SilverStar may desire. SROA shall assist and cooperate with SilverStar in obtaining any such approvals. Except as otherwise provided in the parties' Agreement dated December 20, 2006, such cooperation shall be limited to signing all applications and other documents requested by SilverStar that may be reasonably related to such matters, provided that SROA approves the form and substance of all such documents in SROA's reasonable discretion; provided further that such restriction on SROA's discretion shall not apply to the matters subject to SROA's approval set forth in the parties' December 20, 2006 Agreement. All costs and expenses incurred with respect to such approvals shall be paid for by SilverStar.

13. Binding Effect/Assignment Restricted. This Agreement is binding on and will inure to the benefit of SROA, SilverStar, and their respective heirs, legal representatives, successors, and assigns. Nevertheless, SilverStar will not assign its rights under this Agreement without SROA's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, SilverStar may assign its rights to an affiliated entity without the consent of SROA so long as SilverStar maintains a controlling interest in such affiliated entity.

14. Real Estate Commission. Each party agrees to pay any commission or finder's fee that may be due on account of this transaction to any broker or finder employed by it and to indemnify the other party against any claims for commissions or fees asserted by any broker claiming by, through or under the indemnifying party.

15. Authority to Sign. Each person executing this Agreement on behalf of SROA and SilverStar, respectively, warrants his or her authority to do so.

16. Remedies. TIME IS OF THE ESSENCE REGARDING THIS AGREEMENT. If the conditions described in Section 6 above are satisfied or waived by SilverStar and the transaction does not thereafter close, through the fault of SilverStar, before the close of business on the Closing Date, this Agreement shall be of no further effect and the parties shall be free of any further obligations under this Agreement. If SROA breaches any term or provision of this Agreement, then SilverStar, as its exclusive remedy and in lieu of any other relief, may either (1) terminate this Agreement, or (2) tender performance of the obligations of SilverStar and specifically enforce all obligations of SROA. The limitations on remedies set forth in this Section shall not preclude either party from seeking recovery against the other under any contractual indemnity or representation set forth herein or for causing physical damage or injury to persons or property.

17. Attorney Fees. If an action is instituted to enforce any term of this Agreement, the prevailing party shall recover from the losing party in addition to sums and allowable costs, reasonable attorney fees in both preparation for and at trial and any appeal or review, such amount to be set by the court before which the matter is heard.

18. Waiver. Failure by SROA or SilverStar to enforce any right under this Agreement shall not be deemed a waiver of that or of any other right.

19. Notices. All notices and communications in connection with this Agreement shall be given in writing and shall be transmitted by facsimile to a fax number provided by the receiving party with confirmation of receipt or by hand-delivery, overnight delivery, or certified or registered mail, return receipt requested, to the appropriate party at the address first set forth above. Any notice so transmitted shall be deemed effective on the date actually received if hand delivered, delivered by overnight delivery or by facsimile or if mailed, on the date the notice is placed in the United States mail, postage prepaid. Either party may, by written notice, designate a different address or facsimile number for purposes of this Agreement.

20. Cross-Default. A default under the Option and/or December 20, 2006 Agreement between Silverstar and SROA, attached hereto as Exhibit "E" and incorporated by reference, shall constitute a default under this Sales Agreement.

21. Entire Agreement. This Agreement sets forth the entire understanding of the parties with respect to the purchase and sale of the Property and supersedes in all respects Sections 3 and 4 of the December 20, 2006 Agreement between Silverstar and SROA, attached hereto as Exhibit "E". However, all other provisions of the December 20, 2006 Agreement, shall remain in full force and effect. This Agreement supersedes any and all prior negotiations, discussions, agreements, and understandings whether written or oral between the parties regarding the sale of the Property as provided in this Section 21. This Agreement may not be modified or amended except by a written agreement executed by both parties.

22. Further Assurances. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement.

23. **Representation.** SROA and SilverStar have each been represented by separate legal counsel of choice with respect to this transaction. Except as otherwise provided in Section 17, each party shall be responsible for all attorney fees incurred with respect to this Agreement.

24. **Applicable Law; Interpretation.** This Agreement shall be construed, applied, and enforced in accordance with the laws of the state of Oregon. If a court of competent jurisdiction holds any portion of this Agreement to be void or unenforceable as written, SROA and SilverStar intend that (1) that portion of this Agreement be enforced to the extent permitted by law, and (2) the balance of this Agreement remain in full force and effect.

25. **Acceptance.** This Agreement shall be null and void unless accepted by SROA, by SROA's execution of it, on or before October 31, 2007.

26. **Survival.** All conditions, terms, and additional consideration provisions provided in Section 3 above shall survive the Closing Date of the sale of any of the Property.

27. **No Partnership.** Neither party shall be deemed a partner, joint venture, employer, employee, or related entity of the other by reason of this Agreement.

28. **Statutory Warning.**

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

**SUNRIVER OWNERS ASSOCIATION,
an Oregon nonprofit corporation**

**SILVERSTAR DESTINATIONS LLC, an
Oregon limited liability company**

By: _____
Its: _____

By: _____
Its: _____