

AGREEMENT

BY

AND

BETWEEN

KITTITAS COUNTY SOLID WASTE

AND

TRENDWEST RESORTS, INC.

AND

TRENDWEST INVESTMENTS, INC.

**RELATING TO FUNDING FOR THE UPPER
KITTITAS COUNTY TRANSFER STATION PHASE I UPGRADE**

THIS AGREEMENT RELATING TO FUNDING FOR THE UPPER KITTITAS COUNTY TRANSFER STATION PHASE I UPGRADE ("AGREEMENT") is entered into this 10th day of February 2001, by and between TRENDWEST RESORTS, INC. ("Trendwest Resorts"), an Oregon corporation registered to conduct business in the state of Washington, and TRENDWEST INVESTMENTS, INC. ("Trendwest Investments"), a Washington corporation (Trendwest Resorts and Trendwest Investments are sometimes collectively referred to herein as "Trendwest"), and KITTITAS COUNTY SOLID WASTE ("County"), which is a Department of Kittitas County, a Washington municipal corporation. Trendwest and the County are sometimes referred to herein individually as "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Trendwest Investments owns approximately 6,217 acres of real property in Kittitas County (the "Trendwest Property");

WHEREAS, Trendwest Investments is a wholly-owned subsidiary of Trendwest Resorts;

WHEREAS, Trendwest applied to Kittitas County on March 7, 1997 for approval to develop the Trendwest Property as the MountainStar Master Planned Resort ("MountainStar") pursuant to RCW 36.70A.360 and the County's Comprehensive Plan Master Planned Resort policies;

WHEREAS, the Board of County Commissioners on October 10, 2000 approved development of MountainStar on the Trendwest Property through its adoption of Ordinances 2000-12, 2000-13, 2000-14, 2000-15, 2000-16 and 2000-17 (these Ordinances are sometimes collectively referred to herein as the "MPR Approvals"). The MPR Approvals include a MPR Project Development Permit with Conditions of Approval (Ordinance 2000-15);

WHEREAS, Condition of Approval C-49 for MountainStar requires Trendwest to pay its fair share of costs associated with improvements required to mitigate identified adverse impacts from the development of MountainStar on the Upper Kittitas County Transfer Station. Condition of Approval C-49 further provides that Trendwest's fair share contribution shall be fifty-four percent (54%) of the total costs for engineering and construction of a new transfer station;

WHEREAS, the County will enter into a Public Works Trust Fund Pre--Construction Loan Agreement, PW-00-691-PRE-107 (the "Loan Agreement"), with the Washington State Department of Community, Trade and Economic Development ("CTED") to provide funding for the conceptual design, design engineering and environmental studies for the Upper Kittitas County Transfer Station Phase I Upgrade (the "Upper County Transfer Station Project"). A true and correct copy of the Loan Agreement is attached hereto as EXHIBIT A and incorporated herein by this reference;

WHEREAS, the Parties recognize that by entering into this Agreement Trendwest is not assuming any rights, obligations or duties under the Loan Agreement between the County and the CTED. Trendwest and the County desire to enter into this Agreement in order to establish the method for Trendwest to reimburse the County for Trendwest's fair share of the conceptual design, design engineering and environmental studies for the Upper County Transfer Station Project consistent with the requirements of Condition of Approval C-49;

NOW THEREFORE, the following Agreement is made upon the basis of the foregoing Recitals, and in consideration of the mutual promises and covenants herein, and the mutual benefits to be derived by the Parties there from.

AGREEMENT

1. Trendwest's Fair Share Payments for the Upper County Transfer Station Project. Trendwest agrees to the following:

a. Loan Payments. Trendwest shall make five (5) annual payments to the County in the amount of fifty-four percent (54%) of the annual loan payments made by the County to CTED pursuant to §§ 4.01 and 4.06 of the Loan Agreement. The County's loan payments under the Loan Agreement commence on July 1, 2001 and are due on July 1 of each year thereafter during the term of the County's loan. Accordingly, the County shall provide written notice to Trendwest on or before June 1, 2001, and on or before June 1 of each year thereafter during the term of the County's loan, identifying the

amount of the County's annual loan payment to CTED. Trendwest shall then remit payment to the County on or before June 30, 2001, and on or before June 30 of each year thereafter during the term of the County's loan, in the amount of fifty-four percent (54%) of the County's annual payment for that particular year.

b. Local Project Share. The County is required under the Loan Agreement to pay CTED the sum of Fifteen Thousand Dollars (\$15,000.00) to CTED as the "Local Project Share" pursuant to § 4.02 of the Loan Agreement. On or before June 30, 2001 Trendwest shall remit payment to the County in the amount of Eight Thousand One Hundred Dollars (\$8,100), which constitutes Trendwest's fair share contribution of fifty-four percent (54%) of the Local Project Share.

2. Termination. This Agreement may only be terminated under the following circumstances: (a) Trendwest may terminate this Agreement if the County terminates the Loan Agreement with CTED pursuant to § 4.15 of that Agreement. The County shall provide Trendwest written notice of its termination of the Loan Agreement within five (5) days of providing notice to CTED of any such termination; or (b) this Agreement shall automatically terminate if prior to the fulfillment of all of Trendwest's payment obligations under Section 1, above, Kittitas County and Trendwest mutually agree to terminate the Development Agreement executed on October 10, 2000 by and between Trendwest and the County (Ordinance 2000-16) for MountainStar pursuant to § 1.3 of that Agreement.

3. Assignment. The rights and responsibilities of Trendwest hereunder may be assigned to any individuals(s) or entity(ies) only in conjunction with any transfer or assignment of the obligations and responsibility for fulfillment of Condition of Approval C-49 made pursuant to § 9 of the Development Agreement.

4. Notices. Notices under this Agreement must be delivered personally or by depositing the same in the U.S. mail, certified, return receipt requested, postage prepaid, properly addressed and sent to the following addresses or such other addresses as each party may from time to time designate by written notice to the other:

If to Kittitas County
Solid Waste:

Kittitas County Solid Waste
925 Industrial Way
Ellensburg, WA 98926
Telephone: (509) 962-7070
Facsimile: (509) 962-7087
Attn: Wendy Miflin

With a copy to:

Prosecuting Attorney
Kittitas County
Kittitas County Courthouse
205 West 5th, Room 213
Ellensburg, WA 98926

Telephone: (509) 962-7520
Facsimile: (509) 962-7022

If to Trendwest Resorts
Or Trendwest Investments:

c/o Trendwest Resorts, Inc.
109 S. First Street
P.O. Box 887
Roslyn, WA 98941-0887
Attn: J. Michael Moyer
Telephone: (509) 649-3000
Facsimile: (509) 649-3059

With a copy to:

Cairncross & Hempelmann, P.S.
70th Floor, 701 Fifth Avenue
Seattle, WA 98104-7016
Attn: John W. Hempelmann
Telephone: (206) 587-0700
Facsimile: (206) 587-2308

5. Amendment. This Agreement may be amended, in whole or in part, by mutual written consent of the Parties or their successors in interest. The Parties expressly recognize that this Agreement may also be superseded by a subsequent agreement between the Parties regarding Trendwest's participation in the funding for construction of the Upper County Transfer Station Project to the extent such an agreement incorporates the provisions of this Agreement relating to funding for the conceptual design, design engineering and environmental studies for the Project.

6. Entire Agreement. This Agreement and the attached exhibits represent the entire agreement between the Parties. There are no oral or other agreements that modify this Agreement.

7. Attorneys' Fees. In the event of any litigation between the Parties regarding an alleged breach of this Agreement, neither Party shall be entitled to any award of attorneys' fees.

8. Notice of Default/Opportunity to Cure/Dispute Resolution. In the event a Party, acting in good faith, believes the other Party has violated the terms of this Agreement, the aggrieved Party shall give the believed offending party written notice of the alleged violation by sending a detailed written statement of the alleged breach. The alleged offending Party shall have thirty (30) days from receipt of written notice in which to cure the alleged breach. This notice requirement is intended to invite and facilitate a resolution by the Parties of any dispute prior to the institution of litigation. Upon providing notice of an alleged breach, the Parties agree to meet and agree upon a process for attempting to resolve any dispute arising under this Agreement. A lawsuit to enforce the terms of this Agreement shall not be filed until the latter of (a) the end of the thirty

(30) day cure period or (b) the conclusion of any dispute resolution process agreed to by the Parties.


9. Governing Law/Jurisdiction and Venue. This Agreement shall be construed and enforced in accordance with the laws of the state of Washington. Jurisdiction and venue to enforce the commitments under this Agreement shall lie exclusively in the Kittitas County Superior Court.

10. Severability. In the event that any term, condition, provision, clause or portion of this Agreement is deemed by a court of competent jurisdiction to be unlawful, in excess of authority, void, unconstitutional, or unenforceable, or in conflict with any other applicable provision, condition, clause or other portion of this Agreement, it is the intent of the Parties that the remainder of this Agreement shall be unaffected and shall continue in full force and effect to carry out the intent of the Parties. To this end, any disputed terms and conditions are declared by the Parties to be severable from the others.

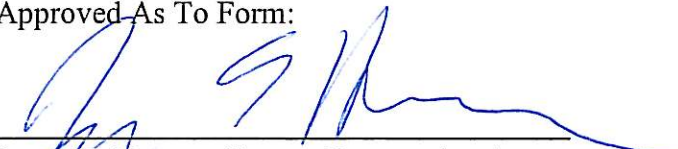
11. Authority. Each Party represents and warrants to the others that the individual signing below has full power, authority and legal right to execute and deliver this Agreement and thereby to legally bind the Party on whose behalf such person signed.

IN WITNESS WHEREOF, this Agreement has been entered into by and between Trendwest and the County as of the day and year first above written.

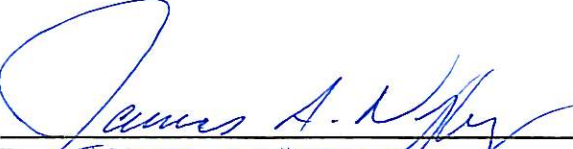
KITTITAS COUNTY SOLID WASTE


By: Perry D. Huston
Its: Chairman

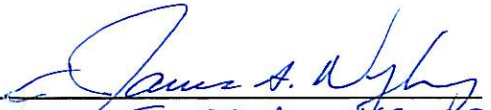
Approved As To Form:


James E. Hurson, Deputy Prosecuting Attorney

**TRENDWEST RESORTS, INC.,
an Oregon Corporation**


By: JAMES A. NYBECK
Its: GENERAL MANAGER

**TRENDWEST INVESTMENTS, INC.,
a Washington Corporation**


By: JAMES A. NYBERG
Its: GENERAL MANAGER