

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this 8th day of February, 1977, by and between ROBERT CAHILL and HELEN CAHILL, hereinafter referred to as Parties of the First Part, and JOHNSON STOCK COMPANY, an Oregon corporation, hereinafter referred to as Party of the Second Part.

WITNESSETH:

WHEREAS, the Parties of the First Part are the owners of approximately Four Hundred and Twenty-Eight (428) acres of grass and pasture land, more or less, in the County of Klamath, State of Oregon, as more particularly described in Exhibit "A", attached hereto, and made a part hereof, and the Second Party is desirous of leasing said farm land for the purpose of pasture and harvest.

NOW, THEREFORE, in consideration of the mutual covenants herein contained to be performed and the mutual benefits to accrue to both parties to this agreement;

IT IS MUTUALLY AGREED by and between said parties as follows:

1. That the Parties of the First Part will lease to the Party of the Second Part, and the Party of the Second Part will lease from the Parties of the First Part the approximate 428 acres, more or less, of pasture and grass land, described in Exhibit "A" attached hereto, commencing on the 1st day of May, 1977, and continuing through the 31st day of April, 1978.

2. That the Parties of the First Part will furnish all

LEASE AGREEMENT - Page 1

AFTER RECORDING RETURN TO: Blair M. Henderson
325 Main Street
Klamath Falls, OR

1 water and pay all taxes on said property.

2 3. That Parties of the First Part hereby agree to
3 irrigate said pasture and grass land, to maintain all fences and
4 gates on said property, to maintain all corrals on said property,
5 to maintain all ditches on said property and to generally maintain
6 the property in a husbandlike manner.

7 4. That in consideration of the mutual covenants
8 contained herein, the Party of the Second Part will pay to the
9 Parties of the First Part the sum of Fifteen Thousand Five
10 Hundred and no/100 Dollars (\$15,500) for the one-year period and
11 that said sum shall be payable as follows: The sum of One
12 Thousand Three Hundred Ninety and no/100 Dollars (\$1,390) which
13 has heretofore been paid upon said lease in the month of December,
14 1976, the receipt of which is hereby acknowledged; the balance
15 of Fourteen Thousand One Hundred Ten and no/100 Dollars (\$14,110)
16 shall be paid in the following manner: The sum of Eight Thousand
17 Four Hundred Four and no/100 Dollars (\$8,404) to be paid to the
18 Oregon State Department of Veterans' Affairs, which sum represents
19 the 1976 annual payment on said property; the balance of Five
20 Thousand Seven Hundred Six and no/100 Dollars (\$5,706) to be paid
21 in two installments as follows: The sum of One Thousand Four
22 Hundred Sixty-Four and 38/100 Dollars (\$1,464.38) to be paid to
23 Klamath County Credit Service, Inc., to clear a judgment lien
24 against said property, and the further sum of Two Thousand Two
25 Hundred Forty-One and 62/100 Dollars (\$2,241.62) to be paid to
26 Parties of the First Part upon the execution of this lease

LEASE AGREEMENT - Page 2

1 agreement, and the balance of Two Thousand and no/100 Dollars
2 (\$2,000) to be paid on or before the 1st day of May, 1977.

3 5. The Party of the Second Part is hereby given all the
4 right to harvest any crops or grass on said leased premises and
5 the right to pasture and feed cattle on said premises.

6 6. The Parties of the First Part hereby grant unto the
7 Party of the Second Part, the right to sublease, assign or
8 sublet any or all of the said premises, during the term of this
9 lease.

10 7. It is hereby agreed that in case either of the
11 parties should at any time fail to perform the covenants on their
12 part or its part to be performed, the aggrieved party is given
13 the right to terminate this agreement on thirty (30) days
14 written notice. Any losses or damages in such case shall be
15 paid by the party to be determined at fault for the breach of
16 this lease agreement.

17 8. The Parties of the First Part hereby specifically
18 acknowledge that permission is granted to them by the State of
19 Oregon, by and through the Department of Veterans' Affairs, to
20 lease and demise said premises for up to a period of one year
21 without being in violation of any mortgage which may now be on
22 said property. A copy of said permission of lease is attached
23 hereto and by this reference made a part hereof.

24 IN WITNESS WHEREOF the Parties have executed this
25 lease agreement the day and year first hereinabove written.

26 Robert Cahill
Robert Cahill

Helen Cahill
Helen Cahill

JOHNSON STOCK CO.

By Stanley Johnson
Stanley Johnson, President

1 STATE OF OREGON }
 2 County of Klamath } ss.

3 On this 8th day of February, 1977, personally
 4 appeared before me, a Notary Public in and for the County of
 5 Klamath, State of Oregon, the within named Robert Cahill and
 6 Helen Cahill and Stanley Johnson. That the said Stanley Johnson
 7 did say that he is President of Johnson Stock Co., and that the
 8 within lease agreement was executed by authority of the Board
 9 of Directors of said corporation, and that the said Robert Cahill
 10 and Helen Cahill and Stanley Johnson, did acknowledge that they
 11 executed the foregoing instrument freely and voluntarily.

12
 13 *Raymond M. Henderson*
 14 Notary Public for Oregon
 15 My Commission Expires: 8/11/78
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BLAIR M. HENDERSON
 ATTORNEY AT LAW
 335 MAIN STREET, SUITE A
 KLAMATH FALLS, OREGON 97601
 TELEPHONE 864-7781

1 IN TOWNSHIP 40 SOUTH, RANGE 13 EAST OF
2 THE WILLAMETTE MERIDIAN;
3 SECTION 24;

4 Parcel 1:

5 Those parts of the NE 1/4 and the NW 1/4
6 lying Southerly and Westerly from the Lost
7 River Diversion Channel deeded to the U.S.A. in
8 Deed Book 254 at page 181.

9 Parcel 2:

10 The E 1/2 SW 1/4 SW 1/4, the SE 1/4 SW
11 1/4, and the part of the SE 1/4 lying
12 Southerly and Westerly of the Lost River
13 Diversion Channel conveyed to U.S.A. in
14 Deed Book 254 at page 181.

15 Parcel 3:

16 The N 1/2 SW 1/4, and the W 1/2 SW 1/4
17 SW 1/4.

18 BUT EXCEPTING FROM the above Parcels the
19 strips along the North and South boundaries
20 of said Section 24 deeded to Klamath County
21 for road right-of-way in Deed Book 104 at
22 page 624 and Deed Book 227 at page 141.

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25
26 EXHIBIT "A"