

LEASE WITH OPTION TO PURCHASE

THIS LEASE WITH OPTION TO PURCHASE agreement, made and entered into this 4 day of NOVEMBER, 1979, by and between TED W. DRESS and DARLENE L. DRESS, husband and wife, of Yuba City, California, hereinafter referred to as "LANDLORD", and STEVEN C. JOSSE, Route 1, Box 10, Bonanza, Oregon, hereinafter called "TENANT".

WITNESSETH:

That the said Landlord does hereby demise and lease to Tenant and Tenant does hereby hire from Landlord the following described real and personal property located in Klamath County, Oregon, together with all appurtenances thereto and with easements of ingress and egress necessary and adequate for the conduct of Tenant's business as hereinafter described, for the term of fifteen (15) months, running from and including the 1st day of October, 1979, up to and including 31st day of December, 1980, for use in any legitimate business, subject to the terms and conditions of this lease:

PARCEL 1: A tract of land described as follows: Beginning at an iron pin which marks the Northeast corner of Tract 63 of Roland Park and which iron pin lies North 0°51' West along the 40 line a distance of 542.3 feet and North 89°09' East a distance of 287.2 feet from the iron axle which marks the Southwest corner of the NE¼SW¼ of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, and running thence North 45°09' East a distance of 299.6 feet to an iron pin which lies on the Southwesterly right of way line of the State Highway 40 feet at right angles from the brass plug in the center line of the highway; thence in a Northwesterly direction following a 3°11' curve to the left along the Southwesterly right of way line of the State Highway a distance of 150 feet (the long chord of this curve bears North 48°32' West a distance of 149.96 feet) to an iron pin; thence South 45°09' West a distance of 221.6 feet to an iron pin; thence South 20°18' East a distance of 164.5 feet, more or less, to the point of beginning, said tract being a portion of the NE¼SW¼ of Section 1, Township 39 S., R. 9 E.W.M.

PARCEL 2: Beginning at an iron pin which marks the Southeast corner of Tract 63, Roland Park, and which iron pin lies North 0°51' West along the 40 line a distance of 462.3 feet and North 89°09' East a distance of 262.2 feet from the iron axle which marks the Southwest corner of the NE¼SW¼ of Sec. 1, Township 39 S., R. 9 E.W.M. and running thence: North 16°33' East along the Easterly line of the above mentioned Tract 63, a distance of 83.8 feet to an iron pin; thence North 45°09' East a distance of 299.6 feet to an iron pin on the Southerly right of way line of the Klamath Falls-Lakeview Highway; thence following Southerly right of way line of the highway the following bearings and distances: South 46°09' East a distance of 13.5 feet to an iron pin; thence North 43°51' East a distance of 10 feet to an iron pin, and South 46°09' East a distance of 216.5 feet to an iron pin; thence South 45°51' West a distance of 384 feet to an iron pin; thence North 46°09' West a distance of 198.4 feet more or less to the point of beginning, said tract in the NE¼SW¼ of Section 1, Township 39 South, Range 9 E.W.M.

William P. Brandsness  
Attorney at Law  
411 Pine Street  
Klamath Falls, Ore.  
Phone 882-6616

1. LEASE WITH OPTION TO PURCHASE

EXCEPTING THEREFROM that tract in Parcels 1 and 2 conveyed to the State of Oregon in deed recorded January 11, 1972 in Book M72 page 342 Microfilm Records of Klamath County, Oregon

SUBJECT, however, to the following:

1. Liens and assessments of Klamath Project and Enterprise Irrigation District, and regulations, easements, contracts, water and irrigation rights in connection therewith.

2. Grant of Right of Way, given by B. W. Short to The California Oregon Power Company, a California corporation, dated April 17, 1926, recorded May 22, 1926, in Deed Volume 69 page 577, records of Klamath County, Oregon.

3. Terms and provisions contained in deed from Bernald H. Donaca and Charlotte M. Donaca, to the State of Oregon, by and through its State Highway Commission, dated December 27, 1971, recorded January 11, 1972, in Volume M72 page 342, Microfilm Records of Klamath County, Oregon.

4. Right of way, given by Bernald H. Donaca and Charlotte M. Donaca, to Pacific Power and Light Company dated September 22, 1971 recorded January 12, 1972 in Volume M72 page 386, Microfilm records of Klamath County, Oregon.

5. Easement, from Ted W. Dress to Oregon Water Corporation, a public utility of the State of Oregon, dated October 15, 1973, recorded October 17, 1973, in M73 page 13981, Microfilm Records of Klamath County, Oregon, as follows: "easement 10 feet in width for the purpose of laying, constructing, operating, maintaining, changing, relocating, improving and/or replacing one or more mains or pipelines, with necessary or desirable appurtenances thereto, for the transmission and distribution of water for all useful purposes, upon, over and across adjacent real property."

6. Agreement for Easement, from Enterprise Irrigation District to Ted W. Dress and Darlene L. Dress, dated February 11, 1975 and recorded February 12, 1975 in M75 page 1750, Microfilm Records of Klamath County, Oregon.

7. Indenture of Access, by and between State of Oregon, by and through its Department of Transportation, Highway Division and Ted W. Dress and Darlene L. Dress dated May 9, 1975, recorded June 4, 1975 in M75 page 6230, Microfilm Records of Klamath County, Oregon.

In the event said option to purchase is exercised, it is understood and agreed that conveyance of the property is subject to a mortgage held by the First National Bank of Oregon wherein Ted W. Dress and Darlene L. Dress are the mortgagors, same having been dated September 4, 1973 and recorded September 6, 1973 in M73 page 11955, Microfilm records of Klamath County, Oregon, given to secure the payment of \$250,000.00. Buyer does not assume said mortgage and Sellers agree to hold Buyer harmless therefrom.

#### RENT

Tenant agrees to pay to Landlord, in Landlord's office at P. O. Box 391, Yuba City, California 95991, the sum of Eighty Four Thousand and No/100ths (\$84,000.00) DOLLARS as rent, with no rent to be paid for the month of October, 1979, and the balance to be paid in equal monthly payments of Six Thousand and No/100ths (\$6,000.00) DOLLARS per month, with the first payment to be made on or before November 1, 1979 and a like payment on or before the 1st day of each month thereafter until the entire sum of rent is paid in full, a total of \$84,000.00.

2. LEASE WITH OPTION TO PURCHASE

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TENANT'S MAINTENANCE AND REPAIR OF PREMISES

Tenant agrees to maintain the interior of the premises in good repair free of refuse and rubbish and shall return the same at the expiration or termination of this lease to the Landlord in as good a condition as when received, excepting therefrom ordinary wear, tear, damage and/or destruction by fire, flood; storm, civil commotion or other unavoidable cause; provided, however, that if alterations, additions and installations shall have been made by Tenant as provided for in this lease, Tenant shall not be required to restore the premises to the condition in which they were in prior to such alterations, additions and/or installations, except as hereinafter provided.

TENANT'S ALTERATIONS, ADDITIONS, INSTALLATIONS  
AND REMOVAL THEREOF

Tenant may, at his own expense, either at the commencement of or during the term of this lease, make such alterations in and/or additions to the leased premises including, without prejudice to the generatlity of the foregoing, alterations in the water, gas, and the electric wiring system, as may be necessary to fit the same for its business, upon first obtaining the written approval of Landlord as to the materials to be used and the manner of making such alterations and/or additions proposed to be made by Tenant. Tenant may also, at his own expense, install such counters, racks, shelving, fixtures, fittings, machinery and equipment upon or within the leased premises as Tenant may consider necessary for the conduct of his business.

Tenant shall not allow any liens of any type or nature whatsoever to attach to the property from any alterations, additions or installations upon the premises. In the event Tenant allows such liens, the Tenant shall be liable to Landlord for any expenses occasioned by such liens. Tenant shall save the Landlord harmless from any such lien and in the event that the lien is not removed by Tenant after fifteen (15) days written notice, the Landlord may, without waiver of any of his other remedies allowed in this paragraph or under the laws of the State of Oregon, terminate this Lease With Option to Purchase.

All alterations, additions or installations shall become the property of Landlord without liability on Landlor's part to pay for the same.

UTILITIES

Tenant shall pay all charges for water, gas and electricity consumed by Tenant upon the leased premises during the term of this lease.

OBSERVANCE OF LAWS

Tenant shall duly obey and comply with all public laws, ordinances, rules or regulations relating to the use of the leased premises, provided, however, that any installation of fire prevention apparatus, electric rewiring, plumbing changes or structural changes in the buidling on the leased premises, required by any such law, ordinance, rule, or regulations shall be made by Tenant without expense to Landlord.

SIDEWALK ENCUMBRANCES

Tenant shall neither encumber nor obstruct the sidewalk in front of, or any entrance to, the building on the leased premises.

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3. LEASE WITH OPTION TO PURCHASE

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SIGNS

Tenant shall have the right to erect, affix or display on the roof, exterior or interior walls, doors and windows of the building on the leased premises, such sign or signs advertising his business as Tenant may consider necessary or desirable, subject to all applicable municipal ordinances and regulations with respect thereto.

TERMINATION BY REASON OF DEFAULT

In the event that either of the parties hereto shall fail to perform any covenant required to be performed by such party under the terms and provisions of this lease, including Tenant's covenant to pay rent, and such failure shall continue unremedied or uncorrected for a period of fifteen (15) days after the service of written notice upon such party by the other party hereto, specifying such failure, this lease may be terminated, at the option of the party serving such notice, at the expiration of such period of fifteen (15) days; provided, however, that such terminations shall not relieve the party so failing from liability to the other party for such damages as may be suffered by reason of such failure, including damages for future rents.

CONDEMNATION

In the event that the leased premises shall be taken for public use by the city, state or federal government, public authority or other corporation having the power of eminent domain, then this lease shall terminate as of the date on which possession thereof shall be taken for such public use, or at the option of Tenant, as of the date on which the premises shall become unsuitable for Tenants' regular business by reason of such taking; provided, however, that if only a part of the leased premises shall be so taken, such termination shall be at the option of Tenant only. If such a taking of only a part of the leased premises occurs, and Tenant elects not to terminate the lease, there shall be a proportionate reduction of the rent to be paid under this lease from and after the date such possession is taken for public use. Tenant shall have the right to participate, directly or indirectly, in any award for such public taking to the extent that he may have suffered compensable damage as a Tenant on account of such public taking.

ASSIGNMENT

Tenant may assign this lease or sub-let the premises or any part thereof for any legitimate use, either with or without the consent of Landlord. If any assignment or sub-lease is made by Tenant without Landlord's consent, Tenant shall remain liable as surety under the terms hereof notwithstanding such assignment or sub-lease.

TAXES

Tenant shall pay all taxes, assessments, and charges which shall be assessed and levied upon the leased premises or any part thereof during the said term as they shall become due.

TENANT'S LIABILITY INSURANCE

During the term of this lease, Tenant, at his own expense, shall carry public liability insurance in not less than the following limits.

- Bodily injury \$500,000/\$1,000,000
- Property damage \$500,000

4. LEASE WITH OPTION TO PURCHASE

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LANDLORD'S RIGHT TO ENTER THE PREMISES

Tenant shall permit Landlord and Landord's agents to enter at all reasonable times to view the state and condition of the premises or to make such alterations or repairs therein as may be necessary for the safety and preservations thereof, or for any other reasonable purposes.

DAMAGE BY FIRE, ETC.

Tenant shall carry insurance for the full insurable value and be liable for payment of all premiums for loss or destruction to the premises by fire, flood, storm, civil commotion or other unavoidable causes, with the Landlord as a named payee upon said policy. In the event said premises shall be damaged by fire, flood, storm, civil commotion or other unavoidable causes, Tenant shall have the option of restoring the premises to the original condition and may use the insurance proceeds for that purpose, or the Tenant may, at his option, pay off indebtedness to Landlord. *IN THE SUM OF \$55,000 AND RECEIVE A FREE AND CLEAR DEED TO THE PROPERTY*

OPTION TO PURCHASE

In consideration of the sum of Twenty-Five Thousand and No/100ths (\$25,000.00) DOLLARS paid by Tenant to Landlord upon execution of this Lease With Option to Purchase, and the faithful performance of the Lease by the Tenant, the Landlord grants to Tenant the sole and exclusive option to purchase the property upon the following terms and conditions:

1. The parties shall enter into a Contract for the sale of the property under the terms and conditions of the Contract, which is attached hereto, marked as "Exhibit A".

2. The Tenant shall notify the Landlord of his intent to exercise this option, in writing, to be received by Landlord not later than December 10, 1980. The effective date of the contract and the closing date of the sale shall be January 1, 1981.

3. Landlord shall furnish, at Landlord's expense, a Purchasers Title Insurance Policy in the amount of \$530,000, within ten (10) days of the date of closing, insuring Purchaser against loss or damage sustained by Purchaser by reason of the unmarketability of Seller's title or liens or encumbrances thereon, excepting matters contained in the usual printed exception in such title policies and the exceptions listed in the contract, which is "Exhibit A" attached hereto.

4. In the event that Tenant shall be in default upon the lease during its term, OR fail to give notice of his intent to exercise this option prior to December 10, 1980, OR fail to exercise this option, then the option money hereinabove shall be forfeited to the Landlord without further claim by the Tenant and this option shall be null and void and of no further effect.

5. This Lease-Option may be assigned by either of the parties hereto, however, in the event the Tenant assigns the same, he shall be individually liable for the faithful performance of the lease.

Time is hereby declared to be the essence of this agreement, and in the event either Landlord or Tenant shall fail or neglect to make the payments required or perform any of the cov-

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5. LEASE WITH OPTION TO PURCHASE

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enants herein contained, the party wronged may institute legal action against the other for damages for said breach and in the event he recovers judgment against the wrongdoer shall be entitled to recover a reasonable sum for attorney's fees, including attorney's fees incurred in any appellate court along with his costs and disbursements incurred.

The heirs, successors and assigns of both Landlord and Tenant are deemed to be bound by the terms of this agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first hereinabove written.

Ted W. Dress  
Ted W. Dress

Darlene L. Dress  
Darlene L. Dress

LANDLORD

Steven C. Josse  
Steven C. Josse

TENANT

STATE OF OREGON,

County of Klamath ss.

FORM NO. 23 — ACKNOWLEDGMENT  
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

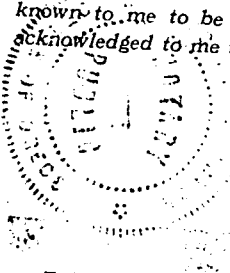
BE IT REMEMBERED, That on this 16<sup>th</sup> day of November 16, 1979, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Steven C. Josse, TED W. DRESS and DARLENE L. DRESS

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Robert L. Kerton  
Notary Public for Oregon.

My Commission expires 8-9-80



Return to KTC

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

on 6th day of December A. D. 1979 at 3:46 clock P. M., and

fully recorded in Vol. M79, of Deeds on Page 28237

Wm D. MILNE, County Clerk

Fee \$21.00

Derrutha J. Gotsch

6. LEASE WITH OPTION TO PURCHASE