

LEASE OF REAL PROPERTY

THIS LEASE, Made and Entered into this 13<sup>th</sup> day of March, 1981, by and between J. E. (EDDIE) JOHNSON, hereinafter called LESSOR, and JOHN R. WALKER, hereinafter called LESSEE;

WITNESSETH:

In consideration of the covenants, agreements, and stipulations herein contained on the part of the LESSEE to be paid, kept and faithfully performed, the LESSOR does hereby lease, demise and let unto the said LESSOR those portions of the "Lowland Farms" as are more particularly set out on the map attached hereto as Exhibit "A" consisting of 325 acres, more or less.

TERM: The term of this lease shall be for seven years, commencing on date hereof, and terminating on April 30, 1988.

RENT: The rent for said property shall be the sum of \$20,000.00 per year, the first of said payments to be due immediately upon execution and delivery of this Lease. Rental for each subsequent year shall be payable on the first day of March, commencing on March, 1982.

FARMING PRACTICES: LESSEE agrees not to commit any strip or waste to the leased premises, to farm the same in a reasonably careful manner, according to approved practices in the community where the same is situated; to plant only clean seed, reasonably free from disease and noxious weeds; and to surrender the leased premises at the end of said term in as good as condition as the same now is in, usual wear and tear and damage by fire and the elements excepted.

MAINTENANCE: LESSEE shall keep the premises, including any buildings, fences, irrigation equipment and other improvements, the approaches to and appurtenances of the premises, in as good repair and condition as when received, and in as good

repair and condition as they may be put during the term of this lease, ordinary wear and tear excepted.

INSPECTION: LESSOR reserves the right during the term of this lease to enter upon the premises, and all parts thereof, at any reasonable time for the purpose of inspection, consultation with the LESSEE, making repairs or improvements, posting notices, and for all other lawful purposes whatsoever.

HUNTING: LESSEE agrees to honor Section V of that lease between LESSOR and LOWLAND FARMS, INC., wherein the LESSOR herein has agreed to maintain at least 140 acres of the premises in barley and/or oats during each year of this lease. The exact parcel of property to be maintained in oats or barley shall be negotiated between the parties prior to the commencement of each crop year.

TAXES: LESSOR agrees to pay when due all taxes which are imposed against said leased premises and shall hold LESSEE harmless therefrom.

UTILITIES: LESSEE shall have no responsibility for the water assessments on said premises or electrical charges on any facilities now installed on the property and LESSOR warrants that he will insure that the payments are made to protect LESSEE'S quiet enjoyment of the property.

In the event that LESSEE should install any additional irrigation equipment on the property, he shall be responsible for any electrical charges incurred in connection therewith.

TIME OF THE ESSENCE AND REMEDIES BY LESSOR: Time is of the essence of this lease. This lease is made upon the express condition that if LESSEE fails to pay the rental as provided for hereunder for a period of thirty (30) days after the same becomes due, or fails to observe, perform, keep or comply with any covenant, agreement, condition or provision of the lease to be performed, kept or complied with by LESSEE after being given

ten (10) days written notice to perform the same, LESSOR may, at his option, without notice if the default is other than failure to pay rent, enter upon said premises or any part thereof in the name of the whole and expel LESSEE, his agents, employees and representatives therefrom and remove therefrom LESSEE'S property and effects by such legal process as may be appropriate under the circumstances without in any manner preventing or affecting the rights of LESSOR to recover any rentals in arrears hereunder and/or any additional damages actually sustained by LESSOR, and without any prejudice to the remedies which may be otherwise used for arrears in rent, or proceedings for breach of covenant.

NOTICE: Any notices to be given under the terms of this Lease shall be given to the LESSOR as follows:

J. E. (EDDIE) JOHNSON

Box F

Hilamath Falls, Oregon

97621

to the LESSEE as follows:

JOHN R. WALKER

P. O. Box 214

Merrill, Oregon 97633

WAIVER: Any waiver by LESSOR of any covenant or condition herein contained to be kept or performed by LESSEE shall not be deemed or considered as a continuing waiver, and shall not operate as a bar to prevent LESSOR from declaring a breach for any succeeding breach either of the same condition, covenant or otherwise.

VACATING PREMISES: LESSEE shall vacate the premises promptly upon the expiration or sooner termination of this lease and should he hold over and occupy said premises for any length of time after such expiration or sooner termination thereof, he shall be deemed a mere licensee and no further notice or demand for the possession of said premises shall be necessary in order to entitle LESSOR to the immediate possession thereof.



LESSOR hereby grants to LESSEE an additional thirty (30) days following the expiration of the term of this lease to removing any growing crops. LESSOR reserves the right to immediately take possession of any land becoming vacant within said thirty (30) day period.

ASSIGNMENT: LESSEE shall not assign, transfer, pledge, apothecate, surrender or otherwise alienate this lease without the written consent of LESSOR, which consent shall not be unreasonably withheld.

INDEMNIFICATION: Unless caused by the negligent or intentional acts of the LESSOR, LESSEE agrees that LESSOR shall not be liable for injury to LESSEE'S property, or for damage to any equipment or any other property of the LESSEE, his employees, invitees, or third parties, nor shall the LESSOR be liable for any damage resulting to the property upon or about the leased premises, nor for injuries to any persons on or about the premises, arising at any time during the term of this lease when caused by conditions on the premises that are due to the LESSEE'S actions or inactions.

LESSOR specifically warrants to LESSEE that he will indemnify LESSEE for any damage to pumps, irrigation equipment and machinery placed on the property by LESSEE in the event any of said property is damaged by vandals, hunters or any third parties during hunting season, ~~or times when LESSEE is not actually on the premises.~~

PRIOR LEASE: LESSOR warrants that he will cause to be recorded that certain lease between himself and Lowland Farms, Inc., dated March 6, 1981. In the event he should fail to record said lease, LESSOR agrees to be liable to LESSEE for any damages incurred by the LESSEE, including consequential damages caused by the LESSOR'S failure to record said lease.

INSOLVENCY: In the event LESSEE shall file a petition in bankruptcy or shall become an involuntary bankrupt, or

insolvent, this lease, upon the option of LESSOR, may be terminated and the said LESSOR may immediately take possession of the said premises.

RIGHT OF RENEWAL: In the event that the LESSOR shall renew his underlying lease with LOWLAND FARMS, INC. for an additional term of five (5) years, the LESSEE shall be granted an option to renew this lease under the same terms and conditions for an additional term of five (5) years. In the event that LESSEE shall exercise his option to renew this lease, the rental for the new term shall be based upon the following:

The adjustment shall be based on the Consumer Price Index published by the U.S. Department of Labor, Bureau of Labor Statistics for the Portland, Oregon area. That is, the yearly rental due beginning on March 1, 1988, shall be changed by the same percentage as the change in the Consumer Price Index from the preceding March 1, 1987, to March 1, 1988, and shall continue thereafter in a like manner.

HEIRS AND ASSIGNS: All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall extend to, inure to the benefit of and bind as the circumstances may require the heirs, executors, administrators, successors and, so far as this lease is assignable by its terms, the assigns of the parties.

ATTORNEY FEES: Should any suit or action be brought to enforce any of the terms of this lease, the prevailing party in such suit or action shall be entitled to a reasonable sum as attorney fees, in addition to costs and disbursements as provided by law; and if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, in addition to costs and disbursements as provided by law.

CONSTRUCTION: In construing this lease, it is understood that LESSOR or LESSEE may be more than one person, that if the context so requires, singular pronouns shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made,

assumed and implied to make the provisions hereof apply equally to one or more persons.

TITLES: Paragraph headings in this lease are for convenience only and are not to be construed as part of this agreement.

IN WITNESS WHEREOF, the respective parties have executed this instrument on the day and year first hereinabove written.

LESSOR:

J. E. Johnson  
J. E. (EDDIE) JOHNSON

STATE OF OREGON )  
County of Klamath ) ss.

LESSEE:

John R. Walker  
JOHN R. WALKER

On this 13 day of March, 1981, personally appeared the above-named J. E. (EDDIE) JOHNSON and acknowledged the foregoing instrument to be his voluntary act and deed.

Donald M. Rath  
NOTARY PUBLIC FOR OREGON

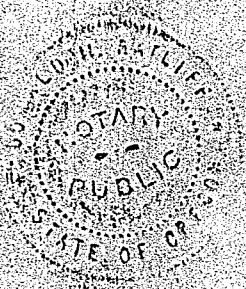
My commission expires: 4/29/82

STATE OF OREGON )  
County of Klamath ) ss.

On this 14 day of March, 1981, personally appeared the above-named JOHN R. WALKER and acknowledged the foregoing instrument to be his voluntary act and deed.

Donald M. Rath  
NOTARY PUBLIC FOR OREGON

My commission expires: 4/29/82





(B-2917)

4861

47.7Ac.

35.3Ac.

66.7Ac.

B-301

53.6Ac.

98.7Ac.

62.5Ac.

66.3Ac.

STATE OF OREGON; COUNTY OF KLAMATH; SS.

I hereby certify that the within instrument was received and filed for record on the  
17th day of March A.D., 1981 at 2:47 o'clock P.M., and duly recorded in  
Vol M81 of Deeds on page 4855.

Fee \$ 24.50

EVELYN BIEHN  
COUNTY CLERK

By *Debra A. Janiga* Deputy

2400  
Zack