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LEASE AGREEMENT

Vol. 3 1632

THIS AGREEMENT is made as of the 22nd day of January, 1983, by and between OTIS OSBURN, Lessor, and LOWER LAKE PHEASANT & GAME BIRD PRESERVE, INC., an Oregon Corporation, Lessee,

WITNESSETH:

That in consideration for the agreements herein contained on the part of the Lessee to be paid, kept and faithfully observed and performed, Lessor does hereby Lease unto Lessee that certain real property, together with the tenements, hereditaments and appurtenances thereto, in Klamath County, Oregon which is more particularly described as follows:

A tract of land situated in Government Lot 3 of Section 27 Township 40 South, Range 9 East of the Willamette Meridian, as follows:

Beginning at the Southeast corner of said Government Lot 3; thence North along the East line of Government Lot 3 to the Northeast corner thereof, thence West along the North line of Government Lot 3, 998 feet more or less to an existing fence on the right bank of an irrigation ditch as now constructed, thence South Easterly following said fence and ditch to a point on the South Line of Government Lot 3, said point being 147 feet West of the Point of beginning, thence East along the South line of Government lot 3 to the point of beginning.

Subject to the exact location of the existing fence and the irrigation ditch.

TO HAVE AND TO HOLD the same unto the Lessee for a term of one year from February 1, 1983, to January 31, 1984, on the following terms and conditions:

1. Rental. The Lessee shall pay as rental for said premises the sum of \$300.00 per month, which said rental shall be payable in advance on the 1st day of each month.

2. Use of the Premise. Lessee shall have the sole and exclusive right to the occupation and use of the premises. Lessee shall be solely responsible for obtaining any licenses, permits and inspections which may be required by local, state and/or federal governmental agencies for the conduct of whatever uses Lessee may make of the Leased premises.

3. Duties of Lessee. Lessee at its sole expense shall:

a. Construct and maintain all improvement which it may need in order to carry on its business;

b. Promptly pay for all labor and materials contracted for or used upon the Leased premises and shall not permit any lien to be filed against the property or any part thereof;

c. Promptly pay for all utility charges and assessments; and

d. Shall protect and hold Lessor harmless from any claim or liability arising or resulting from Lessee's use or occupation of said premises and property or any part thereof.

4. Insurance. Lessee shall obtain and pay for insurance covering all casualties which may occur on or at the Leased premises, or for all insurable occurrences which may be attributed to causes emanating from the leased premises. Said policies shall name Lessor as an additional insured. Said policies shall be in amounts not less than the full insurable value of the improvements now on or hereafter constructed on the leased premises and shall contain general liability limits of not less than \$1,000,000.00. Copies of said policies shall be forwarded to Lessor within ten (10) days of Lessee's occupancy of the leased premises.

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5. Lessor's Entry onto Premises. Lessor may enter onto the premises at any reasonable times so long as such entry does not interfere with Lessee's use of the premises.

6. Lessor's Covenants. Lessor covenants to and with Lessee that Lessor is the owner of the leased premises and that he has the right to lease the same as aforesaid.

Subject to the terms and conditions of this Lease, Lessee shall peacefully and quietly have, hold and enjoy the premises during the term of this Lease.

7. Taxes. Lessor shall pay all real property taxes and assessments levied against the leased premises before the same become delinquent. Provided, however, that Lessee shall promptly reimburse Lessor for the actual amount of any increase in taxes and assessments that result from the increase in the assessed valuation of the premises due to improvements made to the leased premises by Lessee.

8. Condition of premises. Lessee has inspected the leased property, knows its condition and quality, and accepts the same in its "as is" condition.

9. Maintenance of Property. Lessee shall be solely and exclusively responsible for the maintenance of the property, including the improvements now on or hereafter erected on the property.

10. Options to renew Lease. In the event that Lessee is not in default of this Lease, Lessee shall have the following options to renew the term of the Lease:

a. Lessee shall have the right to renew the Lease from year to year for up to nine additional years. Lessee must give written notice of its intent to renew the Lease not later than 60 days prior to the end of the then current Lease term.

b. In the event that Lessee exercises all of the nine one-year lease renewals provided by paragraph 10 (a) above; then Lessee shall have the right to renew the Lease for an additional ten (10) year period, with the new lease term commencing on February 1, 1993, and terminating on January 31, 2003. Lessee must give written notice to Lessor of its election to renew the Lease on or before November 31, 1992.

c. In the event that Lessee exercises all of the Lease renewal options provided in paragraphs 10 (a and b) above, then Lessee shall have the right to renew the Lease for an additional term of ten years, with the new lease term commencing on February 1, 2003, and terminating on January 31, 2013. Lessee must give written notice to Lessor of its election to renew the Lease on or before November 31, 2002.

11. Terms of Lease during Renewal Periods. The terms of the Lease during any period of renewal shall be the same as the terms of the Lease during the initial lease term, except for the payment of the rental which shall be as follows:

a. The rental for the periods from February 1, 1984, to January 31, 1993, shall be \$3,600.00 per year, which said sum shall be due and payable in full on the first day of February each year.

b. The rental for the period from February 1, 1994, to January 31, 2004, shall be \$3,960.00 per year, which said sum shall be due and payable in full on the first day of February of each year.

c. The rental for the period from February 1, 2004, to January 31, 2013, shall be \$4,356.00 per year, which said sum shall be due and payable on the first day of February of each year.

12. Options to Purchase Property. In consideration for the promises and covenants of the Lessee herein contained, Lessor grants to the Lessee the right to purchase the above described leased premises, <sup>for</sup> the cash purchase price of \$73,500.00, upon the following terms and conditions:

a. During the period from February 1, 1983 to January 31, 1993, the Lessee's right to purchase shall arise only upon Lessor's Notice to Lessee that Lessor desires to sell the leased premises, or upon the event of Lessor's death.

Lessee, in order to exercise this option to purchase, must within 90 days after receipt of Notice from Lessor of his desire to sell or within 90 days after receipt of Notice from the personal representative or other legal representative of Lessor's Estate of Lessor's death shall tender to Lessor or the representative of Lessor's estate the sum of \$73,500.00.

b. At any time after January 31, 1994, and for so long as Lessee continues to lease the said property Lessee shall have the right to, at any time, purchase the property. Lessee shall exercise this right by tendering to the Lessor, his Personal Representative or heirs the sum of \$73,500.00.

c. Promptly upon receipt of the payment of \$73,500.00 by Lessee, Lessor, or his Personal Representative or heirs, shall deliver to the Lessee his Warranty Deed to the said property conveying to Lessee fee simple unencumbered title to the said property. At that time any prepaid rental shall be prorated and the unused portion thereof shall be paid to the Lessee.

13. Notice. Any party to this Lease may give any notice to any other party in person or by depositing the same in a United States Post Office within the State of Oregon addressed to the party to be notified at the last address furnished in writing to the party giving such notice by the party to receive the same, certified mail, return receipt requested, postage prepaid, and such notice shall be conclusively deemed to have been delivered to and received by the party to whom it was addressed four days after the date the same was so deposited in the Post Office.

At the present time, the address of each party for the giving of such notice is as follows:

Lessor:

Otis Osburn

P.O. Box 62  
Midland, Or. 97634

Lessee:

Lower Lake Pheasant &  
Game Bird Preserve, Inc.  
P. O. Box 5  
Midland, Or. 97634

14. Default. PROVIDED, ALWAYS, and these presents are upon this condition, that time and the full and prompt observance and compliance with all of the terms, conditions and agreements herein contained on the part of the Lessee to be observed, performed or complied with are of the essence of this agreement; and if the Lessee shall be in arrears in the payment of any installment of rent, or shall fail to keep, observe or comply with any of the terms, conditions or agreements herein contained for a period of fifteen days after receiving written notice of such nonpayment or other failure or breach of said term, condition or agreement, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if this Lease or the Estate covered thereby shall be levied upon under a writ of execution, or if Lessee or anyone in possession claiming under Lessee shall be adjudged a bankrupt, then and in any of said events, Lessor lawfully may, at Lessor's option, immediately or at any time thereafter while said condition continues, without any further demand or notice, terminate this Lease and may enter into and upon the leased premises and repossess the same and expel Lessee and those claiming under Lessee, and remove any part or all of their property and store the same at Lessee's expense, without being taken or deemed guilty in any manner of trespass or conversion, and without prejudice to any remedies which might be otherwise used for arrears of rent, breach of this agreement, or to recover possession. In case any suit, action or other proceeding is instituted for the enforcement of any of the provisions of this lease, to recover possession or for the payment of rent, or if any appeal shall be taken from any such suit, action or proceeding, the party prevailing therein shall be entitled to recover from the other party such sums as the court, including an Appellate Court, may adjudge reasonable as attorneys' fees therein in addition to the costs and disbursements provided by law.

Any waiver by Lessor of any breach or default shall not be considered as a continuing waiver and shall not operate to bar or prevent Lessor from declaring a forfeiture for any succeeding breach, default, or noncompliance or nonperformance, either of the same term, condition or agreement or otherwise. The foregoing remedies shall not be exclusive but are in addition to any other remedies provided by law.

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Otis Osburn

Otis Osburn

Lower Lake Pheasant &  
Game Bird Preserve, Inc.

by Sammy D. Stout  
President

by Daniel D. Thornton  
Assistant Secretary

STATE OF OREGON )  
County of Klamath ) SS

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of January, 1983, by Otis Osburn.

(SEAL)

STATE OF OREGON )  
County of Klamath ) SS

William M. Ganong  
Notary Public for Oregon  
My Commission expires: 11-2-86

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of January, 1983, by Sammy D. Stout, President, and Daniel D. Thornton, Assistant Secretary, of Lower Lake Pheasant & Game Bird Preserve, Inc., an Oregon Corporation, on behalf of the Corporation.

(SEAL)

William M. Ganong  
Notary Public for Oregon  
My Commission expires: 11-2-86

COUNTY OF KLAMATH; ss.

Jan. 31, 1983 1:10 P.M.  
Deeds 1632

After Recording Return to:  
William M. Ganong  
1151 Pine Street  
Klamath Falls, OR 97601

By Bernard D. Letcher  
E. LYN BIEHN, County Clerk

Fee \$16.00