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LEASE AGREEMENT

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LELAND STOEHSLER and JUANITA STOEHSLER, Husband and Wife, hereinafter called Lessor, leases to S.C. MASTEN and PATRICIA A. MASTEN, doing business as MASTEN & SON of Klamath County, Oregon, hereinafter called Lessee, the real and personal property hereinafter called the Premises, more particularly described on Exhibit "A" attached hereto.

1. TERM OF LEASE

The term of this Lease shall be for the crop year 1983, commencing on the execution hereof, and terminating on December 31, 1983, provided that the Lessee, upon 30 days notice in writing to the Lessor shall have the option to renew said lease for a period of one year commencing January 1, 1984, and terminating December 31, 1984, upon the same terms and conditions as contained in this Lease and provided further that if the Lessee exercises the option for 1984 upon giving written notice 30 days prior to the expiration of that Lease, the Lessor shall have the right and option to renew said lease upon the same terms and conditions; and the same option shall exist for the crop years 1985, 1986, and 1987.

2. RENT

The Lessee shall pay to the Lessor as rent for use and possession of the Premises 30 percent of the grain and 30 percent of the hay raised upon the premises.

3. OPERATIONS ON THE PREMISES

All operations conducted on the Premises by the Lessee shall be conducted by the Lessee in accordance with the best course of husbandry practiced in the geographical vicinity of the Premises.

4. CROP ROTATION

It is further understood between the parties that good husbandry practice requires rotation of crops, and it is the intention of the Lessee to establish alfalfa upon the Premises from time to time. In the event that the Lessee establishes alfalfa, the cost basis will be computed at \$120 per acre. The cost will be recovered by the Lessee and the Lessor agrees to protect the Lessee in the event of sale, or in the event that the Lessee does not exercise the option, the cost shall be recovered at the rate of 20 percent per annum for a period of five years. In other words, if the crop has been in one year and the Lessor sells said Premises, at the time of sale either the purchaser or the Lessor will owe the Lessee 80 percent of \$120.

5. WASTE AND NUISANCE

The Lessee shall not commit or permit the commission by others of any waste on the Premises; and shall not maintain, commit or permit the maintenance or commission of any nuisance on the Premises nor shall

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the Lessee use or permit the use of the Premises for any unlawful purpose.

6. MAINTENANCE

The Lessee shall keep and maintain the Premises and the personal property included on the Premises in good order and repair as they were when received by the Lessee from the Lessor, reasonable wear and tear excepted, but any major repair to pumps and motors on wheel lines shall be charged against the Lessor's crop share as hereinabove set forth and the Lessors agree to maintain all fences. It is understood and agreed that Lessee is not leasing the buildings upon said premises.

7. LIENS

The Lessor shall keep the Premises free and clear from any and all liens, claims or demands for work performed, materials furnished, or operations conducted thereon at the instance and request of the Lessee.

8. INSPECTION BY LESSOR

The Lessee shall permit the Lessor to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether Lessor is complying with the terms of this Lease or to do any other lawful act necessary to protect Lessor's interest in the Premises.

9. ACCEPTANCE BY THE LESSEE

The Lessee accepts the Premises as well as the improvements thereon and the facilities appurtenant thereto in their present condition. It is understood that the Lessee has inspected the Premises, and it is further understood that the Lessee has not leased any residences or mobile homes on the property.

10. LIABILITY INSURANCE

The Lessee agrees to obtain and keep in force during the term of this Lease at his own expense, public liability and property damage insurance covering the Premises which is the subject of this agreement. *INCLUDING ~~THE~~ CONTENTS OF HAY BARN*

11. SURRENDER OF PREMISES

At the expiration of the term hereof or upon any sooner termination as provided herein, Lessee will quit and deliver up said leased premises to Lessor. Any holding over by Lessee after expiration of the lease or termination shall be as a tenancy from month to month.

12. DEFAULTS AND REMEDIES

- a. Defaults: The occurrence of any one or more of the following events shall constitute a default and

breach of this Lease by Lessee:

1. Abandonment of the Premises by Lessee;
2. The failure by the Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed by Lessee, after Lessor has given written notice to Lessee if the Lessee fails to correct such failure within 15 days of the receipt of said notice.
3.
 - i. The filing by or against Lessee of a petition to have Lessee adjudged bankrupt or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of petition filed against Lessee, the same is dismissed within sixty (60) days;
 - ii. The appointment of a Trustee or Receiver to take possession of substantially all of Lessee's assets located in the premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or,
 - iii. The attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the premises or of Lessee's interest in this Lease where such seizure is not discharged within thirty (30) days.
- b. Remedies: In the event of any such default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand, except as required hereinabove, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:
 1. Terminate Lessee's right to possession of the premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the premises to Lessor. In such event, Lessor shall be entitled to recover from Lessee all damages incurred by Lessee by reason of Lessee's default, including, but not limited to, the following:
 - i. Reasonable attorney fees and any real estate commission actually paid.
 2. Pursue any other remedy now or hereinafter available to Lessor under the laws or judicial decision of the state in which the premises are located.

13. ATTORNEY FEES

Should any litigation be commenced between the parties to

this Lease concerning the Premises, this lease, or the rights and duties in relation thereto, the party prevailing, Lessee or Lessor, in such litigation shall be entitled in addition to any other relief as may be granted therein, a reasonable sum and for his attorney fees in such litigation.

14. NOTICES

Any and all notices or other communications required or permitted by this Lease or by law to be served on or given to either party hereto by the other party hereto, shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom directed or when deposited in the U.S. Mail, first class postage prepaid, addressed to Lessor at:

or to the Lessee at its address as follows:
Masten & Son
P.O.Box 156
Bonanza, Oregon 97623.

15. HEIRS AND SUCCESSORS

This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto.

16. TIME IS OF THE ESSENCE

Time is expressly declared to be of the essence of this lease agreement.

17. FIRST RIGHT OF REFUSAL

In the event that Lessor shall decide to sell the leased Premises or shall receive an offer which Lessor is willing to accept for purchase of said Premises, then and in that event the Lessor shall give the Lessee not less than 30 days' written notice of intent to sell and the Lessee shall have the first right of refusal to purchase said property upon the terms and conditions which Lessor is willing to accept for said Premises. The Lessee shall have 30 days in which to advise the Lessor if they are willing to purchase the Premises upon the terms and conditions offered.

IN WITNESS WHEREOF The parties hereto have hereunto set their hands this 17 day of Jan, 1984.

Leland Stoebsler
Leland Stoebsler and
Juanita Stoebsler
Juanita Stoebsler, husband and wife,
Lessor.

S.C. Masten
S.C. Masten, and
Patricia A. Masten
Patricia A. Masten
doing business as MASTEN & SON.
Lessee.

EXHIBIT "A"

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Real Property:

All that real property situate in Section 31, Township 38 South, Range 11 East of the Willamette Meridian, and Section 6, Township 39 South, Range 11 East of the Willamette Meridian, more commonly known as the Stoehsler Ranch on the Bonanza Dairy Highway. *INCLUDING HAYBARN* *J.L.*

RETURN TO:

ZAMSKY & BELCHER

601 MAIN, SUITE 204

KLAMATH FALLS, OR 97601

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

on this 11th day of Feb. A.D., 19 86
at 2:07 o'clock P M. and duly recorded
in Vol. MB6 of Deeds Page 2548
Evelyn Biehn, County Clerk
By [Signature]
Fee, \$21.00 Deputy.