

WITNESSETH that this 18th day of November, 1986, WALTER V. PATTON, JR. and DIANNE L. PATTON, husband and wife, Grantors, do hereby grant unto RANCHO PASO BRAVO, INC., Grantees, the exclusive right to purchase the real property in Klamath County, Oregon described on Exhibit "A" hereto for the sum of \$190,000.00. This right to purchase shall remain in effect and be irrevocable for one year. Grantee may extend this Option to Purchase said property from year to year for up to an additional eight years by tendering to Grantors the additional sum of \$17,100 on or before the 30th day prior to the 14th day of each September of each option year. (Example: In order to extend this option for one year the sum of \$17,100 must be delivered to Grantors prior to September 14, 1987)

At any time during the Option period, Grantee may exercise the right to purchase by delivering to Klamath County Title Co. a copy of this Option and the sum of \$190,000. Grantors shall thereafter and within 30 days of said deposit deliver to said Title Company their Warranty Deed conveying the subject property to the Grantee free and clear of all liens except accrued but unpaid real property taxes and those encumbrances shown on Exhibit "A" hereto.

The parties agree to execute all closing documents necessary to consummate the sale of the property and Grantee agrees to pay the incidental closing fees and costs.

During the term of the Agreement, as may be extended by Grantee, Grantee shall have the right to possession and use of the subject property and to the rents, issues and profits from the property.

Grantors acknowledge that this Option Agreement has been prepared by William M. Ganong, Attorney at Law, on behalf of the Grantee. Grantors acknowledge that said Attorney has given them no advice, legal or otherwise, concerning this matter and that they have been advised to obtain independent legal counsel before signing this Agreement.

'87 JAN 19 PM 3 24

In witness whereof the parties have executed the Agreement the day and year first herein written.

Walter V. Patton Jr.
Walter V. Patton, Jr.

Dianne L. Patton
Dianne L. Patton

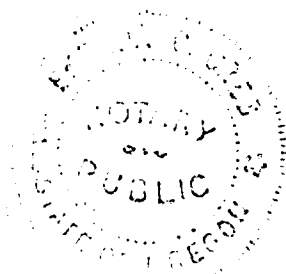
STATE OF OREGON)
) ss
County of Klamath)

November 18, 1986

Personally appeared Dianne L. Patton and Walter V. Patton, who acknowledge that the foregoing Agreement is their voluntary act and deed.

(SEAL)

Dorenda C. Shep
Notary Public for Oregon
My commission expires: 4-18-87



Return to:

WILLIAM M. GANONG
ATTORNEY AT LAW
1151 PINE STREET
KLAMATH FALLS, OR 97601

EXHIBIT "A"

DESCRIPTION OF PROPERTY

- 843

The following described real property situated in Klamath County, Oregon:

PARCEL 1

The $E\frac{1}{2}SW\frac{1}{4}$; $NW\frac{1}{4}SE\frac{1}{4}$ of Section 26, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2

The $NE\frac{1}{4}NE\frac{1}{4}NW\frac{1}{4}$; $N\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}NW\frac{1}{4}$ of Section 35, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

ALSO the following described tract of land: Beginning at the Northwest corner of the $NE\frac{1}{4}$ of Section 35, Township 34 South, Range 6 East of the Willamette Meridian; thence South 15 chains; thence East 3 and $\frac{1}{3}$ chains; thence North 15 chains; thence West 3 and $\frac{1}{3}$ chains to the point of beginning.

EXCEPTING THEREFROM the following: Beginning at a point on the section line between Section 26 and Section 35, Township 34 South, Range 6 East of the Willamette Meridian, 675.7 feet West of the Quarter Section corner; thence South along the West line of the $NE\frac{1}{4}NE\frac{1}{4}NW\frac{1}{4}$ of Section 35 and of the $N\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}NW\frac{1}{4}$ of Section 35 a distance of 990 feet; thence East on the South line of the $N\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}NW\frac{1}{4}$ of Section 35, a distance of 530 feet; thence North a distance of 330 feet; thence West a distance of 135 feet; thence North a distance of 660 feet to intersect the above mentioned section line 395 feet East of point of beginning; thence West along the section line 395 feet to point of beginning.

SUBJECT TO:

1. Agreement, including the terms and provisions thereof, between Carleton O. Brown et al and California Oregon Power Co., dated August 13, 1935, recorded September 7, 1935, in Volume 105 page 165, Deed Records of Klamath County, Oregon.
2. Easement for ingress and egress as disclosed by Contract from Alice R. Brown, seller and Joe A. Jones, as buyer, dated December 11, 1968, recorded December 12, 1968, in Volume M68 page 10792, Deed Records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of _____ January _____ A.D., 19 87 at 3:24 o'clock P M., and duly recorded in Vol. M87
of _____ Deeds _____ on Page 841

FEE \$13.00

Evelyn Biehn County Clerk
By *Bernetha J. Fitch*