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LEASE OPTION AGREEMENT

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THIS AGREEMENT made and executed this 25th day of September, 1987, by and between SANDY MILLER, hereinafter called Lessor, and Erwin Miller, hereinafter called Lessee,

W I T N E S S E T H :

WHEREAS Lessor is the owner of certain real property situated in Klamath County, State of Oregon, more particularly described as follows:

Lots 25 and 32 Section 4 Township 36 Range 7 East of the Willamette Meridian, County of Klamath, State of Oregon, and the Mobile Home. (40 acres)

AND WHEREAS Lessee desires to lease said real property, now, therefore,

IT IS HEREBY MUTUALLY UNDERSTOOD AND AGREED that Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the above described real property together with all appurtenances for a term of 25 years to commence on March 1, 1987, and to end on February 29, 2012, at 11:59 o'clock p.m., upon the following terms and conditions.

SECTION ONE
RENT

Lessee agrees to pay without demand to Lessor as rent for the demised premises the sum of \$1,340.00 annually in advance on the 1st day of March, each year beginning March 1, 1987 to any such place as Lessor may designate.

SECTION TWO
QUIET ENJOYMENT

Lessor covenants that on paying the rent and performing the covenants herein contained, Lessee shall peacefully and quietly have, hold and enjoy the demised premises for the agreed term.

SECTION THREE
USE OF PREMISES

The demised premises shall be used and occupied by Lessee exclusively for farm use and neither the premises nor any part thereof shall be used at any time during the term of this lease by Lessee for the purpose of carrying on any business, profession, or trade of any kind, or for any purpose other than for farm use. Lessee shall comply with all the sanitary laws, ordinances, rules and orders of appropriate governmental authorities affecting the cleanliness, occupancy, and preservation of the demised premises, and the sidewalks connected thereto, during the term of this lease.

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Let. Michael B. Bant
325 Main St. KFO

SECTION FOUR
CONDITION OF PREMISES

Lessee stipulates that he has examined the demised premises, including the grounds and all buildings and improvements, and that they are, at the time of this lease, in good order, repair, and in a safe, clean and tenantable condition.

SECTION FIVE
ASSIGNMENT AND SUBLETTING

Without the prior written consent of Lessor, Lessee shall not assign this lease, or sublet or grant any concession of license to use the premises or any part thereof. A consent by Lessor to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license. An assignment, subletting, concession or license without the prior written consent of Lessor, or an assignment or subletting by operation of law, shall be void and shall, at Lessors' option, terminate this lease.

SECTION SIX
ALTERATIONS AND IMPROVEMENTS

Lessee shall make no alterations to the buildings on the demised premises or construct any building or make other improvements on the demised premises without the prior written consent of Lessor. All alterations, changes and improvements built, constructed or placed on the demised premises by Lessee, with the exception of fixtures, removable without damage to the premises and movable personal property shall, unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor and remain on the demised premises at the expiration or sooner termination of this lease.

SECTION SEVEN
DAMAGE TO PREMISES

If the demised premises, or any part thereof, shall be partially damaged by fire or other casualty not due to Lessee's negligence or wilful act or that of his employee, family, agent, or visitor, the premises shall be promptly repaired by Lessor and there shall be an abatement of rent corresponding with the time during which, and the extent to which, the leased premises may have been untenable; but, if the leased premises should be damaged other than by Lessee's negligence or wilful act or that of their employee, family, agent, or visitor to the extent that Lessor shall decide not to rebuild or repair, the term of this lease shall end and the rent shall be prorated up to the time of the damage.

SECTION EIGHT
UTILITIES

Lessee shall be responsible for arranging for and paying for all utilities services required on the premises.

SECTION NINE
MAINTENANCE AND REPAIR

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Lessee will, at his sole expense, keep and maintain the leased premises and appurtenances in good and sanitary condition and repair during the term of this lease and any renewal thereof. In particular, Lessee shall keep the fixtures in the house or on or about the leased premises in good order and repair; keep the furnace clean; keep the electric bells in order; keep the walks free from dirt and debris; and at his sole expense, shall make all required repairs to the plumbing, range, heating apparatus, and electric and gas fixtures whenever damage thereto shall have resulted from Lessee's misuse, waste, or neglect or that of his employee, family, agent or visitor.

SECTION TEN
RIGHT OF INSPECTION

Lessor and his agents shall have the right at all reasonable times during the term of this lease and any renewal thereof to enter the demised premises for the purpose of inspecting the premises and all buildings and improvements thereon.

SECTION ELEVEN
DISPLAY OF SIGNS

During the last 30 days of this lease, Lessor or his agents shall have the privilege of displaying the usual "For Sale" or "For Rent" or "Vacancy" signs on the demised premises and of showing the property to prospective purchasers or tenants.

SECTION TWELVE
HOLDOVER BY LESSEE

Should Lessee remain in possession of the demised premises with the consent of Lessor after the natural expiration of this lease, a new tenancy from month to month shall be created between Lessor and Lessee which shall be subject to all the terms and conditions hereof but shall be terminable on 30 days written notice served by either Lessor or Lessee on the other party.

SECTION THIRTEEN
SURRENDER OF PREMISES

At the expiration of the lease term, Lessee shall quit and surrender the premises hereby demised in as good state and condition as they were at the commencement of this lease, reasonable use and wear thereof and damages by the elements excepted.

SECTION FOURTEEN
DEFAULT

If any default is made in the payment of rent, or any part thereof, at the times hereinabove specified, or if any default is made in the performance of or compliance with any other term of condition hereof, the lease, at the option of Lessor,

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shall terminate and be forfeited, and Lessor may re-enter the premises and remove all persons therefrom. Lessee shall be given 72 hours notice of any default or breach, and termination and forfeiture of the lease shall not result if, within 72 hours of receipt of such notice, Lessee has corrected the default or breach or has taken action reasonably likely to effect such correction within a reasonable time.

SECTION FIFTEEN ABANDONMENT

If at any time during the term of this lease, Lessee abandons the demised premises or any part thereof, Lessor may, at his option, enter the demised premises by any means without being liable for any prosecution thereof, and without becoming liable to Lessee for damages or for any payment of any kind whatever, and may, at their discretion, as agent for Lessee, relet the demised premises, or any part thereof, for the whole or part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Lessors' option, hold Lessee liable for any difference between the rent that would have been payable under this lease during the balance of the unexpired term, if this lease had continued in force, and the rent for such period realized by Lessor by means of such reletting. If Lessors' right of re-entry is exercised following abandonment of the premises by Lessee, then Lessor may consider any personal property belonging to Lessee and left on the premises to also have been abandoned, in which case Lessor may dispose of all such personal property in any manner Lessor shall deem proper and are hereby relieved of all liability for doing so.

SECTION SIXTEEN OPTION TO PURCHASE

Lessor grants to Lessee the option to purchase the demised premises at any time during the term of this lease, provided that Lessee is not in default of the terms of the lease agreement. Lessee shall give Lessor not less than 60 days notice in writing of the exercise of this option. The purchase price shall be the sum of \$15,020.00. The option herein granted is personal to Lessee and may not be assigned, conveyed, or in any way transferred, voluntarily, involuntarily or by operation of law. Any attempt to so transfer this option shall automatically terminate the option.

SECTION SEVENTEEN REPRESENTATION BY ATTORNEY

The parties hereto acknowledge that his lease agreement was prepared by Michael L. Brant, 325 Main Street, Klamath Falls, Oregon solely on behalf of Lessor and that said attorney in no way represents Lessee. Lessee is encouraged to seek independent legal counsel of Lessee's choice.

SECTION EIGHTEEN BINDING EFFECT

The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives, and assigns of the LEASE OPTION AGREEMENT - PAGE 4

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parties hereto, and all covenants are to be construed as conditions of this lease.

IN WITNESS WHEREOF, the parties have executed this lease at Klamath Falls, Oregon, the day, month and year first above written.

LESSOR:

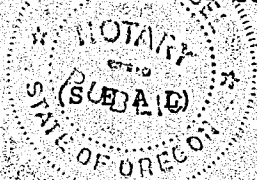
LESSEE:

Joe Miller Jr

Lin J Miller

STATE OF OREGON)
County of Klamath) ss.

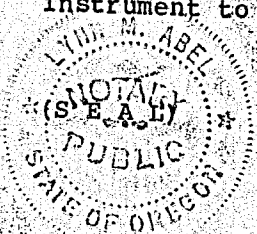
Before me this 25th day of Sept., 1987, personally appeared the above-named Lessor, and acknowledged the foregoing instrument to be his voluntary act and deed.



Lynn M. Abel
Notary Public for Oregon
My Commission Expires: 2-1-89

STATE OF OREGON)
County of Klamath) ss.

Before me this 25th day of Sept, 1987, personally appeared the above-named Lessee, and acknowledged the foregoing instrument to be his voluntary act and deed.



Lynn M. Abel
Notary Public for Oregon
My Commission Expires: 2-1-89

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of December A.D., 19 87 at 10:51 o'clock A M., and duly recorded in Vol. M87,
of Deeds on Page 22811.

FEE \$25.00

Evelyn Biehn, County Clerk

By Ram Smith