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mtc 18411

REAL ESTATE MORTGAGE Vol. m83 Page 3336

Member No.

On this 24th day of January 1988

HOWARD L. HOLLIDAY AND HOWARD L. HOLLIDAY, TRUSTEE

hereinafter called the MORTGAGORS, hereby grant, bargain, sell, convey and mortgage to

INTERSTATE PRODUCTION CREDIT ASSOCIATION,
a corporation organized and existing under the Farm Credit Act of the Congress of the United States, as amended, with its

principal place of business in the City of Klamath Falls

State of Oregon, hereinafter called the MORTGAGEE, the following described real estate in the

County of Klamath, State of Oregon, to-wit:

PARCEL 1:
THE SE $\frac{1}{4}$ NW $\frac{1}{4}$; the S $\frac{1}{2}$ NE $\frac{1}{4}$ and the S $\frac{1}{2}$ Sec. 11, lying South of Balsam Drive; the SW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 11, Twp. 39 South, R. 8 EWM; the W $\frac{1}{2}$ SW $\frac{1}{4}$, Sec. 12; the NE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 14; all in Twp. 39 South, Range 8 EWM, excepting 1/2 acre conveyed to Howard L. Holliday by deed dated January 3, 1957.

SAVING AND EXCEPTING from the above described lands the following described portions thereof:

1. That portion conveyed to Klamath County for highway purposes as described in deed recorded on page 338 of Volume 60 of Deeds, records of Klamath County, Oregon.
2. That portion described in deed to W.D. Miller Construction Co. by deed recorded on page 377 of Volume 104 of Deeds, records of Klamath Co., OR.
3. Portions of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 11, Twp. 39 South, R. 8 EWM, conveyed to the State of Oregon, by and through its State Highway Commission, by deeds recorded January 8, 1948, on page 364 of Volume 215 of Deeds and recorded on December 22, 1942, on page 38 of Volume 152 of Deeds and recorded on July 11, 1967 in Volume M67 at page 5215, all records of Klamath Co., OR.
4. Excepting the spring now serving domestic water to the home of C.L. Holliday and Margaret C. Holliday and the home of Howard L. Holliday, with the right to file for water thereon and to conduct water therefrom to said homes.
5. Less portions sold to State of Oregon for gravel pit stockpile site.

(SEE ATTACHED EXHIBIT "A" FOR CONTINUATION)

together with all the tenements, hereditaments, rights, privileges, appurtenances, and fixtures, including all irrigating and watering apparatus, now or hereafter belonging to, located on, or used in connection with the above described premises, and together with all waters and water rights of every kind and description and however evidenced, and all ditches or other conduits and rights of way thereof, appurtenant to said premises or used in connection therewith; and together with all range and grazing rights (including rights under the Taylor Grazing Act and Federal Forest Grazing privileges), now or hereafter issued in connection with or appurtenant to the said real property; and the mortgagors covenant that they will comply with all rules, regulations and laws pertaining thereto and will in good faith endeavor to keep the same in good standing and will execute all waivers and other documents required to give effect to these covenants, and that they will not sell, transfer, assign or otherwise dispose of said rights or privileges without the prior written consent of the mortgagee.

SUBJECT TO

This conveyance is intended as a mortgage to secure in whole or in part the performance of the covenants and agreements hereinafter contained and the payment of the following described promissory note(s) made by one or more of the Mortgagors (unless otherwise indicated) to the order of the Mortgagee, together with interest as hereinafter provided and together with all renewals or extensions thereof: TO SECURE THE LOAN OF MARK & HOWARD HOLLIDAY

MATURITY DATE(S)	DATE OF NOTE(S)	AMOUNT OF NOTE(S)
July 1, 1994	January 24, 1988	\$47,145.00

Also this mortgage is intended to secure all future loans or advances made or contracted within a period of FIVE (5) YEARS from and after the date of recording of this mortgage, provided, however, that the maximum amount of all indebtedness to be secured by this mortgage shall not exceed in the aggregate at any time the sum of \$_____, exclusive of accrued interest and of advances made in accordance with the covenants of this mortgage to protect collateral.

All present and future indebtedness secured by this mortgage shall bear interest at the rate specified in the note(s) evidencing such indebtedness, provided, however, that if such rate or rates are thereafter increased or decreased by Mortgagee, all of the indebtedness secured hereby shall bear such increased or decreased rate of interest from the effective date thereof.

The continuing validity and priority of this mortgage as security for future loans or advances shall not be impaired by the fact that at certain times hereafter there may exist no outstanding indebtedness from Mortgagor to Mortgagee or no commitment to make loans or advances.

Ret: mtc

MORTGAGORS COVENANT AND AGREE:

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That they are lawfully seized of said premises in fee simple, have good right and lawful authority to convey and mortgage the same, and that said premises are free from encumbrances except as stated above; and each of the Mortgagors will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever except as stated above, hereby relinquishing all dower and homestead rights in the premises; and these covenants shall not be extinguished by any foreclosure hereof, but shall run with the land;

To pay when due all debts and money secured hereby;

To keep the buildings and other improvements now or hereafter existing on said premises in good repair and not to remove or demolish or permit the removal or demolition of any thereof; not to commit or suffer waste of any kind upon said premises; not to use or permit the use of said premises for any unlawful or objectionable purpose; and to do all acts and things necessary to preserve all water rights now or hereafter appurtenant to or used in connection with said premises;

To pay when due all taxes and assessments upon said premises; and to suffer no other lien or encumbrance prior to the lien of this mortgage to exist at any time against said premises, except as stated above;

To keep all buildings insured against loss or damage by fire in manner and form and in such company or companies and in such amount as shall be satisfactory to the Mortgagee; to pay when due all premiums and charges on all such insurance; to deposit with the Mortgagee, upon request, all insurance policies affecting the mortgaged premises, all of which said insurance shall be made payable, in case of loss, to the Mortgagee, with a mortgagee clause satisfactory to the Mortgagee;

To keep in good standing and free from delinquencies all obligations under any mortgage or other lien which is prior to this mortgage.

Should the Mortgagors be or become in default in any of the covenants or agreements herein contained, then the Mortgagee may, at its option, perform the same in whole or in part, and all expenditures made by the Mortgagee in so doing shall bear interest at the rate borne by the principal debt hereby secured, and shall be immediately repayable by the Mortgagors without demand, and, together with interest and costs accruing thereon, shall be secured by this mortgage.

Time is material and of the essence hereof; and in case of breach of any of the covenants or agreements hereof, or if default be made in the payment of any of the sums hereby secured, then, in any such case, all indebtedness hereby secured shall, at the election of the Mortgagee, become immediately due without notice, and this mortgage may be foreclosed; but the failure of the Mortgagee, to exercise such option in any one or more instances shall not be considered as a waiver or relinquishment of the right to exercise such option upon or during the continuance of the same or any other default.

In case of any suit to foreclose this mortgage or to collect any charge growing out of the debt hereby secured, or of any suit which the Mortgagee may deem it necessary to prosecute or defend to effect or protect the lien hereof, the Mortgagors agree to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit, and further agree to pay the reasonable costs of searching the records and abstracting or insuring the title, and such sums and costs and expenses shall be secured hereby and be included in the decree of foreclosure.

Upon or during the continuance of any default hereunder, the Mortgagee shall have the right forthwith to enter into and upon the mortgaged premises and take possession thereof, except under circumstances where such taking is expressly prohibited by law, and collect the rents, issues and profits thereof, and apply the same, less reasonable costs of collection, upon the indebtedness hereby secured; and the Mortgagee shall have the right to the appointment of a receiver to collect the rents, issues and profits of the mortgaged premises and/or to manage the property during the pendency of legal proceedings. The rents, issues and profits of said premises after default shall accrue to Mortgagee's benefit and are hereby assigned and mortgaged to Mortgagee as additional security for the indebtedness herein described.

All rights and remedies conferred on Mortgagee by this mortgage are cumulative and additional to any and all other rights and remedies conferred by law, and are not exclusive. If any provision of this mortgage be found invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof; and the mortgage shall be construed as though the invalid or unenforceable provision had been omitted.

The covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, The Mortgagors have hereunto set their hands the day and year first above written.

x Mark Holliday
Mark Holliday, as individual

by: Howard L. Holliday
Howard L. Holliday, as Trustee
x Howard L. Holliday
Howard L. Holliday, as Individual
x Barbara Holliday
Barbara Holliday, as Individual

ACKNOWLEDGMENT

STATE OF Oregon

ACKNOWLEDGMENT.

County of Klamath

On this 10th day of March, 1988

the within: Howard L. Holliday and

Barbara Holliday and Mark Holliday

their

in witness whereof

Albert B. Karp
Notary Public for the State of Oregon

Notary Public for the State of Oregon

10-30-88

PARCEL 2:

Portion of $\frac{1}{2}$ NW $\frac{1}{4}$, Section 13, Twp. 39 South, R. 8 EWM, lying North and West of State Highway. EXCEPT THEREFROM beginning at a point South 89 degrees 0' West 372.2 feet from the NE corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 13, Twp. 39 South, R. 8 EWM, and running thence North 40 degrees 25' West 179.5 feet; thence South 61 degrees 58' West 229.2 feet; thence South 25 degrees 46' East 190 feet; thence North 59 degrees 00' East 275.7 feet to the place of beginning.

1. Together with a 50 h.p. 1765 RPM Gould electric motor and a Berkley Centrifugal pump, and any replacements thereof, all of which are hereby declared to be appurtenant thereto.
2. Mark Holliday is the sole owner of a 1976 Fuqua 14x56 trailer house, Serial #4559, Model #862, Oregon mobile #006661, Oregon X #134177. Said mobile home is affixed to the above mortgaged property and Mark Holliday joins in the signing of this mortgage to subject his interest in said mobile home to the mortgagee.
3. Hereby granting and mortgaging to mortgagee a 20' easement across lands owned by Howard L. Holliday for ingress & egress between lands herein mortgaged and a canal for the purpose of placement, replacement, repair and maintenance of a buried pipeline, pump motor and related facilities, said easement described as follows:

Beginning at a point in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 13, Twp. 39 South, Range 8E, where an existing irrigation pump & motor are located on the Plevna Improvement Co. District irrigation ditch, and thence running Northerly along an existing buried pipeline, which serves as the centerline for said easement, to the Southerly line of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 13, Twp. 39 South, Range 8E., which easement is to be appurtenant to the lands herein mortgaged.

4. Hereby granting and mortgaging to mortgagee a 20' easement across lands owned by Howard L. Holliday for ingress and egress between a public roadway and a trailer house homesite located upon herein mortgaged lands, said easement described as follows:

Beginning at a point where the abandoned Keno Road intersects the Keno-Ashland Hwy. in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13, Twp. 39 South, Range 8E., thence following the existing abandoned Keno Hwy. in a Southwesterly direction to a point where an existing driveway intersects the abandoned Keno Road and runs northerly to a mobile home site which is located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 13, Twp. 39 South, Range 8 E., which easement is to be appurtenant to the lands herein mortgaged.

It is agreed that this mortgage, without affecting its validity as a real estate mortgage, is also executed and shall be construed as a Security Agreement and as a Fixtures and/or equipment Financing Statement under the Oregon Uniform Commercial Code, granting to mortgagee a security interest in the personal property collateral described herein, and in the goods described herein which are fixtures and/or equipment or are to become fixtures. In addition to the rights and remedies provided herein, mortgagee shall have all the rights and remedies granted by such code; and reasonable notice, when notice is requested, shall be five (5) days.

by: Mark Holliday

by: Howard L. Holliday

by: Barbara Holliday

NO AMENDMENTS TO ORIGINAL TRUST AGREEMENT ATTACHED HERETO HAVE BEEN
MADE AND IS STILL IN FULL FORCE AND AFFECT.

Howard L. Holliday
Howard L. Holliday, Trustee

ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath

I, the undersigned, a Notary Public in and for the said County and State,
duly commissioned and sworn, do hereby certify that on this 10th day
of March, 1988, before me personally appeared HOWARD L.
HOLLIDAY, to me known to be the individual who executed the within and
foregoing instrument and acknowledged to me that he signed and sealed the
same as his free and voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
the day and year first above written.

Alberta M. Sharp
NOTARY PUBLIC

My commission expires 10-30-88

AGREEMENT

THIS AGREEMENT is made and entered into by and between MARGARET C. HOLLIDAY, hereinafter referred to as "Margaret," HOWARD L. HOLLIDAY, hereinafter referred to as "Howard" and MARGARET C. HOLLIDAY and HOWARD L. HOLLIDAY as trustees under the trust established in the Last Will and Testament of C. L. HOLLIDAY dated March 15, 1968, hereinafter referred to as "Trustees."

IN CONSIDERATION of the mutual promises and covenants contained herein, the parties hereby agree as follows:

1. RECITALS: The parties hereby declare that the following facts are true. Margaret is the widow of C. L. HOLLIDAY, deceased. She has two natural children, Howard and Jean Rice. The Will of C. L. HOLLIDAY established a trust, and Howard and Margaret are the Trustees under said trust. Margaret, Howard, and the Trustees are all of the owners of Holliday Ranch, an Oregon partnership. Holliday Ranch owns real property in Klamath County, Oregon, some of which has been leased to Weyerhaeuser Company. Other real property in Klamath County is owned as undivided one-half by Margaret and an undivided one-half by the Trustees. Some of that property owned by Margaret and the Trustees has been leased to Weyerhaeuser Company. The partnership of Holliday Ranch is the successor in interest to Holliday Ranch, Inc., an Oregon corporation, which has been dissolved and its' assets distributed to Holliday Ranch. The real property owned by Holliday Ranch and by Margaret and the Trustees which was leased to Weyerhaeuser, was leased under the terms of an agreement entitled "Lease Contract." and dated October 17, 1969. A copy of the Lease Contract is marked Exhibit "A" attached hereto, and made a part hereof, and is referred to herein-

1 after as the "Lease Contract." Attached hereto and marked
2 Exhibit "B," is the legal description for the Lease Contract. The
3 Lease Contract was entered into by Holliday Ranch, Inc., an Oregon
4 corporation, C. L. Holliday, and Margaret C. Holliday, as Lessors,
5 but the Lease Contract did not set forth the ownership interests
6 of the individual Lessors. The written partnership agreement of
7 Holliday Ranch, a copy of which is attached hereto and marked
8 Exhibit "C," and made a part hereof, likewise did not indicate the
9 ownership interests of the partners. At the time of the execution
10 of the Lease Contract, and of the dissolution of Holliday Ranch, Inc.
11 and of the formation of Holliday Ranch, the intent of C. L. Holliday,
12 Margaret and Howard always was that the ownership interests of the
13 partnership and of the Lease Contract would be as follows: Howard
14 fifty percent (50%), and Margaret and Lee fifty percent (50%).
15 Howard and Margaret and the Trustees have filed Federal and State
16 Income Tax Returns indicating that Howard owns fifty percent (50%)
17 of Holliday Ranch, that Margaret owns twenty-five percent (25%) of
18 Holliday Ranch, and that the Trustees own twenty-five percent (25%)
19 of Holliday Ranch. The Income Tax Returns filed by all parties
20 to this agreement also indicates that the Lessors' interest in the
21 Lease Contract is owned by Holliday Ranch. Attached to this
22 agreement and marked Exhibits "D-1" and "D-2," is a list of all
23 real property owned by the partnership and by Margaret and the
24 Trustees, arranged by Klamath County tax lot numbers. Mountain
25 Title Company of Klamath Falls has prepared legal description for
26 the parcels of property listed, by tax lot numbers. A list of the
27 descriptions supplied by Mountain Title Company is attached hereto
28 as Exhibit "E." On Exhibit "D-1" and "D-2," the parcels are

1 identified by both tax lot number and the Mountain Title Company's
2 parcel number.

3 A further agreement among Margaret, Howard, and C. L.
4 Holliday, was that after the death of C. L. Holliday and Margaret
5 Holliday, Howard would receive all of the real property owned by
6 C. L. Holliday and Margaret, which was not leased to Weyerhaeuser
7 Company.

8 Margaret and Howard have been investigating the Lease
9 Contract and the partnership agreement as well as the ownership
10 of the real property described in this agreement, and they have
11 determined that the ownership of the property, the Lease Contract
12 and the partnership, do not agree with their intent as expressed
13 above. Margaret and Howard also agree that it would be much more
14 convenient in the future if Holliday Ranch were the owner of all
15 of the property which has been leased to Weyerhaeuser Company and
16 no other real property.

17 2. DECLARATIONS REGARDING PARTNERSHIP: The parties
18 declare that the ownership of Holliday Ranch is as follows:
19 Howard fifty percent (50%), Margaret twenty-five percent (25%), and
20 Trustees twenty-five percent (25%).

21 3. TRANSFER OF NON-WEYERHAEUSER PARTNERSHIP PROPERTY:
22 The real property of the partnership which has not been leased to
23 Weyerhaeuser is hereby removed and transferred from the partnership
24 in an undivided interest as follows: Howard fifty percent (50%),
25 Margaret twenty-five percent (25%), and Trustees twenty-five percent
26 (25%).

27 4. CONTRIBUTION TO PARTNERSHIP: That real property
28 leased to Weyerhaeuser and owned one-half by Margaret and one-half

1 by Trustees, is hereby contributed to Holliday Ranch.

2 5. DECLARATION REGARDING LEASE CONTRACT: The parties
3 declare that the Lease Contract is an asset of Holliday Ranch.

4 6. OTHER DOCUMENTS: The intent of this agreement is
5 to document the transfer of all property which has been leased to
6 Weyerhaeuser, to the partnership, and to document the transfer of
7 all Non-Weyerhaeuser property from the partnership to Howard and
8 Margaret. The parties to this agreement agree to execute whatever
9 documents may be necessary in the future to effectuate the terms
10 of this agreement.

11 7. COSTS AND ATTORNEY FEES: In the event suit or
12 action is instituted to enforce any of the terms of this agreement,
13 the prevailing party shall be entitled to recover from the other
14 party such sum as the court may adjudge reasonable as attorney fees
15 at trial or on appeal of such suit or action. In addition to all
16 other sums provided by law.

17 9. DAMAGES: The parties agree that in the event of a
18 violation of this agreement that monetary damages alone may not be
19 sufficient to compensate an aggrieved party. Therefore, the parties
20 agree that any non-breaching party shall be entitled to equitable
21 remedies, including a decree of specific performance.

22 10. PREPARATION: This agreement has been prepared by
23 Jerry Molatore, representing Margaret. Howard and Trustees
24 acknowledge that they have their right to have this agreement
25 reviewed by an attorney of their choice.

26 11. EFFECTIVE DATE: This agreement is a memorialization
27 of the agreement reached among the parties on the 29th day of

28 / / /

1 December, 1983. The effective date of this agreement is the 29th
2 day of December, 1983.

3 IN WITNESS WHEREOF we the undersigned have set our hand
4 on the date set opposite our signatures.

5 _____
6 Date

Margaret C. Holliday
MARGARET C. HOLLIDAY

7 _____
8 Date

Howard L. Holliday
HOWARD L. HOLLIDAY

9 _____
10 Date

Margaret C. Holliday
MARGARET C. HOLLIDAY, Trustee

11 _____
12 Date

Howard L. Holliday
HOWARD L. HOLLIDAY, Trustee

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LEASE CONTRACT

This lease contract entered into this 17th day of October, 1969, by and between HOLLIDAY RANCH, INC., an Oregon corporation, and C. L. HOLLIDAY, JR., and MARGARET C. HOLLIDAY, husband and wife, all of which taken together are hereinafter referred to as "Lessor" and WEYERHAEUSER COMPANY, a Washington corporation, hereinafter called "Lessee",

W I T N E S S E T H:

1. Leased Premises:

Lessor hereby leases to Lessee, for the term and on the conditions hereinafter set forth, the parcel of real property in Sections 13 and 24, Township 39 South, Range 8 East of W.M., Klamath County, Oregon, lying southeasterly of Oregon State Highway 66, and more particularly described as Parcel I in Exhibit A attached hereto and made a part hereof. The parcel described therein will hereafter be referred to as the "leased premises".

2. Purpose of Lease:

Lessee may, during the term of this lease and any renewal thereof, use the leased premises for any lawful purpose.

3. Term:

This lease shall have a primary term of thirty years commencing on the date of execution. It shall, at Lessee's option, be renewable for thirty successive renewal terms of thirty years

Exhibit "A"

each. Lessee shall give written notice of its intent to exercise any of the renewal options created hereby not less than six months before the end of the term immediately preceding the desired renewal term.

4. Rental:

(a) As used herein, the term "quinquennium" means a period of five consecutive years, and the term "CPI" means the Consumer Price Index compiled and published by the U. S. Bureau of Labor Statistics. All Consumer Price Index numbers employed in adjusting the rent as hereinafter provided shall relate to the base period in use at the effective date of this contract, i.e., the years 1957, 1958 and 1959.

(b) During the first quinquennium of this lease, the annual rental shall be \$20,000.

(c) At the end of the first and each subsequent quinquennium of this lease, the annual rental payable during the next quinquennium shall be computed as follows:

$$\$20,000 \div \left[\begin{array}{l} \text{Total cumulative} \\ \text{percentage change} \\ \text{in CPI during past} \\ \text{quinquenniums of} \\ \text{this lease} \end{array} \right] = \text{Annual rental payable during next quinquennium}$$

(d) Example: Assume that during the first three quinquenniums the CPI increased by a cumulative total of 45 percent. The annual rental payable during the fourth quinquennium is accordingly \$29,000, computed as follows:

$$\$20,000 \div [\$20,000 \times 45\%] = \$20,000 \div \$9,000 = \$29,000$$

5. Payment of Rent:

The annual rent payable under section 4 shall be paid in advance, i.e., on or before the first business day of the annual rent period for which it is due, except that where the annual rent for any such one-year period cannot be accurately computed until the CPI figure for any prior period has been published by the U. S. Bureau of Labor Statistics, the payment of the rent for such annual rent period may be postponed until such figure has been published.

For the purposes of this section, the first annual rent period shall begin on the effective date of this lease and each subsequent annual rent period shall begin on an anniversary of such effective date.

6. Lessee To Pay All Taxes And Assessments:

(a) Lessee shall pay all property taxes and assessments upon the leased premises, including all irrigation charges and assessments.

(b) Lessor hereby grants Lessee an irrevocable power of attorney to contest all such property tax and other assessments in the Lessor's name and Lessor agrees to join Lessee in any such contest if that becomes necessary. Lessee shall bear all expenses of such contests and shall reimburse Lessor for all out-of-pocket costs which it may incur in complying with this section.

(c) All property taxes and assessments levied against the leased premises shall be prorated between Lessor and

Lessee as of the effective date of this lease and the date of its termination.

7. Mortgages And Other Encumbrances:

(a) The debt secured by the mortgage in favor of the Federal Land Bank of Spokane which was dated May 22, 1956 and recorded on June 7, 1956 in Mortgage Volume 171, Page 418 of the Land Records of Klamath County may be increased to an upper limit of \$60,000 and to the extent that it does not exceed that amount, this lease shall be subordinate to it. In the alternative, Lessor may encumber the premises subject to this lease with a substitute mortgage securing a debt not exceeding \$60,000, to which this lease shall be subordinate.

(b) However, this lease shall, insofar as the law permits, be prior and superior to any and all mortgages and other encumbrances which are created subsequent to the effective date hereof.

(c) If Lessor defaults in performing any obligation (other than an obligation assumed by Lessee hereunder) which is secured by a lien upon the whole or any part of the land covered by this lease, Lessee, in order to protect its interests hereunder, may at its option cure the said default in the name of and on behalf of Lessor and deduct the out-of-pocket cost of such cure from the next rent payment owing to Lessor.

8. Condemnation:

(a) If there is a condemnation of the whole or any partial interest in the land covered by this lease, Lessor and Lessee shall share in the compensation paid by the condemnor in accordance with the values which their respective interests in the said land had immediately prior to the taking.

(b) If there is a partial taking of the land covered by this lease which, in Lessee's reasonable opinion, will or may substantially interfere with Lessee's actual or prospective utilization of the land for plant or related industrial purposes, Lessee may, at its option, terminate this lease upon fifteen days' written notice to Lessor. However, rights or claims already accrued shall survive such termination.

9. Lessee To Own Its Improvements:

All improvements of whatsoever nature which Lessee may put upon the land shall be and at all times remain Lessee's exclusive property. Lessee shall at all times have the right but no duty to remove, alter or replace them. However, on Lessor's demand, Lessee shall dismantle and remove all buildings and structures erected by it upon the leasehold within one year of any termination of this lease.

10. Certain Natural Disasters:

Lessee may, at its option, terminate this lease upon fifteen days' written notice to Lessor if there has been an earthquake, landslide or other natural catastrophe which, in Lessee's reasonable opinion, will or may substantially interfere with Lessee's actual or prospective utilization of the site for plant or related industrial purposes. However, rights or claims already accrued shall survive such termination.

11. Assignment and Subletting:

Lessee may assign this lease in whole or in part and may sublet the whole or any part of the leased premises for any lawful purpose. Lessor may assign its rights hereunder, including its right to rentals, upon written notice to Lessee.

12. Notices and Communications:

All notices and communications required by or relating to this lease contract shall be transmitted by registered mail to the following addresses:

HOLLIDAY RANCH, INC.
Route 3, Box 237
Ashland Highway
Klamath Falls, Oregon 97601

WEYERHAEUSER COMPANY
Attn: Land Title Department
and Real Estate Services
Tacoma, Washington 98401

13. Merger Clause; Modification:

All the terms, understandings and agreements binding upon Lessor and Lessee are set forth herein; and this lease contract shall not be amended or modified except in writing signed by both of the parties hereto.

14. Contract Administration by Lessors:

(a) To enable Lessee to deal with a single representative of all Lessors, and generally to simplify the administration of this contract, the individual Lessors Margaret C. and C. L. Holliday, Jr., hereby covenant for themselves, their heirs, successors and assigns to give the corporate Lessor, Holliday Ranch, Inc., an exclusive, irrevocable authorization to administer this contract on their behalf by performing all their duties and exercising all their rights, powers and privileges hereunder as effectively as if they themselves performed and exercised the same.

(b) Margaret C. and C. L. Holliday, Jr., and Holliday Ranch, Inc., hereby covenant for themselves, their heirs, successors and assigns that if Holliday Ranch, Inc., is ever dissolved, they and such heirs, successors and assigns shall designate a single representative whose function it shall be and who shall have plenary authority to administer this contract on their behalf by performing all their duties and exercising all their rights, powers and privileges hereunder as effectively as if they themselves performed and exercised the same.

(c) To enforce compliance with paragraph (b) hereof Lessee may, without losing any of its rights, powers, or privileges under this contract, withhold the payment of rent until such a single representative has been appointed.

and has produced satisfactory evidence of his authority to act for his principals. If such authority is ever withdrawn, Lessee may again suspend the payment of rent until a successor to such representative is designated and endowed with the requisite authority.

15. Lessor's Grant Of Certain Rights Of Way To Lessee:

(a) In order to enable Lessee to gain ingress to and egress from the leased premises from and to Oregon State Highway 66, Lessor hereby grants to Lessee the easement, right and privilege at any time and at any point to cross the land described as Parcel II in Exhibit A by means of such roads, tracks or driveways as may suit Lessee's needs or convenience.

(b) The easement rights created hereby shall last as long as this lease.

(c) If Lessee's exercise of the said rights requires the removal of any building, structure or similar improvement existing at the commencement of this lease which belongs to Lessor, Lessee shall move the same at its own expense (if movable) to such new location as Lessor may designate. But if it is not movable, or if Lessor fails promptly to designate a new location, Lessee shall pay Lessor the reasonable value thereof as of the date of destruction.

16. Plevna District Improvement Company--Voting Rights:

The right to vote on the affairs of the Plevna District Improvement Company which pertains to the leased premises

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shall only be exercised by those persons who are entitled thereto under ORS 554.070(2) as from time to time amended.

HOLLIDAY RANCH, INC.

By C. L. Holliday, Jr.
C. L. HOLLIDAY, JR.
President,
Holliday Ranch, Inc.

By Howard L. Holliday
HOWARD L. HOLLIDAY
Vice President,
Holliday Ranch, Inc.

By Margaret C. Holliday
MARGARET C. HOLLIDAY
Secretary
Holliday Ranch, Inc.

C. L. HOLLIDAY, JR., and
MARGARET C. HOLLIDAY,
husband and wife

By C. L. Holliday, Jr.
C. L. HOLLIDAY, JR.

By Margaret C. Holliday
MARGARET C. HOLLIDAY

ATTEST:

Mary B. Mosler
Assistant Secretary of
Weyerhaeuser Company

[Corporate Seal]

WEYERHAEUSER COMPANY

By G. H. Weyerhaeuser
G. H. Weyerhaeuser
President

STATE OF WASHINGTON)
COUNTY OF PIERCE) ss.

On this 13th day of October, 1969, before me personally appeared G. H. Weyerhaeuser and M. B. Mosier, to me known to be the president and assistant secretary, respectively, of the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Rene Randeberg
Notary Public in and for the
State of Washington residing
at Incheon

September 30, 1969

LEGAL DESCRIPTION FOR LEASE

HOLLIDAY AND HOLLIDAY RANCH, INC. TO
WEYERHAEUSER COMPANY

A tract of land situated in Sections 13 and 24, T 39 S, R 8 E, Klamath County, Oregon, more particularly described as follows:

Beginning at a 1½ inch iron pipe marking the southwest corner of said Section 13; thence N 00° 41' 58" E along the west line of said Section 13 1304.12 feet to a 5/8 inch iron pin with aluminum cap on the southerly right-of-way line of State Highway 66; thence northeasterly along said right-of-way line to a 5/8 inch iron pin with aluminum cap that bears N 43° 13' 36" E 1478.80 feet from the last described point; thence S 54° 45' 18" E 185.00 feet to a 5/8 inch iron pin with aluminum cap; thence N 45° 43' 02" E 512.28 feet to a 5/8 inch iron pin with aluminum cap; thence N 04° 07' 03" E 645.79 feet to a 5/8 inch iron pin with aluminum cap; thence N 55° 17' 04" E 129.58 feet to a 5/8 inch iron pin with aluminum cap on the southerly right-of-way line of said State Highway; thence northeasterly along said right-of-way line to a 5/8 inch iron pin with aluminum cap on the west line of the NW¼ NE¼ of said Section 13 (said point bears N 60° 31' 11" E 1386.85 feet from the last described point); thence S 01° 30' 10" E along said west line 52.45 feet to a one inch iron pipe marking the northwest corner of the SW¼ NE¼ of said Section 13; thence S 89° 34' 00" E along the north line of the SW¼ NE¼ of said Section 13 343.46 feet to a 5/8 inch iron pin with aluminum cap marking the most westerly point of that tract of land described in Deed Volume 236, Page 54, Klamath County Deed Records; thence S 70° 19' 00" E 13.83 feet to a 3/4 inch iron pipe marking the most westerly point of that tract of land described in Deed Volume 166, Page 5520, Klamath County Deed Records; thence S 24° 23' 25" E along the westerly line of said tract 623.99 feet to a 3/4 inch iron pipe marking the southwesterly corner of said tract; thence N 73° 47' 00" E along the southerly line of said tract 350.83 feet to a 5/8 inch iron pin with aluminum cap on the westerly line of vacated Fourth Street in "West Klamath", a duly recorded subdivision plat; thence S 16° 32' 01" E along said westerly line of vacated Fourth Street and unvacated Fourth Street 1899.87 feet to a 5/8 inch iron pin with aluminum cap on the southeast corner of vacated Lot 10, Block 19, "West Klamath"; thence S 04° 07' 50" E 64.00 feet to a 5/8 inch iron pin with aluminum cap on the northeast corner of vacated Lot 3, Block 18, "West Klamath"; thence S 24° 20' 51" E along the easterly line of said Lot 3 and the southerly prolongation thereof 180.00 feet to a 5/8 inch iron pin with aluminum cap on the northerly line of that tract of land described in Deed Volume 61, Page 300, Klamath County Deed Records;

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September 30, 1969

LEGAL DESCRIPTION FOR LEASE

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thence S 65°30'09" W along said line 166.03 feet to a 5/8 inch iron pin with aluminum cap on the most easterly corner of that strip of land described in Deed Volume 288, Page 7, Klamath County Deed Records; thence southwesterly along the arc of a curve to the left and along the northerly line of said strip of land 421.83 feet to a 5/8 inch iron pin with aluminum cap (the radius of said curve is 1472.69 feet and the long chord bears S 73°42'30" W 420.38 feet); thence S 65°30'09" W along the northerly line of said strip of land 3829.39 feet to a 5/8 inch iron pin with aluminum cap; thence southwesterly along the arc of a curve to the left and along the northerly line of said strip of land 221.73 feet to a 5/8 inch iron pin with aluminum cap on the northerly line of that tract of land described in Deed Volume 61, Page 300, Klamath County Deed Records (the radius of said curve is 399.27 feet and the long chord bears S 49°35'36" W 214.89 feet); thence S 65°30'09" W along said line 126.00 feet to a 3/4 inch iron pipe on the west line of said Section 24; said point being N 01°10'41" E 240.00 feet from the southwest corner of the NE 1/4 of said Section 24; thence N 01°03'31" E along the west line of said Section 24 515.29 feet to the point of beginning.

The above described tract of land contains 235.64 acres, more or less, with bearings being based on the north line of the SW 1/4 of said Section 13 as being S 89°34'00" E as shown on the officially recorded plat or "West Klamath".

Lytle C. Smith
Lytle C. Smith

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 11th day
of March A.D. 19 88 at 12:24 o'clock P M., and duly recorded in Vol. M88
of Mortgages on Page 3396
FEE \$105.00
By Evelyn Biehn, County Clerk
Ann Smith

Exhibit "B"
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