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Vol. mgd Page 4670

When recorded mail to:

Robert R. Powell, Jr.
HC 62 Box 41
Malin, Or. 97632

LEASE WITH OPTION TO PURCHASE

THIS LEASE, made and entered into this 14th day of March, 1989, by and between HAROLD R. BAUMGART and VIOLA BAUMGART, husband and wife the lessor, and

ROBERT R. POWELL, JR. and ANNE POWELL, husband and wife, the lessee.

WITNESSETH: That the lessor, in consideration of the covenants of said lease herein-after set forth, does by these presents lease to said lessee, under the terms and conditions set forth, the premises described as follows:

THAT PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER (N $\frac{1}{2}$ NW $\frac{1}{4}$) of Section 11, Township 41 South of Range 12 East of the Willamette Meridian which lies Southwesterly of the High Line Canal of the MALIN IRRIGATION DISTRICT. KLAMATH COUNTY, OREGON. Hereinafter called "FARM"

TERMS:

That the term of said lease is for a period of Four years and seven months, commencing on the 14th day of March, 1989 (or the date which all parties have signed this document, whichever is later), and ending on the 1st day of November, 1993.

RENTS:

That the total rents of said lease shall be the sum of FOUR THOUSAND DOLLARS ANNUALLY, Payable in two installments: The first installment of \$2,000.00 due and payable on April 15 of each year and the second installment due and payable on October 15 of each year. The first installment due lessor by lessee is April 15, 1989, the final installment is due on October 15, 1993. Lessee shall pay all excise, privilege, County, City, or sales taxes levied by a political subdivision when due, if applicable.

USE OF PREMISES:

The premises described above are lease to lessee for the sole purpose of farming and agricultural harvesting. And lessee agrees that the premises will be used only for such activity, complying fully with all applicable laws, ordinances or regulations regarding the use of the leased premises, including all sanitary and health regulations, EPA, OSHA, OEC or any other government agency regulations.

INSURANCE:

Lessee shall obtain and continue in force during the term of this lease, a policy or policies of Insurance covering: Loss or damages by fire or other perils to the appliances, contents, equipment, fixtures, furniture, interior motif or decor, and/or stock in trade; Injury or death to any person or persons including lessee; Vandalism, and/or malicious mischief. Lessee agrees to provide lessor with a memorandum copy of all Insurance Policies so obtained under this lease, and additionally name lessor as an additional assured and insured party.

ALTERATIONS OR IMPROVEMENTS

Lessee may make improvements or other alterations on the subject property of the leased premises at their own expense, provided, however, that prior to commencing any such work lessee shall first obtain written consent from lessor and shall obtain all such necessary documentation from any political subdivision required. Such improvements or alterations shall remain the property of the lessor at the termination of this lease.

SERVICES/UTILITIES

Lessee agrees to provide all utilities and services to the property at their own expense.

ASSIGNMENT/SUBLETTING

Lessee agrees that they will not assign or sublet in whole or part any portion of the leased premises without the prior written consent of lessor, which said consent will be the sole option of the Lessor. Lessor may sell, transfer, or assign all or any part of their interest in the premises without the consent of the Lessee.

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INJURY OR LOSS:

Lessor shall not be responsible or liable for any loss, theft, or damage to property or injury to, or death of, Lessee or any person on or about the leased premises, and Lessee agrees to indemnify, defend and hold Lessor harmless therefrom.

ENTRY OF LANDLORD:

Lessor reserves the right to enter upon the leased premises at reasonable times for the purpose of inspecting the premises, and reserves the right, during the last two months of the terms of the lease, to show the premises at reasonable times to prospective tenants, providing Lessee has not tendered a written intent to Lessor of renewing said lease (terms of renewal to be negotiated at such time), or an intention to perform regarding the Option to Purchase referred to later in this document.

RENEWAL OF LEASE:

NOTICE.....Lessor agrees to entertain an intention by Lessee to renew this lease at its expiration thereof, provided the same is made at least ninety (90) days prior to the expiration of this lease. Such renewal shall be accomplished either by an addendum to this lease or the execution of a new lease upon such terms and conditions as may be required by Lessor.

BREACH:

The failure of either party to fully perform under any or all of the terms and conditions of this lease shall constitute a Breach of this lease, entitling the offended party to take any and all such action provided by law, including, but not limited to, one or more of the following: 1. Lock the doors to the leased premises, 2. Retain or take possession of any property on the premises pursuant to Lessor's Landlord Lien, 3. Enter the premises and remove all persons and property therefrom, 4. Declare the lease at an end and terminated, 5. Sue for the full balance due under the lease and option, and any damages sustained by Lessor.

Any breach alleged under this lease, shall be occasioned by a ten (10) day written notice of the same to the defaulting party. If at the end of such ten (10) days as provided in said notice, the defaulting party has not cured the breach, the offending party may take any and all such action provided by law, including an additional amount for Attorney's fees and costs.

SURRENDER OF PREMISES:

Lessee shall, upon the expiration of the term of the Lease, or upon an earlier termination hereof, quit and surrender the premises in good order or condition and repair, reasonable wear and tear and acts of God excepted.

SIGNS/DECALS/POSTERS

Lessee agrees that they will not place, affix, or otherwise install any decals, posters, signs or other advertising, artistic, commemorative or communicative illustrations without the written consent of Lessor. If consent is so given, any such installations shall be at Lessee's expense.

OTHER CONDITIONS

In addition to the payment and the annual planting of crops, the following conditions shall apply to the lease with Option to Purchase Agreement: The lease is to include a 30hp pump and 6-inch mainline, with any repairs and/or replacement costs to be that of the Lessee. The lessor reserves any buildings on the farm to themselves. Lessee shall pay Malin Irrigation District Water bill; approximate current bill \$930.00; or more as water costs go up for the subject premises.

OPTION TO PURCHASE

Lessee, and only Lessee, shall at the end of the lease period, have the option to purchase said premises, excluding the homes and buildings located in a two acre parcel within said farm. This property to be divided from the farm and retained by Lessor, and/or his assigns or heirs. On November 1, 1993, Lessee will open an escrow with a duly licensed title and escrow company of their choice; Deposit \$10,000.00 (Ten Thousand DOLLARS) with Escrow Agent and pay for all costs of said escrow. Lessor (OWNER) to provide clear title to the remaining portion of the farm (after the property split) to Lessee (Buyer) at such time as the escrow closes, which shall be no later than November 30, 1993, subject to written extensions by both parties in exchange for the \$10,000.00.

SAVINGS CLAUSE

If any term or provision of this Lease with Option to Purchase or any application thereof shall be declared or held to be invalid or unenforceable, then the remaining terms and provisions of this Lease with Option to Purchase shall not be affected thereby.

NOTICES:

Any notices or demands to be given hereunder shall be given to Lessor at:

508 Laguna, Parker, Arizona 85344.

The persons authorized to manage this property is John Messersmith and Judy Messersmith. Upon our demise or incapability to make sound decisions, the authority over this agreement shall pass to John Messersmith and Judy Messersmith.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 25 day of March, 1989.

Harold Baumgart
LESSEE

Robert R. Powell Jr.
LESSOR

Viola Baumgart
LESSEE

Robert R. Powell
LESSOR

COUNTY OF Maricopa
STATE OF Arizona

Acknowledged before me this 25 day of March, 1989 by ROBERT R. POWELL, JR. and ANNE POWELL.

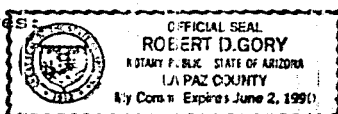
My commission expires: May 15, 1990

David Kalnia
Notary Public

COUNTY OF LA PAZ
STATE OF ARIZONA

Acknowledged before me this 3rd day of April, 1989 by HAROLD R. BAUMGART and VIOLA BAUMGART.

My commission expires:



Robert D. Gory
Notary Public

ADDENDUM TO LEASE OPTION
AGREEMENT FOR FARM LAND

Dated this 22nd day of April, 1989, between Robert R. Powell, Jr and Anne Powell, husband and wife and Harold Baumgart and Viola Baumgart, husband and wife.

All parties wish to clarify the insurance requirements set forth in the original contract; The Powell's are to have full coverage insurance for liability and bodily injury for the vacant land portion only. The Powell's do not have to insure any buildings on the property UNLESS said buildings are used by the Powell's for any reason. If the Powell's use the buildings, insurance coverage must be provided by the Powell's naming the Baumgart's as Loss Payees.

This addendum and the original contract may only be amended in writing and all parties agree that the option to purchase cannot be assigned to any other person or entity without the prior written consent of the Baumgart's or their heirs.

End of addendum.

Robert R. Powell, Jr.
Robert R. Powell, Jr.

Anne Powell
Anne Powell

Harold Baumgart
Harold Baumgart

Viola Baumgart
Viola Baumgart

4 May 1989

STATE OF OREGON, ss.
County of Klamath

Filed for record at request of:

Robert R. Powell, Jr.
on this 13th day of March A.D., 19 90
at 3:38 o'clock P.M. and duly recorded
in Vol. M90 of Deeds Page 4670
Evelyn Biehn County Clerk
By Debra M. Nielsen
Deputy.

Fee, 43.00