

1. THIS LEASE IS MADE AND ENTERED INTO THIS 17th DAY OF April, by and between Russell and Shirley Pederson hereinafter, whether one or more, called "Owner," and Owner's heirs personal representatives, successors, and assigns, and THE UNITED STATES POSTAL SERVICE, hereinafter called the Postal Service.
2. WITNESSETH: That the Owner, for and in the consideration of the rent hereinafter stipulated to be paid by the Postal Service to the Owner, demises, leases and rents to the Postal Service those certain premises in Beatty, Oregon, and described as follows, viz:

A parcel of land situate in the southwest one-quarter of Section 14, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, as surveyed and platted on the Final Map of Minor Partition No. 1-90 and more particularly described as follows:

Commencing at a point which is 30 feet North and 30 feet East of the Southwest corner of Lot 29 Section 14; thence along the easterly right-of-way line of Godawa Springs Road, North 00°01'27" East 185.15 feet to the Point of Beginning; thence continuing along said right-of-way, North 00°01'27" East 145.00 feet; thence, leaving said right-of-way, South 89°57'07" East 176.87 feet; thence South 145.00 feet; thence North 89°57'07" West 176.93 feet to the Point of Beginning. This site contains approximately 25,646 square feet. Subject to Exhibit A & B attached hereto.

3. TO HAVE AND HOLD said premises, together with the tenements, hereditaments, appurtenances, and easements thereunto belonging, for the primary term of ten (10) years, commencing with the first day of the month following the execution of this lease by the Postal Service.
4. The Postal Service covenants and agrees to pay Owner rent for the demised premises during the above-mentioned primary term the sum of one thousand two hundred dollars (\$1,200.00) per annum, payable in equal installments at the end of each calendar month. Rent for part of a month shall be prorated.
5. The Owner warrants that Owner is the sole Owner of the above-described lease property and that Owner has the right and authority to execute this lease. In case the Owner of said premises is a municipal corporation, or other governmental body, the complete legal authority to negotiate this lease of said demised premises may be found in the following statutes, ordinances, charter, resolution, etc. _____
6. The Postal Service shall have the option of renewing this Lease for the following terms and rentals with the first of such renewal terms commencing on the day following the expiration of the primary term and with all other terms and conditions of the basic Lease to remain the same during said renewal terms, viz:
 - Five (5) years @ \$1,680.00/year
 - Five (5) years @ \$2,016.00/year
 - Five (5) years @ \$2,419.00/year
 - Five (5) years @ \$2,903.00/year

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INITIAL

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GROUND LEASE

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7. The option of renewing this Lease shall be exercised by causing to be delivered to the Owner, by certified or registered mail, written notice of renewal and said notice shall be mailed to the Owner at least sixty (60) days prior to commencement of such renewal period.
8. The Owner covenants and warrants that the Postal Service, or its assigns, shall peaceably and quietly have, hold and enjoy the said premises for the term hereof and, for all renewal terms hereof, if the option therefore is exercised, subject to the terms, covenants, conditions, provisions and agreements hereof, and further agrees, that if there are any mortgages or other liens against the demised premises which are prior in time or right to this lease, to furnish the Postal Service, or its assigns, an agreement from such lienors that if they should ever foreclose or otherwise enforce their lien against the property they will do so subject to this lease and the rights of the Postal Service, or its assigns, hereunder.
9. The Postal Service, at Postal Service's own cost and expense, shall maintain the demised premises, including all buildings, structures and improvements constructed thereon, in a good condition of repair and in compliance with all requirements of law.
10. The Postal Service shall have the right to install a leased Postal Mobile Facility, attach fixtures and erect additions, structures or signs in or upon the demised premises, according to the building and design requirements of the Postal Service.
11. After the first two (2) years of the lease, the Postal Service shall have the right to terminate this lease by giving sixty (60) days written notice to the Owner.
12. The Owner hereby agrees that immediately upon execution of this lease by the Postal Service, the Owner will give the Postal Service the exclusive possession of the above-described premises for the purpose of permitting the construction of a postal facility, and to do all acts necessary and incidental to accomplish such construction.
13. The Postal Service agrees to pay for electricity and gas charges that may be levied against the buildings or improvements constructed and owned by the Postal Service on the demised premises.
14. The Owner shall be responsible for payment of all assessments of every kind and character that may be properly levied or assessed against the demised premises during the lease term and any renewal terms herein.

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15. The Postal Service hereby agrees to save harmless and indemnify the Owner from all claims, loss, damage, actions, causes of action, expense and/or liability resulting from the use of said property by the Postal Service whenever such claims, loss, damage, actions, causes of action, expense and/or liability arise from the negligent or wrongful act or omission by an employee while acting within the scope of his employment under circumstances where the Postal Service, if a private person, would be liable in accordance with the law of the place where the negligent or wrongful act or omission occurred.
16. The Postal Service agrees to hold the Owner harmless for any claim for damages for personal injury or for property damage during the period of installation of the Postal Mobile Facility, and also during the existence of this lease.
17. All improvements and equipment constructed or installed by the Postal Service shall remain its property and may be removed by the Postal Service prior to termination of the lease. Should the Postal Service decline to exercise its right of removal, said improvements and equipment shall be considered abandoned and shall, at that time, become the property of the Owner.
18. Owner certifies that they know of no significant historical or archeological factors which would be adversely impacted by the proposed use.
19. When the Postal Service so requests, Owner shall, at Owner's sole cost and expense, have this Lease recorded in the proper recording office.
20. No Member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any shares or part of this lease or to any benefit to arise therefrom. Nothing, however, herein contained shall be construed to extend to any incorporated company if the lease is for the general benefit of such corporation or company.
21. If the premises are mortgaged prior to or during the term of this lease, including any renewal option periods, the Owner shall so inform the Contracting Officer and shall, upon request, furnish a mortgage subordination agreement on PS Form 7450.
22. Owner warrants that as of the date of this offer and of transfer of title, except as specifically identified in this agreement, (1) the property (including the land, surface water, groundwater, and improvements to the land) is free of all contamination from petroleum products or any hazardous substance or hazardous waste, as defined by applicable state or federal law, and (2) there are no underground storage tanks or associated piping on the property.

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23. Owner, as part of the rental consideration, shall provide potable water from an existing private well, and a septic tank drainfield system to meet county requirements. Modifications of the existing system if required, and all fees and costs associated with D.E.Q. approval, shall be at Postal Service expense. Owner shall provide ongoing maintenance of water supply and delivery system and septic system. Owner reserves right for future common use of well.
24. The following documents are incorporated in and made part hereof:
- (a) Reimbursement of Paid Taxes Rider
 - (b) Plat

IN WITNESS HEREOF, I ~~(we)~~ have hereunto set my ~~(our)~~ hand(s) and seal(s) this 17th day of April, 1990

Employer Identification #

Social Security # 547-68-1302

Return:

Michael L. Peterson
May 140 P.O. Box A
Beatty, Or. 97621

Bartholomew Salt
6442 Alva
Alameda, Salt, OR 97603
(Name, Address, City, State, Zip Code)

503-533-2606
(Telephone No. of Owner)

ACCEPTANCE BY THE U. S. POSTAL SERVICE

Date: JAN -9 1991

THE UNITED STATES POSTAL SERVICE

By:

Alfred A. Perez
ALFRED A. PEREZ
MANAGER, REAL ESTATE BRANCH
CONTACTING OFFICER
SEATTLE FACILITIES SERVICE OFFICE
P.O. BOX 5000, KENT, WA 98064-5000

U.S. Postal Service

REIMBURSEMENT OF PAID TAXES RIDER

Paragraph _____

(a) The lessor agrees to pay all general real estate taxes levied on the land and buildings hereby demised. Upon final payment of the annual taxes due, the Postal Service will reimburse the lessor, as additional rent, for all general real estate taxes applicable to any period of time within the term of the lease. The lessor must pay the general real estate taxes covered herein before any fine, penalty, interest, or cost may be imposed for nonpayment, at such time and manner and amount as to obtain any discount allowed by the taxing authority. If the lessor fails to make timely payment, the Postal Service will reimburse the lessor only for the amount originally assessed. The lessor must submit satisfactory proof of payment and correctness of the tax bill with the claim for reimbursement. Presentation of receipted tax bills must be made to the office shown in paragraph (d) of this rider. General real estate taxes are those which are assessed on an ad valorem basis, against all taxable real property in the taxing authority's jurisdiction without regard to benefit to the property, and for the purpose of funding general government services. The lessor must pay all assessments and fees of every kind and nature other than general real estate taxes without reimbursement by the Postal Service. In no event shall assessments, "special assessments," or like charges be considered general real estate taxes under the terms of this lease.

(b) If a part of the general real estate taxes applies to any period prior to the commencement of this lease or subsequent to the expiration of the term of this lease and the remainder of the general real estate taxes applies to the period of time within the term of this lease, the Postal Service will be liable to reimburse the lessor in the aforesaid manner for only that portion of said taxes applying to the period of time within the term of the lease.

(c) In the event that general real estate taxes for any tax year or part thereof within the term hereby demised apply to the land only, the provisions of this entire article will be and remain operative in the same manner and to the same extent as though said taxes applied to both land and buildings.

(d) The lessor must furnish the Postal Service copies of all notices which may affect the valuation of said land and buildings for general real estate tax purposes or which may affect the levy or assessment of general real estate taxes thereon.

In the event that the lessor does not furnish such notices relating to valuation changes, and a protest or appeal of this assessment valuation in a subsequent year demonstrates that the valuation was excessive, the lessor shall be charged, retroactively, an amount represented by the overpayment of taxes attributable to the excessive assessment, for the year that the lessee lost the opportunity to appeal.

(g) It is understood and agreed that the terms and conditions of this Tax Clause Rider are only applicable if the premises leased to the Postal Service as described on Page 1 are assessed and taxed separately. In the event there is a combined assessment and taxation of said premises with other property, this Rider shall be null and void.

Such notices and tax bills shall be delivered or mailed within three days from the receipt thereof by the lessor to:
Manager, Real Estate Branch

Kent Facilities Service Office, USPS
P.O. Box 5000, Kent, WA 98064-5000

or to such other office as the Postal Service may later direct in writing. The lessor must pay said general real estate taxes under protest when requested to do so by the Postal Service. The Postal Service may contest the validity of any valuation for general real estate tax purposes or of any levy or assessment of any general real estate taxes by appropriate legal proceedings either in the name of the Postal Service or the name of the lessor or in the names of both. The lessor, upon reasonable notice and request by the Postal Service, must join in any proceedings, but will not be subject for the payment of penalties, costs, or legal expenses in connection with any proceedings brought by the Postal Service. The Postal Service hereby covenants to indemnify and save harmless the lessor from any such penalties, costs, or expenses. The lessor must cooperate with the Postal Service in any such proceeding and execute any document or pleadings required for such purpose provided the lessor will be reasonably satisfied that the facts and data set forth in such documents or pleadings are accurate.

(e) In the event the lessor fails to pay the general real estate tax bills within a timely period from the date of receipt thereof by lessor and such failure results in the addition of any fine, penalty, interest, or cost to the amount of tax or the loss of any discount which would have been allowed by the taxing authority for prompt payment of tax, the lessor will be responsible and liable for payment of such fine, penalty, interest, cost, or the amount of lost discount. The Postal Service will be liable only for payment of the net taxes less such discount as would have been allowed for prompt payment.

(f) As the payer of the general real estate taxes, the Postal Service is entitled to any and all monies obtained through refunds and remissions of general real estate taxes that have been paid in any year subsequent to the commencement of the lease. In the event that any of the monies paid as general real estate taxes, in accordance with terms noted above, are refunded to the lessor, as a result of an assessment appeal or protest actions, the settlement of such action, or for any other reason whatsoever, such refunded monies shall be forwarded within ten days to the Postal Service. If lessor is informed that he is entitled to a refund or remission of monies paid as general real estate taxes upon the submission of an application, the lessor shall promptly make and file such application and upon receipt of such refund or remission, forward it within ten (10) days to the Postal Service. The Postal Service shall reserve the right to offset refund and remission payments not so forwarded, against rental or other payments due the lessor.

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(EAST) C.S. 665

S 89°57'07" E 176.87'

SEPTIC TANK

WELL

PARCEL 1
0.59 Ac.

S 89°57'07" E 176.93'

PARCEL 2
0.67 Ac.

BASIS OF BEARINGS PER C.S. 4022

GODOWA SPRINGS ROAD

(NORTH) C.S. 665

N 0°01'27" E

330.15' (330.00) C.S. 665

SOUTH 310.00'

FD. 1/2" REBAR
C.S. 665

WEST 177.00'

20' DEDICATED FOR HIGHWAY AS
SHOWN ON C.S. 658

15 14
22 23

EXHIBIT A

CREATION OF EASEMENT

KNOW ALL MEN BY THESE PRESENTS, That Russell D. Pederson and Shirley L. Pederson, husband and wife, who own the following described parcel:

Beginning at a point which is 30 feet North and 30 feet East of the Southwest corner of Lot 29, Section 14, Township 36 South, Range 12 East, of the Willamette Meridian; thence due East 177 feet, along the State Highway; thence at right angles due North 330 feet; thence West 177 feet; thence South 330 feet to the point of beginning, being a portion of Lot 29, Section 14, Township 36 South, Range 12 E.W.M.

do hereby irrevocably create the following described non-exclusive easement to be appurtenant to the respective partitioned parcel, with the rights and obligations hereinafter contained to run with the title to said parcel.

The Easement hereby created shall provide access to the well over and across the following:

A 15' easement the centerline of which is further described as:

Beginning at the Northeast corner of the above described parcel; thence South along the East line thereof a distance of 67 feet; thence West 21 feet to the Well and the point of beginning; thence South 78 feet to the terminus of said easement.

parties further create the following described non-exclusive easement for vehicular access to the respective partitioned parcels, with the rights and obligations hereinafter contained to run with the title to said parcel.

The 24 foot driveway as it now exists on the land beginning on the westerly line of above mentioned parcel and Godowa Springs Road, and more particularly described on attached Site Plan.

In Witness Whereof, the parties have hereunto set their hands and seal
this 18th day of August, 1990.

Russell D. Pederson
Russell D. Pederson

Russell D. Pederson


Shirley L. Pederson

Shirley L. Pederson

State of Oregon)
County of Klamath) ss.

Personally appeared Russell D. PEDerson and Shirley L. Pederson and acknowledged the foregoing instrument to be their voluntary act and deed.

their voluntary act and deed.

Lorna H. Wellington
Notary Public for Oregon

Notary Public for Oregon

My commission expires: 1-13-73

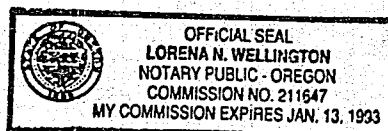
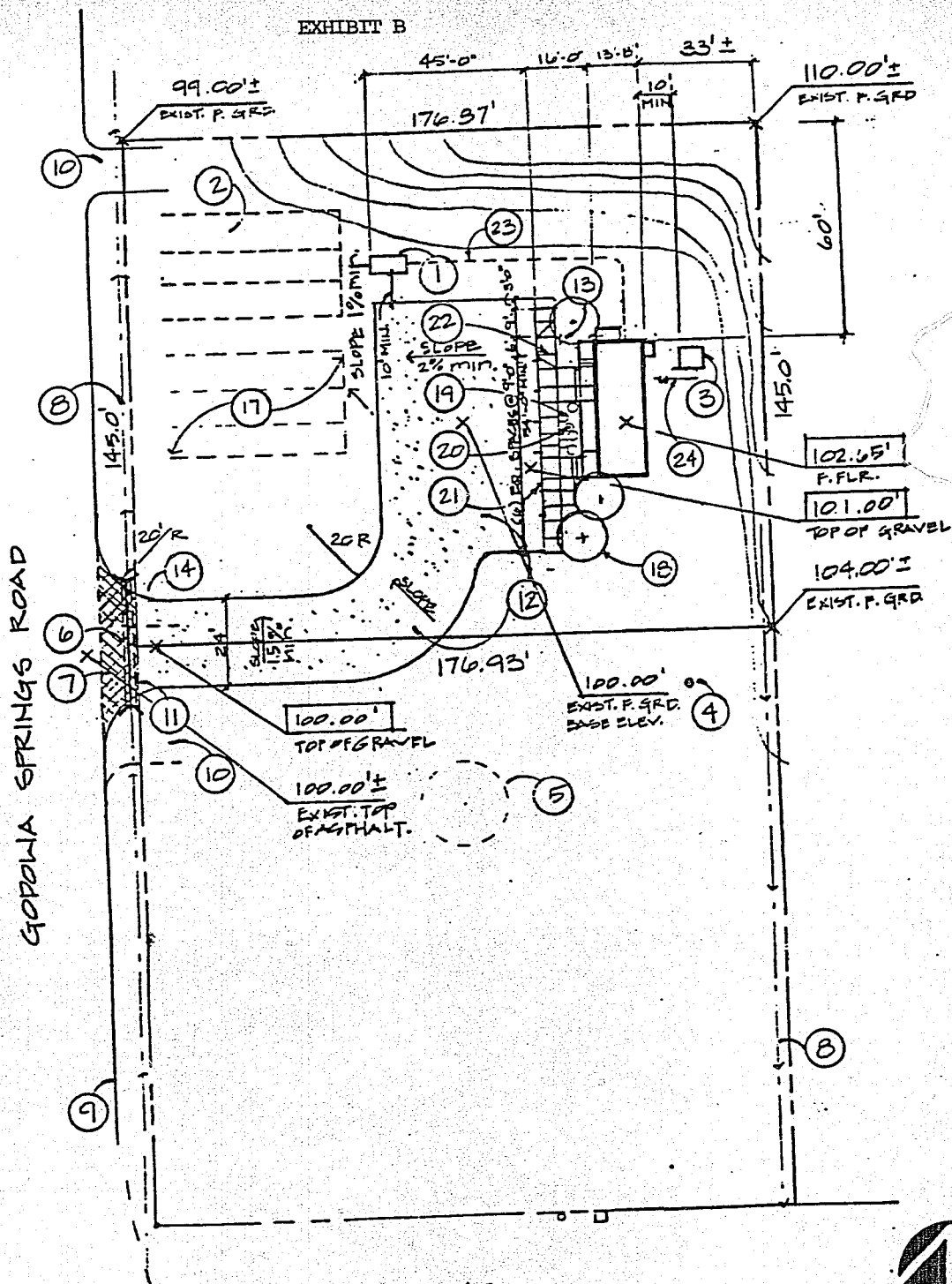


EXHIBIT B



SITE PLAN
1" = 40'-0"

North

STATE OF OREGON; COUNTY OF KLAMATH: ss.

Filed for record at request of Russell Pederson the 15th day
of Jan. A.D., 19 91 at 8:54 o'clock A.M., and duly recorded in Vol. M91
of Deeds on Page 933.

Evelyn Biehn County Clerk

By Shirley Mullins

FEE \$43.00
cc .50