

Aspen Title #01036816

NON EXCLUSIVE GROUND LEASE

DATE: July 22, 1991

PARTIES: Lewis L. Hagelstein and Nona B. Hagelstein,
husband and wife,

LESSOR

Randell N. Souders and Carolyn V. Souders,
husband and wife,

LESSEE

RECITALS:

Lessor is the owner of the land situated in Klamath County, Oregon described as follows:

That portion of Parcel 1, Minor Partition 24-90, Klamath County, Oregon, lying south and west of Old Fort Road.

which is on the date of this Lease is unimproved hill side land and is referred to in this Lease as "the Premises".

Lessee wishes to use the land for purposes of riding horses, allowing others to ride horses and for development of horse riding trails.

Lessee wishes to lease the Premises from Lessor.

The parties agree as follows:

SECTION 1. AGREEMENT TO LEASE

Lessor hereby leases to lessee and Lessee hereby leases from Lessor the Premises on the terms and conditions set forth below. This lease shall be non-exclusive and the Lessor reserves all rights to use the Premises in any manner that will not interfere with the purposes for which the Lessee intends to use the Premises.

SECTION 2. TERM

2.1 Term. The term of this Lease shall begin on July 22, 1991, and shall continue to midnight on July 21, 2021.

2.2 Basic Rent. Basic rent shall be the sum of \$1.00 per year. The obligation to pay basic rent shall commence on July 22, 1991.

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2.3 General Rent Provisions. All rents shall be payable without deduction or offset to the order of Lessor at such address as may be designated from time to time by Lessor.

SECTION 3. USE OF PREMISES

Lessee may use the premises for only for developing horse riding trails, horse back riding and allowing others to use the premises for horse riding in connection with the Lessee's riding stables. Lessor retains the right to use the premises for all other purposes. Lessee's use of the property shall not in any way disturb or interfere with use of the premises by the Lessor.

SECTION 4. TAXES AND ASSESSMENTS; UTILITIES

4.1 Payment by Lessor. Lessor shall pay all real and personal property taxes levied on or assessed against the Premises, except for those improvements upon the premises that are the property of the Lessee which shall be segregated and paid by the Lessee.

4.2 Utilities. Lessee shall pay when due all charges for all other services or utilities, if any, used on or in connection with the Premises.

SECTION 5. MAINTENANCE; ALTERATIONS; RECONSTRUCTION

5.1 Maintenance. Lessee shall maintain the premises and any improvements in first class condition throughout the term of this Lease, and in accordance with all applicable laws, rules, regulations and ordinances of federal, state, county, municipal or other governmental agencies having or claiming jurisdiction.

5.2 Alterations. Lessee may from time to time construct, improve, demolish, remove, replace, alter, or reconstruct any improvement in whole or in part ("alterations") as Lessee shall deem necessary or desirable on the condition that all such work shall be done in a good and workmanlike manner in compliance with all applicable building and zoning laws and all other laws, ordinances, orders and requirements of all authorities having or claiming jurisdiction, and with the express written consent of the Lessor.

SECTION 6. OWNERSHIP OF THE IMPROVEMENTS

All improvements constructed on the Premises by Lessee shall be owned by Lessee until expiration or sooner termination of this Lease. All improvements located on the Premises at the expiration or sooner termination of this Lease shall become the property of Lessor, free and clear of all claims of Lessee or anyone claiming under Lessee, and Lessee shall indemnify and defend Lessor against all liability and loss arising from such

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claims.

SECTION 7. ASSIGNMENT

Lessee shall not assign or otherwise transfer Lessee's interest in this Lease or the estate created by this Lease without the prior written consent of Lessor which shall not be unreasonably withheld. In granting or withholding such consent, Lessor shall consider only the financial net work and managerial experience of the proposed assignee. No consent in one instance shall remove the requirement for consent in a subsequent instance.

SECTION 8. INSURANCE

Lessee shall procure and continuously maintain, during the term of this Lease, public liability and property damage insurance. The insurance shall be in a form sufficient to protect Lessor and lessee against claims of third persons for personal injury, death or property damage arising from the use, occupancy or condition of the Premises or improvements on the Premises.

SECTION 9. DEFAULT

Each of the following events shall be a default by Lessee and a breach of this Lease:

9.1 Failure to Pay Rent. Failure of Lessee to pay rent within ten (10) days after it is due.

9.2 Other Performance Failures. Failure of Lessee to perform any other term, condition or covenant of this Lease within twenty (20) days after written notice from lessor specifying the nature of the failure with reasonable particularity. If the failure is of such a nature that it cannot be completely remedied within the 20-day period, the failure shall not be a default if Lessee begins correction of the failure within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to correct the failure as soon as practicable.

9.3 Attachment. Attachment, execution, levy or other seizure by legal process of any right or interest of Lessee under this Lease, if not released within 30 days.

9.4 Bankruptcy. An assignment by Lessee for the benefit of creditors, the filing by Lessee of a voluntary petition in bankruptcy, the filing of an involuntary petition in bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing, the appointment of a receiver to take possession of the Premises or improvements or the leasehold estate or of Lessee's operations on the Premises

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for any reason. For purposes of this paragraph the term bankruptcy includes all arrangements and chapters in the Bankruptcy Code.

SECTION 10. REMEDIES ON DEFAULT

Upon default Lessor may elect any one or more of the following consistent remedies:

10.1 Lessor may by notice to Lessee terminate this Lease as of the date of the notice. All of lessee's rights in the Premises shall terminate as of the date of termination. Promptly after such notice Lessee shall surrender and vacate the Premises.

10.2 Lessor may bring an action in the courts of Klamath County, Oregon for forcible entry and detainer, and damages.

SECTION 11. MISCELLANEOUS

11.1 Nonwaiver. Waiver by either party of strict performance of any provision or term of this Lease shall not be a waiver of or prejudice the party's right to required strict performance of the same provision or any other provision.

11.2 Notices. All notices under this Lease shall be effective on the earlier of actual receipt or two days after deposit as registered or certified mail, return receipt requested, postage prepaid and addressed to Lessor or Lessee.

11.3 Attorney Fees. If suit or action is instituted to collect rent, to enforce this Lease or in connection with any claim or controversy arising out of this Lease, the prevailing party shall be entitled to recover, in addition to costs, such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal of the suit or action.

11.4 Severability. The invalidity or illegality of any provision of this Lease shall not affect the remainder of the Lease.

11.5 Governing Law. This Lease and the party's rights under it shall be construed and regulated by the laws of the State of Oregon.

11.6 Memorandum of Lease. At the request of either party the parties will execute and acknowledge a memorandum of lease in recordable form which shall include a legal description of the Premises and the term of the Lease, and either party may record the memorandum.

14310

LESSOR:

LESSEE:

Lewis L. Hagelstein
Lewis L. Hagelstein

Randell N. Souders
Randell N. Souders

Nona B. Hagelstein
Nona B. Hagelstein

Carolyn V. Souders
Carolyn V. Souders

STATE OF OREGON, County of Klamath)ss.

On this 22nd day of July, 1991, personally appeared Lewis L. Hagelstein and Nona B. Hagelstein and Randell N. Souders and Carolyn V. Souders, who acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:



Robert P. Aldington
Notary Public for Oregon
My Commission Expires: 3-22-93

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Co. the 23rd day
of July A.D., 19 91 at 11:00 o'clock A M., and duly recorded in Vol. M91
of Deeds on Page 14306.

FEE \$48.00

Evelyn Biehn County Clerk

Return: ATC

By Pauline M. Mendenhall

5.

GROUND LEASE