

LEASE AND OPTION TO PURCHASE REAL PROPERTY

ON THIS 1st day of August, 1991, by and between WILLIAM P. WAMPLER and GLETA WAMPLER, husband and wife, of the Town of Chiloquin, County of Klamath, State of Oregon, hereinafter referred to as "Lessor," and SCOTT SPRINGER, FRED LEWIS, and KLAMATH BLUE GREEN, LIMITED, a Nevada corporation, hereinafter referred to as "Lessee."

W I T N E S S E T H:

Lessor hereby leases to Lessee the following describes real property:

Lots 8, 9, 10, 11 and 12, Block 9, FIRST ADDITION TO CHILOQUIN; Also lots 15 and 15A, Block 9, of the Supplemental Plat of Lots 14, 15 and 16, FIRST ADDITION TO CHILOQUIN, in the County of Klamath, State of Oregon.

1. TERM: The term of this lease shall commence on the 1st day of August, 1991, and continue through the 31st say of July, 1993.

2. POSSESSION: Lessee's right to possession and obligation under this lease shall commence on the 1st day of July, 1991, or on such later date as the premises are available for possession by Lessee if possession is not given on the beginning day of the term.

3. RENT: Lessee shall pay to Lessor rent in the sum of SEVEN HUNDRED FIFTY AND NO/100THS DOLLARS (\$750.00) per month, payable on the 1st day of each month at Chiloquin, Oregon; the

After recording return to:

Park s & Ratliff  
228 N. 7th  
Klamath Falls, OR 97601

Send Tax Information to:

Bill Wampler  
P.O. Box 134  
Chiloquin, OR 97624

LEASE AND OPTION TO PURCHASE REAL PROPERTY -1-

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115.00

21270

LEASE AND OPTION TO PURCHASE REAL PROPERTY

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first of such payments being due and payable on the 1st day of August, 1991.

As additional rental for the demised premises, Lessee shall insure and keep insured the property of Lessor, and any alterations or improvements thereto, covered by this lease, with insurance companies acceptable to Lessor, and shall procure, pay for, and deliver to Lessor the policies of insurance covering the following: Lessee shall during the full term of this lease, at the expense of Lessee, (1) insure the fixtures and equipment belonging to Lessee against loss or damage by fire, (2) carry public liability insurance providing for a minimum of \$100,000.00 per person, \$300,000.00 per accident, and \$125,000.00 for property damage, and procure a policy for accident or damages in the demised premises, on sidewalks in front thereof, and in entrance ways and other portions of the building in the control or use of Lessee, in the amounts set forth in (2) above.

4. USE OF PREMISES: The demised premises shall be used as a freezer storage unit and for related activities. Lessee shall not permit any acts to be done on the premises in violation of any law or ordinance.

This instrument will not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring the leasehold interest to the property should check with the appropriate city or county planning

department to verify approved uses.

5. IMPROVEMENTS AND ALTERATIONS: Lessee shall have the right, at its own expense, from time to time during the lease term to improve or alter the demised premises in the following manner: To convert the existing building thereon to that of a freezer storage unit for use in Lessee's business enterprise. Lessee covenants that any such improvements and alterations shall be made in a workmanlike manner and in compliance with all applicable federal, state and municipal laws and regulations. All improvements or alterations erected or made on the demised premises shall on expiration or sooner termination of this lease belong to Lessor without compensation to Lessee, provided, however, that Lessor shall have the option, to be exercised on expiration or sooner termination of this lease, to require Lessee to remove any or all such improvements or alterations.

6. LESSOR'S RESPONSIBILITIES: Notwithstanding the provisions of Section 7(b) below, Lessor hereby guarantees the roof on the demised premises and shall keep it in good repair; excluding, however, repairs thereto which may be necessitated by the negligence or willful act of Lessee or Lessee's invitees.

7. LESSEE'S RESPONSIBILITIES:

(a). Lessee shall pay all utilities for the premises, including the electricity, oil, gas, water, sewage, garbage, when they become due.

(b) Lessee shall maintain the premises, including

any and all appurtenances thereto in as good a condition as at the commencement of this lease. Lessee shall, and its own expense, cause any and all repairs to be made to the premises, structural or otherwise, whether necessitated by the negligence or willful act of Lessee or Lessee's invitees or otherwise, and to replace all broken glass and light bulbs during the terms of the lease, and agrees to leave the premises in the same condition (excepting ordinary wear and tear) at the termination of the lease.

LESSOR'S RIGHT TO ACCESS: Lessor reserves for himself and his employees or contractors, and lessee covenants to permit Lessor, or his agents, employees, or contractors, to enter any and all portions of the demised premises at any and all reasonable times to make such repairs and alterations as shall be necessary for the safety and preservation of the premises. Nothing herein shall imply any duty by Lessor to make any such repairs or do any other work that under any provision of this lease Lessee may be required to perform, and the performance thereof by Lessor shall not constitute a waiver of Lessee's default, nor shall the obligations of Lessee under this lease be thereby affected in any manner. Furthermore, Lessor, during the progress of such repairs or other work, may keep and store on the demised premises all necessary materials, tools, and equipment, and Lessor shall in no event be liable for disturbance, inconvenience, annoyance, loss of business, or other damage to Lessee or

any assignees or sublessees under the lease, by making such repairs or performing any such work on or in the demised premises, or on account of bringing materials, supplies, and equipment into or through the premises during the course of such work.

8. LIENS: Except with respect to activities for which Lessor is responsible, Lessee shall pay as due all claims for work done on or for services rendered or material furnished to the premises and shall keep the premises free from any lien caused by Lessee's failure to meet Lessee's obligations.

9. INDEMNIFICATION: Lessee shall indemnify, defend, and hold Lessor harmless from any claim, loss, or liability arising out of or related to any activity on the premises of Lessee and any person who comes on the premises at the invitation or with the acquiescence of Lessee. Lessee's duty to indemnify shall not apply to or prevent any claim by Lessee against Lessor for injury or damage to Lessee or Lessee's property for which Lessor may be liable.

10. EMINENT DOMAIN: If a condemning authority takes all of the premises, or a portion sufficient to render the remaining premises reasonable unsuitable for Lessee's use as a freezer storage unit, the lease shall terminate as of the date the title vests in the condemning authority. Lessor shall be entitled to all of the proceeds of condemnation and Lessee shall have no claim against Lessor as a result of the condemnation.

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11. QUIET ENJOYMENT: Lessor warrants that Lessor is the owner of the premises, that Lessor has the right to lease them, and that Lessee shall be entitled to quiet enjoyment of them during the term of this lease.

12. ASSIGNMENT AND SUBLEASE: No part of the premises may be assigned, mortgaged or subleased, nor may a right of use of any portion of the property be conferred to any third person by any other means, without the prior written consent of Lessor. No consent in one instance shall prevent this provision from applying to a subsequent instance.

13. OWNER: Lessor is the owner of the premises. All services of process, notices, and demands shall be made upon Lessor at the following address:

WILLIAM P. WAMPLER and GLETA WAMPLER  
P. O. Box 134  
Chiloquin OR 97624

14. TIME OF THE ESSENCE AND REMEDIES OF LESSOR: Time is of the essence of this lease. This lease is made upon the express condition that if Lessee fails to pay the rental as provided for hereunder for a period of fifteen (15) days after the same becomes due, or fails to observe, perform, keep or comply with any covenant, agreement, condition or provision of the lease to be performed, kept or complied with by Lessee after being given thirty (30) days written notice to perform the same, Lessor may, at his option, without notice if the default is other than failure to pay rent, enter upon said premises or anypart

thereof in the name of the whole and expel Lessee, its agents, employees and representatives therefrom and remove therefrom Lessee's property and effects by such legal process as may be appropriate under the circumstances without in any manner preventing or affecting the rights of Lessor to recover any rentals in arrears hereunder and/or any additional damage actually sustained by Lessor, and without any prejudice to the remedies which may be otherwise used for arrears in rent, or proceedings in breach of covenant.

15. ABANDONED PROPERTY: Property of Lessee left on the premises after surrender or abandonment of the premises or termination of this lease by any means shall be deemed abandoned and, after property notice as required by law, shall be disposed of in accordance with ORS 90.425.

16. NONWAIVER: Waiver by either party of strict performance of any provision of this lease, including acceptance by Lessor of late payment of rent, shall not be a waiver of or prejudice the parties' right to require strict performance of the same provision in the future or of any other provisions.

17. ATTORNEY FEES: If suit or action is instituted, or an appeal taken therefrom, in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to costs and disbursements, such sum as the court may adjudge reasonable as attorneys' fees.

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18. NOTICES: Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail as first class mail, addressed to Lessor or Lessee at such address as may be specified from time to time by either of the parties in writing. If no other address is specified by Lessee, any notice to Lessee may be delivered or mailed to the premises and may be posted conspicuously on the premises if Lessee is absent.

19. SUCCESSION: All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall extend to, inure to the benefit of, and bind as the circumstances may require the heirs, executors, administrators, successors and, so far as this lease is assignable to its terms, the assigns of the parties.

20. NUMBER, GENDER, AND CAPTIONS: As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this lease agreement.

21. LESSEE'S ACKNOWLEDGMENT: Lessee hereby acknowledges that Lessee has read and received a copy of this lease agreement, including any exhibits hereto.

22. INTEGRATION: This lease constitutes a whole and complete statement of the agreement between the parties; and

21278

there are no other representations or agreements not contained in this document pertaining to this transaction.

23. MODIFICATION: No modification of this lease shall be valid unless in writing and signed by the parties hereto.

OPTION TO PURCHASE REAL PROPERTY

Lessor, for and in consideration of the sum of \$ 30,000 ~~THIRTY THOUSAND~~ paid to Lessor by Lessee, receipt of which is hereby acknowledged, hereby grants to Lessee the sole and exclusive option to purchase this property in the manner and for the price hereinafter stated.

THIS OPTION SHALL EXPIRE AT MIDNIGHT ON THE 31<sup>st</sup> DAY OF July, 1993.

1. FAILURE TO EXERCISE OPTION: If Lessee fails for any reason to exercise this option in the manner set forth below, Lessee shall have no further claim against or interest in the property or against or in any of the money paid for the option or any extension thereof, and all of such money shall remain the property of Lessor who shall have no further obligation to Lessee. Further, in the event of such failure to exercise, Lessee will cooperate in providing Lessor with any instruments which Lessor may reasonably deem necessary or advisable to be obtained from Lessee for the purpose of removing from the public record any cloud on Lessor's title to the property which is

attributable in any manner to the grant or exercise of this option.

2. PURCHASE PRICE: The purchase price shall be ONE HUNDRED TWENTY-FIVE AND NO/100THS DOLLARS (\$125,000.00). The purchase price shall be payable as follows: The sum of \$30,000.00 as a down payment upon exercise of the option, and the balance of principal shall be payable in equal monthly installments of principal and interest in the amount of \$1,000.00 each, together with equal annual installments of principal and interest in the amount of \$30,000.00 each. All outstanding principal balances shall bear interest at the rate of nine percent (9%) per annum until the entire purchase price has been paid. Lessee shall have the option to prepay the outstanding obligation in whole or in part at any time.

Lessee shall be entitled to a credit on the purchase price of NINE THOUSAND AND NO/100THS DOLLARS (\$9,000.00) of the amounts paid as monthly payments on the lease hereinabove set forth. The balance shall be secured by a promissory note and deed of trust in standard form, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference. Said promissory note and deed of trust shall be held for collection at Mountain Title Company of Klamath Falls, Oregon, or some other escrow company of sellers' choosing.

3. EXERCISE OF OPTION: Lessee shall exercise its option to purchase by giving written notice of intent to do so

within thirty (30) days to Lessor as required herein. Upon receipt of such notice, Lessor shall obtain a preliminary title report and furnish it to the Lessee.

The closing of the sale shall occur in escrow at a title company to be selected by Lessor and the cost of said closing, exclusive of title insurance and each party's attorneys' fees, shall be shared equally between the parties.

Closing shall occur as soon as possible following the exercise of this option by Lessee and in any event not later than thirty (30) days following the date of exercise of this option.

Taxes, interest under the contract, utilities, rents, if any, premiums for any existing policies of insurance assumed by Lessee, and the current portion of assessments for governmental or quasi-governmental improvements, if any, shall be prorated between the parties as of the date of closing.

Lessee shall be entitled to, and shall receive at said closing, a title insurance policy in standard form insuring title to it, subject only to the standard printed exceptions and the deed of trust securing the obligation to Lessor.

4. DEFAULT: If either party shall fail or refuse to carry out any provision hereof, the other party shall be entitled to such remedy or remedies for breach of contract as may be available under applicable law, including, without limitation, the remedy of specific performance, if such other party has fully performed all of its obligations hereunder. Time is of the

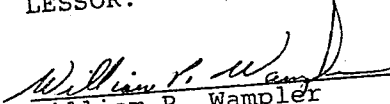
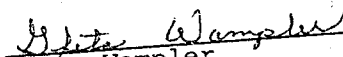
essence hereof.

5. WARRANTIES: Lessor warrants that he has the right to grant this option and will be able to deliver the warranty deed and title insurance policies specified herein if Lessee exercises this option, provided only that Lessee's damages for any breach of this warranty shall annul and exceed the amount of money paid by Lessee for this option or any extension thereof.



6. ATTORNEY FEES: If suit or action is instituted, or an appeal taken therefrom, in connection with any controversy arising out of this option, the prevailing party shall be entitled to recover, in addition to costs and disbursements, such sum as the court may adjudge reasonable as attorneys' fees.

7. INTEGRATION: This option agreement constitutes a whole and complete statement of the agreement between the parties; and there are no other representations or agreements not contained in this document pertaining to this transaction.

LESSOR:

  
William P. Wampler  
  
Gleta Wampler

LESSEE:

  
Scott Springer  
  
Fred Lewis

KLAMATH BLUE GREEN, LIMITED, a  
Nevada corporation

By: 

President

By: 

Secretary

21282

STATE OF OREGON )  
 ) ss.  
County of Klamath )

ON THIS 3rd day of August, 1991, personally appeared before me the above-named WILLIAM P. WAMPLER, and acknowledged the foregoing instrument to be his voluntary act and deed.

William K. Kalita

NOTARY PUBLIC FOR OREGON

My Commission expires: 12/25/92

STATE OF OREGON )  
 ) ss.  
County of Klamath )

ON THIS 3rd day of August, 1991, personally appeared before me the above-named GLETA WAMPLER, and acknowledged the foregoing instrument to be his voluntary act and deed.

William K. Kalita

NOTARY PUBLIC FOR OREGON

My Commission expires: 12/25/92

STATE OF Oregon )  
 ) ss.  
County of Klamath )

ON THIS 3rd day of August, 1991, personally appeared before me the above-named SCOTT SPRINGER, and acknowledged the foregoing instrument to be his voluntary act and deed.

William K. Kalita

NOTARY PUBLIC FOR State of Oregon

My Commission expires: 12/25/92

STATE OF Oregon )  
 ) ss.  
County of Klamath )

ON THIS 3rd day of August, 1991, personally appeared before me the above-named FRED LEWIS, and acknowledged the foregoing instrument to be his voluntary act and deed.

William K. Kalita

NOTARY PUBLIC FOR State of Oregon

My Commission expires: 12/25/92

21283

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 1991, personally  
appeared before me, \_\_\_\_\_ and  
\_\_\_\_\_, who, being duly sworn, each for himself  
and not one for the other, did say that the former is the  
president and that the latter is the \_\_\_\_\_ secretary of  
KLAMATH BLUE GREEN, LIMITED, a Nevada corporation, and that the  
seal affixed to the foregoing instrument is the corporate seal of  
said corporation and that said instrument was signed and sealed  
in behalf of said corporation by authority of its board of  
directors, and each of them acknowledged said instrument to be  
its voluntary act and deed.

NOTARY PUBLIC FOR \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

*[Handwritten Signature]*  
*[Handwritten Initials]*



*W.C.W.*  
 This Promissory Note Also includes Paragraph 2 of  
 Page 10 of the 'LEASE & OPTION TO PURCHASE Real  
 PROPERTY' GIVING THE OPTION TO LESSEE TO PREPAY THE  
 OUTSTANDING OBLIGATION IN WHOLE OR IN PART AT ANY TIME.  
 Chiloquin, Oregon *FL* *SW*  
 Aug. 3, 1993

\$86,000.00

WE jointly and severally promise to pay to the order of  
 WILLIAM P. WAMPLER and GLETA WAMPLER, husband and wife, and upon  
 the death of any of them, then to the order of the survivor of  
 them, at Chiloquin, Oregon, EIGHTY-SIX THOUSAND AND NO/100THS  
 DOLLARS (\$86,000.00), with interest thereon at the rate of nine  
 percent (9%) from the 1st day of AUGUST, 1993,  
 until paid, payable in monthly and annual installments, at the  
 dates and in the amounts as follows:

- (a) Equal monthly installments of principal and interest in  
 the amount of \$1,000.00 each; the first of such pay-  
 ments being due and payable on the 1st day of  
AUGUST, 1993, and continuing monthly  
 thereafter on the 1st day of each and every month,  
 until the entire unpaid principal balance, together  
 with accrued interest thereon, shall be paid in full.  
 Said payments shall be applied first to accrued inter-  
 est on the unpaid principal balance, and the balance  
 thereof to principal.
- (b) Annual installments of principal and interest in the  
 amount of \$30,000.00 each; the first of such payments  
 being due and payable on the 1st day of AUGUST,  
 1993, and continuing annually thereafter on the  
1st day of AUGUST of each successive year  
 thereafter, until the entire unpaid principal balance,  
 together with accrued interest, shall be paid in full.  
 Said payments shall be applied first to accrued inter-  
 est on the unpaid principal balance, and the balance  
 thereof to principal.

If any of said installments is not so paid, the whole sum of both  
 principal and interest shall become immediately due and collect-  
 ible at the option of the holder of this note. If this note is  
 placed in the hands of an attorney for collection, each of the  
 undersigned promises to pay the reasonable collection costs of  
 the holder hereof; and if suit or action is filed hereon, also  
 promises to pay (1) holder's reasonable attorneys' fees to be  
 fixed by the trial court and (2) if any appeal is taken from any  
 decision of the trial court, such further sum as may be fixed by  
 the appellate court, as the holder's reasonable attorneys' fees  
 in the appellate court.

It is the intention of the parties hereto that the said payees do  
 not take title hereto as tenants in common, but with the right of  
 survivorship, that is: on the death of any of the payees, the  
 right to receive payment of the then unpaid balance of principal  
 and interest shall vest absolutely in the survivor of them.

KLAMATH BLUE GREEN, LIMITED, a  
 Nevada corporation

*FL*  
 By: \_\_\_\_\_  
 President  
 By: \_\_\_\_\_  
 Secretary

*Scott Springer*  
 Scott Springer, Individually  
*Fred Lewis*  
 Fred Lewis, Individually