

3.1 PURCHASE OPTION AGREEMENT

This Purchase Option Agreement is hereby entered into between Michael D. and Antonieta M. Rowe [Owners] and Rick and Karen Hollenbeak [Buyers]. Buyer hereby pays to Owner the sum of \$1.00 in consideration for the option set forth in this agreement. The terms of the option are as follows: The option runs from the first of August 1995 until the lease is terminated or 2 (two) years which ever is shorter. Upon activation of this purchase option financing must be obtained for the full amount of the purchase price except the principal portion of rents paid during the lease period based on a \$60,000.00 loan at 7.8% for 30 years shall be deducted from the purchase price of \$60,000.00 (based on a rent payment of 519.00 less monthly portion for all taxes and insurances associated with the property, ie. irrigation tax, property tax, etc.).

1. Buyer has the option and right to buy: the property and residence located at 2875 Kane St. Klamath Falls, Or.
2. The purchase price of the property is \$60,000.00 (less the above indicated principal).
3. This option will remain in effect until 31 July 1997 at 3:30 pm, unless sooner exercised, or lease is terminated or expires.
4. To exercise this option, the Buyer must notify the Owner by certified mail of its exercise within the option period.
5. If Buyer exercises this option, Owner will complete and sign a contract of sale within 10 business days.
6. This option agreement shall be binding upon and inure to the benefit of the parties, their assigns, and personal representatives.

Signed under seal this date:

Owners

Michael D. Rowe *Antonieta M. Rowe*

WITNESSED the hands of said and Owners this 12th
day of April, 19 96.

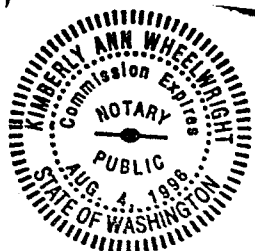
State of Washington)

County of Benton) SS

On this date, Michael D. Rowe and Antonieta M. Rowe personally appeared before me and acknowledged that the above signature(s) are valid and binding.

Kimberly Ann Wheelwright
Notary Public

My Commission expires: 08-04-96



Ricky Hollenbeak
2875 Kane St.
Klamath Falls OR 97603

96 MAY 30 AM 1:57

Signed under seal this date:

Buyers

Rick Hollenbeak Karen Hollenbeak

WITNESSED the hands of said Buyers and this 30th day of May, 1996.

State of Oregon

County of Klamath ss

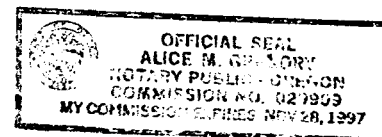
On this date, Rick Hollenbeak and Karen Hollenbeak personally appeared before me and acknowledged that the above signature(s) are valid and binding.

Notary Public

Alice M. Gregory

My Commission expires:

Nov. 28, 1997



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Rick Hollenbeak the 30th day of May A.D., 19 96 at 11:57 o'clock AM, and duly recorded in Vol. M96 of Deeds on Page 15626.

FEE \$15.00

By Bernetha G. Leisch, County Clerk