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Vol M01 Page 13631LEASE OF BUSINESS PREMISES  
AND PURCHASE OPTION

This agreement of lease made and executed by the parties the 23rd day of February, 2001 effective the first day of March, 2001, between MELVIN B. KENDALL and MARJEANNE KENDALL, Husband and Wife, hereinafter referred to as Lessor; and Leonard A. Lewis and Jack F. Nielsen, and Lori J. Nielsen hereinafter referred to as Lessee,

## WITNESSETH

Lessor leases to Lessee the property located in Klamath County, Oregon, legally described on Exhibit "A", attached hereto and by this reference incorporated herein as is fully set forth.

## I

POSSESSION: Lessee's right to possession and obligations under the lease shall commence on March 1, 2001.

## II

TERM: The term of this lease shall commence March 1, 2001 and continue through February 28, 2006.

## III

*3/13/01*  
*NK* RENT: ~~Lessee shall pay Lessor as rent the sum of no less than \$1,000.00 per month for the three months beginning on March 1, 2001 and continuing to May 31, 2001. Thereafter Rents shall be payable in the following manner: \$1,500.00 per month payable June 1, 2001, with a further and like payment in the amount of \$1,500.00 due and payable the first day each month thereafter until February 28, 2006.~~ *AL TR*  
*May 15, 2001*  
*15th* *April 15, 2006.*

## IV

ADDRESS FOR PAYMENT: Payments of rent shall be made to Lessor or his authorized agent at the address as follows:

*Aspen Title & Escrow, Inc.*  
*525 Main Street*  
*Klamath Falls OR 97601*

In the event rent is not paid within ten (10) days after due date, Lessee agrees to pay a late charge of \$10.00 per day for each day that the rent is late, plus interest at (10%) per annum on the delinquent amount. Lessee further agrees to pay \$20.00 on each dishonored check.

## V

UTILITIES: Lessee shall be responsible for the payment of all utilities and services.

*SLA*  
*5*  
*x*

## VI

**PERMITTED USE:** The premises shall be used for the purposes permitted by this lease and for no other purpose without the prior written consent of Lessor, which consent shall not be withheld unreasonably. However, if a use is prohibited by law or governmental regulation, this lease shall be considered to be in breach, and may be terminated at the option of the Lessor. The specific purpose for which the premises may be used is as an ~~automotive~~ repair shop and storage facility.

## VII

**RESTRICTIONS ON USE:** In connection with use of the premises, Lessee shall:

(a) Conform to all applicable laws and regulations of any public authority, including compliance with rules and regulations of the D.E.Q., E.P.A. and I.C.C., affecting the premises and the use and correct at Lessee's own expense any failure of compliance created through Lessee's fault or by reason of Lessee's use, but Lessee shall not be required to make any structural changes to effect such compliance, unless such changes are required because of Lessee's specific use.

(b) Refrain from any activity which would make it impossible to insure the premises against casualty, would increase insurance rate, or would prevent Lessor from taking advantage of any ruling of the Oregon Rating Bureau or its successor allowing Lessor to obtain reduced premium rates for long-term fire insurance policies, unless Lessee pays the additional cost of the insurance.

(c) Refrain from any use which would be unreasonably offensive to other tenants or owners or users of neighboring premises or which would tend to create a nuisance or damage the reputation of the premises.

(d) Refrain from loading the floors or storage areas beyond the point considered safe by a competent engineer or architect selected by Lessor.

(e) Refrain from making any additional marks on or attaching any additional sign, insignia, antenna, aerial or other device to the exterior walls or roof of the premises without the written consent of Lessor.

## VIII

**LESSEE'S OBLIGATIONS TO MAKE REPAIRS AND FOR MAINTENANCE:** The responsibility of the Lessee shall include, but is not limited to:

(a) Lessee shall maintain the exterior of the building as necessary and shall maintain the structural portions of the premises in good order and repair, including the roof, walls, heating and air-conditioning systems, concealed plumbing, wiring and foundation.

(b) Lessee shall be responsible for the repair and maintenance of the sidewalks, driveways, curbs and parking areas and shall keep them in a clean, orderly and safe condition.

(c) Lessee shall maintain the interior of the premises in a neat, clean, orderly and sanitary condition and shall do the interior

painting as necessary, and make such maintenance repairs, including that of the overhead doors, as may become necessary by reason of the Lessee's use and occupancy of the premises. Lessee will also insure all glass, if any, situated in and on said demised premises and will replace any glass in the exterior walls of said space which may be broken during the leasehold term, and maintenance of water, sewage, gas, and electrical services up to the point of entry to the leased premises.

(d) Repair of interior walls, ceilings, doors and windows and related hardware, light fixtures, switches, wiring and plumbing.

(e) Any repairs necessitated by the negligence of Lessee, its agents, employees and invitees.

(f) Ordinary maintenance of the heating and air conditioning systems and any repairs necessary because of improper maintenance.

(g) Any repairs or alterations required under Lessee's obligation to comply with laws and regulations as set forth in paragraph VII-a hereinabove.

## IX

**REIMBURSEMENT FOR REPAIRS ASSUMED:** If Lessee fails or refuses to make repairs which are required by this lease, Lessor may make repairs and charge the actual costs of repairs to the Lessee. Such expenditures by Lessor shall be reimbursed by Lessee on demand together with interest at the rate of 10% per annum from the date of expenditures by Lessor. Except in an emergency creating an immediate risk of personal injury or property damage, neither party may perform repairs which are the obligation of the other party and charge the other party for the resulting expense unless at least thirty (30) days before work is commenced the defaulting party is given notice in writing outlining with reasonable particularity the repairs required, and such party fails within that time to initiate such repairs in good faith.

## X

**INSPECTION OF PREMISES:** Lessor shall have the right to inspect the premises at any reasonable time or times to determine the necessity of repair upon the giving of notice 24 hours prior to the time set for such inspection. Whether or not such inspection is made, the duty of the Lessee to make repairs shall not mature until thirty (30) days after Lessee has received from Lessor notice in writing of the repairs that are required.

## XI

**ALTERATIONS:** Lessee shall make no improvements or alterations on the leased premises of any kind without first obtaining Lessor's written consent. All improvements and alterations performed on the leased premises by Lessee shall be the property of Lessor when installed unless the applicable Lessor's consent or work sheet specifically provides otherwise.

## XII

**INSURANCE:** Lessor shall keep the leased premises insured for fire and extended coverage for full insurable value, the costs of which said insurance shall be reimbursed to Lessor by Lessee, and Lessee shall bear the expense of any insurance insuring the property Lessee on the premises. During all periods this lease shall be in existence, Lessee shall have in effect a liability insurance policy insuring Lessor against any and all claims of third parties on the leased premises in a sum of not less than one million dollars, providing proof of all such insurance to Lessor.

#### XIII

##### **DAMAGE AND DESTRUCTION:**

(a) Partial Damage: If the leased premises are partly damaged and paragraph XIII-b below does not apply, the property shall be repaired by Lessor at Lessee's expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Lessor and shall be performed in accordance with provisions of paragraph XI hereinabove.

(b) Destruction: If the leased premises are destroyed or damaged such that the cost of repair exceeds 40 percent of the value of the structure before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than (45) days following the date of the damage. In such event all rights and obligations of the parties shall cease as of the date of termination, and Lessee shall be entitled to the reimbursement of any prepaid amounts paid by the Lessee and attributable to the anticipated term. If neither party elects to terminate, Lessor shall proceed to restore the leased premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppage on account of labor disputes and matters not under control of Lessor.

(c) Rent abatement: Rent shall be abated during the repair of any damage to the extent the premises are untenable, except that there shall be no rent abatement where the damage occurred as the result of the fault or negligence of Lessee.

#### XIV

##### **EMINENT DOMAIN:**

(a) Partial Taking: If a portion of the lease premises is condemned and paragraph (b) does not apply, the lease shall continue on the following terms:

(i) 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.

(ii) Lessor shall proceed as soon as reasonably possible to make such repairs and alterations to the premises as are necessary

to restore the remaining premises to a condition as comparable as reasonably practicable to that existing at the time of the condemnation.

(iii) After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Lessor to restore the balance of the property in anticipation of taking, the rent shall be reduced in proportion to the reduction in value of the leased premises as an economic unit on account of the partial taking. If the parties are unable to agree upon the amount of the reduction of rent the amount shall be determined by arbitration in the manner as is provided in paragraph XXVII hereinbelow.

(iv) If a portion of Lessor's property not included in the leased premises is taken and severance damages are awarded on account of the leased premises, or an award is made for detriment to the leased premises as a result of activity by a public body not involving a physical taking of any portion of the premises, this shall be regarded as a partial condemnation to which subparagraphs (i) and (iii) apply, and the rent shall be reduced to the extent of reduction in rental value of the premises as though a portion has been physically taken.

(b) Total Taking: If a condemning authority takes all of the leased premises or a portion sufficient to render the remaining premises reasonably unsuitable for the use which Lessee was then making of the premises, the lease shall terminate as of the date the title vests in the condemning authority. Such termination shall have the same effect as a termination under paragraph (i) hereinabove. The parties shall be entitled to share in the condemnation proceeds in proportion to the values of their respective interests in the premises. 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.

(c) Sale in Lieu of Condemnation: Sale of all or part of the leased premises to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purposes of this paragraph XIII as a taking by condemnation.

## XV

### LIENS:

(a) Except with respect to activities for which Lessor is responsible, Lessee shall pay as due all claims for work done on and for services rendered or material furnished to the leased premises and shall keep the premises free from any liens. If Lessee fails to pay any such claims or to discharge any lien, Lessor may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of ten percent (10%) per annum from the date expended by Lessor and shall be payable on demand. Such action by Lessor shall not constitute a waiver of any right or remedy which Lessor may have on account of Lessee's default.

(b) Lessee may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as

Lessor's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Lessee shall, within ten (10) days after knowledge of the filing, secure the discharge of the lien or deposit with Lessor cash or sufficient corporate surety bond or other surety satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

## XVI

**ASSIGNMENT AND SUBLEASE:** No part of the leased property may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the property be conferred on any third person by any other means, without the prior written consent of Lessor. This provision shall apply to all transfers by operation of law, and shall further apply to any sale of a controlling interest in a partnership or stock of a corporation. No consent in one instance shall prevent this provision from applying to a subsequent instance. The consent provided for herein shall not be unreasonably withheld by Lessor.

## XVII

**DEFAULT:** The following shall be events of default:

(a) **Default in Rent:** Failure of Lessee to pay any rent or other charge within five (5) days after it is due.

(b) **Default in Other Covenants:** Failure of Lessee to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within thirty (30) days after written notice by Lessor specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30-day period, this provision shall be complied with if Lessee begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

(c) **Insolvency:** Insolvency of Lessee; an assignment by Lessee for the benefit of creditors; the filing of Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; the filing of any involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within 30-days after filing; attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure discharge of the attachment or release of the levy of execution within 10 days. If Lessee consists of two or more individuals or business entities, the events of default specified in this paragraph shall apply to each individual unless within 10 days after an event of default occurs the remaining individuals produce evidence satisfactory to Lessor that they have unconditionally acquired the interest of the one causing the default, if the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Lessee under the lease.

(d) **Abandonment:** Failure of Lessee for 15 days or more to

occupy the property for one or more of the purposes permitted under his lease unless such failure is excused under other provisions of this lease shall be abandonment of the property and shall constitute a default as set forth in paragraph XVIII hereinabove.

#### XVIII

##### REMEDIES ON DEFAULT:

(a) Termination: In the event of a default the lease may be terminated at the option of Lessor by notice in writing to Lessee. If the lease is terminated by election of Lessor or otherwise, Lessor shall be entitled to recover damages from Lessee for the default. If the lease is terminated, Lessee's liability to Lessor for damages shall survive such termination, and Lessor may reenter, take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.

(b) Reletting: Following the reentry or abandonment, Lessor may relet the premises and in that connection may make any suitable alterations or refurbish the premises, or both, or change the character or use of the premises, but Lessor shall not be required to relet for any use or purposes which Lessor may reasonably consider injurious to the premises, or to any tenant which Lessor may reasonably consider objectionable. Lessor may relet all or part of the premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

(c) Damages: In the event of termination on default, Lessor shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages.

(i) The loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been secured.

(ii) The reasonable costs of reentry and reletting including without limitation the cost of any clean up, refurbishing, removal of Lessee's property and fixtures, occasioned by Lessee's failure to quit the premises upon termination and to leave them in the required condition, attorney fees, court costs, broker commissions, and advertising costs.

(iii) Any excess of the value of the rent and all of Lessee's other obligations under this lease over the reasonable expected return from the premises for the period commencing on the earlier of the date of trial or the date premises are relet and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of Western bank of Klamath Falls, a Division of Washington Mutual Bank of Oregon in effect on the date of the trial.'

(d) Right to Sue More than Once: Lessor may sue periodically

to recover damages during the period corresponding to the remainder of the lease term, and no action for damages shall bar a later action, for damages subsequently accruing.

(e) Remedies Cumulative: The foregoing remedies shall be in addition to and shall not exclude any other remedy available to the Lessor under applicable law.

#### XIX

##### SURRENDER AT EXPIRATION:

(a) Condition of Premises: Upon expiration of the lease term or earlier termination on account of default, Lessee shall deliver all keys to Lessor and surrender the leased premises in first-class condition and broom clean. Alterations constructed by Lessee with permission from Lessor shall not be removed or restored to the original condition unless the terms of permission for the alteration so require.

(b) Fixtures and Furnishings: All fixtures placed upon the leased premises during the term other than Lessee's trade fixtures shall, at Lessor's option, become the property of Lessor. If Lessor so elects, Lessee shall remove any or all fixtures which would otherwise remain the property of Lessor, and shall repair any physical damage resulting from the removal. If Lessee fails to remove such fixtures, Lessor may do so and charge the costs to Lessee with interest at the legal rate from the date of expenditure. Prior to expiration or termination of the lease term, Lessee shall remove all furnishings, furniture and trade fixtures which remain its property. If Lessee fails to do so, this shall be an abandonment of the property, and Lessor may retain the property and all rights of Lessee with respect to it shall cease or, by notice in writing given to Lessee within 20 days after removal was required, Lessor may elect to hold Lessee to its obligation of removal. If Lessor elects to require Lessee to remove, Lessor may effect a removal and place the property in public storage for Lessee's account. Lessee shall be liable to Lessor for cost of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Lessor.

#### XX

ATTORNEY FEES AND COURT COSTS: In the event suit or action is instituted to enforce compliance with any of the terms, covenants or conditions of this lease, or any portion thereof, the prevailing party shall recover from the other party such sum as the trial court may adjudge as reasonable attorney fees; and in the event any appeal is taken from any judgement or decree in such action, such further sum as the appellate court shall adjudge reasonable as attorney fees on such appeal, in addition to costs and disbursements. Lessee also agrees to pay and discharge all Lessor's costs and expenses, including Lessor's reasonable attorney fees, that shall arise from enforcing any provisions or covenants of this lease even though no suit or action is instuted.



## XXI

WAIVER: No failure of either party to enforce any term hereof shall be deemed a waiver, nor shall any acceptance of a partial payment of rent be deemed a waiver of Lessor's right to the full amount thereof.

## XXII

HEIRS AND ASSIGNS AND SUCCESSORS: This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

## XXIII

TIME: Time is of the essence of this agreement.

## XXIV

HOLDING OVER: Any holding over after expiration hereof, without the consent of Lessor, shall be construed as a month-to-month tenancy in accordance with the terms hereof, as applicable. No such holding over or extension of this lease shall extend the time for the exercise of any option unless agreed upon in writing by Lessor.

## XXV

NOTICES: Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposit in the United States mail as Certified Mail/Return Receipt Requested addressed to the address as follows:

Lessor: 2910 Pine Grove Rd Klamath Falls OR 97603

Lessee: 1600 Joe Wright Rd Klamath Falls OR 97603

## XXVI

ARBITRATION: If any dispute arises between the parties, either party may request arbitration in which case they shall submit the matter for decision to a board of arbitration. Lessor shall appoint one member within ten days thereafter, Lessee shall appoint one member within the same ten day period and the two so appointed shall appoint a third within a following ten day period. The decision of the board of arbitration as to the rental or other matter submitted shall be binding upon all parties, provided that no lease payment shall in any event be in a lesser amount than herein set forth. The cost of arbitration shall be born equally by both parties and a decision reached no later than sixty days following the appointment

of the third arbitrator.

## XXVII

**RENEWAL:** There will be no renewal of this lease except as agreed to by the Lessor and the Lessee in lieu of the Lessee's exercising its option to purchase the property as is provided in paragraph XXXII hereinbelow.

## XXVIII

**NO PARTNERSHIP:** Lessor is not by virtue of this lease agreement a partner or joint venture with Lessee in connection with the business carried on under the lease, and shall have no obligation with respect to Lessee's debts or other liabilities, and no interest in Lessee's profits.

## XXIX

**REMOVAL OF EXISTING EQUIPMENT:** No presently existing equipment or improvements shall be removed by Lessee without Lessor's permission having first obtained in writing.

## XXX

**REAL AND PERSONAL PROPERTY TAXES:** Lessee shall be required to pay any and all real property taxes levied upon the subject premises, and shall further be required to pay any and all personal property taxes levied upon improvements or personal property located on the premises.

## OPTIONS

## XXXI

So long as Lease is not in substantial default in performance of any term of this lease, Lessee shall have the option to purchase the real property described herein for a purchase price of ONE HUNDRED EIGHTY FIVE THOUSAND and no/hundredths DOLLARS (\$185,000.00). Lessee's purchase shall be upon the following terms and conditions.

(i) The principal balance, ONE HUNDRED EIGHTY FIVE THOUSAND and no/hundredths DOLLARS (\$185,000.00) shall be referred to as the basic price payable in cash upon closing; provided, however that Lessor shall afford to Lessee a credit as against such purchase price in the sum of FIVE HUNDRED DOLLARS (500.00) for each month that Lessee shall have promptly, and in accordance with the terms hereof, paid the lease payments provided for hereinabove;

(ii) To said basic price shall be added the aggregate of the sums expended by Lessor and reported in writing by him to the Lessee between the date of this Lease and exercise of the option, provided herein. *All sums so expended by Lessor shall be approved in writing by lessee before any such sums are expended.*

(iii) To said basic price shall be added the aggregate of all fire insurance premiums, all taxes, and city, county and district liens on said premises paid by the Lessor between the date hereof and the exercise of this option;

(iv) To said basic price shall be added a sum equal to interest on the said basic purchase price at the rate of seven percent (7%) per annum from the date hereof to the exercise of this option; L.A.L. 2/23  
AK  
MBK  
TV

(v) If between the date of this Lease and the exercise of this option, the building on said premises has been destroyed or damaged, there shall also be deducted all sums received or receivable by the Lessor from any insurance carried by him on the building and not previously expended for its repair and restoration. The net sum so ascertained shall be the option price on the said premises, which shall be payable in cash upon closing.

## XXXII

RETURN OF MONEY TO LESSEE: This option does not pass to or vest in Lessee any right, title or interest whatsoever in or to the above-described real estate. In the event that the Lessee does not elect to purchase the said real estate in accordance with the terms and provisions of the paragraphs entitled "EXERCISE OF OPTION" on or before the date specified in that certain paragraph entitled "EXPIRATION OF OPTION", time being of the essence hereof, this option forthwith shall become null and void and of no further force or effect, and all money heretofore paid unto Lessor shall vest in and remain the property of the Lessor.

## XXXIII

ENCUMBRANCES: In addition to any encumbrances referred to above, Lessee shall take title to the property subject to: (1) real estate taxes not yet due, and (2) covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, and those apparent on the land.

## XXXIV

EXAMINATION OF TITLE: Fifteen (15) days from date of exercise of this Lease - Option to purchase are allowed the Lessee to examine the title to the property and to report in writing any valid objections thereto. Any exceptions to the title which would be disclosed by examination of the records and shall be deemed to have been accepted unless reported in writing within said fifteen days. If Lessee, in good faith raises valid objections to any exceptions to the title, Lessor shall use due diligence to remove such exceptions at his own expense within sixty (60) days thereafter. But if such exceptions cannot be removed within the (60) days allowed, all rights and obligations hereunder may, at the election of the Lessee, terminate and end, unless he elects to purchase the property subject to such exceptions.

## XXXV

EVIDENCE OF TITLE: Evidence of title shall be in the form of a policy of title insurance to be paid for by Lessee at closing.

## XXXVI

CLOSE OF ESCROW: Within thirty (30) days from exercise of the option, or upon removal of any exceptions to the title by Lessor, as provided above, whichever is later, both parties with an authorized escrow holder, to be selected by the Lessor, all funds and instruments necessary to complete the sale in accordance with the terms and conditions hereof. Rents, taxes, premiums on insurance acceptable to Lessor, interest and other expenses of the property to be prorated as of recordation of deed.

## XXXVII

4AL  
April  
15,  
JV  
MK  
EXPIRATION OF OPTION: This option may be exercised at anytime after the date hereof but said option shall expire at midnight on ~~February 28~~, 2006, unless exercised prior thereto. Upon expiration, Lessor shall be released from all obligations hereunder and all of Lessee's rights hereunder, legal or equitable, shall cease.

## XXXVIII

EXERCISE OF OPTION: The option shall be exercised by mailing or delivering written notice to the Lessor prior to the expiration of this option and by additional payments, on account of the purchase price, for account of Lessor to the authorized escrow holder referred to above, prior to the expiration of this option as follows:

(a) Such additional sums as are necessary to pay any real property taxes or insurance premiums accrued and payable between the date hereof and the date of closing, and unpaid by Lessee; and

(b) One-half (1/2) of the closing costs, reimbursement of one-half (1/2) of attorney's fees, and payment of one-half (1/2) of all escrow set-up and collection fees.

IN WITNESS WHEREOF, the parties have executed this Lease of Business Premises and Purchase Option the day and year first above written.

LESSOR:

LESSEE:

Melvin B. Kendall  
Melvin B. Kendall

Leonard A. Lewis

Marjeanne Kendall  
Marjeanne Kendall

[Signature]

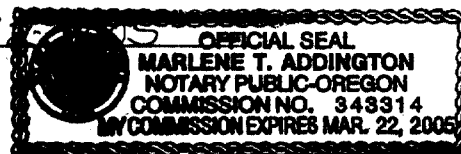
Lois Nielsen

STATE OF OREGON, County of Klamath:

PERSONALLY APPEARED: Melvin b. Kendall and Marjeannr Kendall, and acknowledged the foregoing instrument to be their voluntary act and deed on this 23rd day of February, 2000. l km

Marlene T. Addington  
NOTARY PUBLIC FOR OREGON

My Commission Expires: 3-22-2005



STATE OF OREGON, County of Klamath:

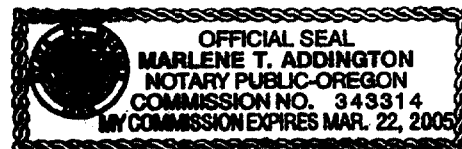
PERSONALLY APPEARED: Leonard A. Lewis, Jack F Nielsen, Ron J Nielsen

and acknowledged the following instrument to be their voluntary act and deed on this 23rd day of February, 2000. l km

(Lois Nielsen) 30th day of March, 2001

Marlene T. Addington  
NOTARY PUBLIC FOR OREGON

My Commission Expires 3-22-2005



Real Property located in the County of Klamath, State of Oregon,  
described as:

A tract of land situated in the S 1/2 NW 1/4 of section 21, Township  
39 South, Range 9 East of the Willamette Meridian, more particularly  
described as follows:

Beginning at a point in the Northerly boundary of the S 1/2 NW 1/4 of  
Section 21, Township 39 South, Range 9 East, of the Willamette  
Meridian, from which the Northwest corner of the SW 1/4 NW 1/4 of  
said section 21, bears South 88 degrees 50 1/2 minutes West a  
distance of 1888.80 feet distant and running thence North 88 degrees  
50 1/2 minutes East a distance of 237.7 feet; thence South 0 degrees  
10 minutes West to the Northeasterly line of the U.S. Lateral C4 E1;  
thence along said canal line North 55 degrees 55 1/2 minutes West to  
an angle bend in said canal and thence North 6 degrees 45 minutes  
West 366.6 feet to the point of beginning.

Acct. #3909-201B0-00900

Key #581668

State of Oregon, County of Klamath  
Recorded 04/03/01, at 2:50 p. m.  
In Vol. M01 Page 3631  
*Linda Smith,*  
County Clerk Fee \$ 86<sup>00</sup>  
5<sup>00</sup>