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Fee: \$71.00

GROUND LEASEDATE: May 23, 2008

PARTIES: Winston Nilsson and Claren Nilsson ("Lessor")
PO Box 933
Merrill, OR 97633

Jay Henry and James Henry ("Lessee")
PO Box A
Merrill, OR 97633

155 1212241

RECITALS

Lessor is the owner of the land on the attached Exhibit A located at 1070 Stateline Road, Merrill, Klamath County, Oregon, which is, on the date of this Lease, improved with buildings. The land, exclusive of any improvements on the land, is referred to in this Lease as "the Premises."

Lessee owns a manufactured home which is presently situated on the Premises and wishes to lease the real property which is situated under the manufactured home and its immediate curtilage together with one grain silo of his choice on the Premises from Lessor.

AGREEMENT

The parties agree as follows:

Section 1. Agreement to Lease

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the portion of the Premises specifically described as the real property situated under Lessee's manufactured home and its immediate curtilage on the terms and conditions set forth below together with one grain silo of his choice on the Premises. The manufactured home is described as a 27x40 double-wide built by Liberty Homes, Inc., in October 1993, Model #HN-284402 and Serial #09L27303XU, hereinafter referred as to the "Manufactured Home." Said Manufactured Home is taxed as personal property and is titled separate from the Premises.

Section 2. Term

2.1 Term. The term of this Lease shall begin on May 23, 2008, and shall continue to midnight on April 30, 2018, unless it is extended or sooner terminated as provided in this Lease.

Section 3. Rent

3.1 Rent. The rent shall be the sum of \$1.00 per year, for a total of \$10.00 for the term of the lease. Lessee agrees to lease said Premises from Lessor for said period and pay rent at the sum of \$1.00 per year. Lessee shall pay the entire rent upon signing this Lease.

3.2 Renewal. If the Lease is not in default when each option is exercised or when the renewal term is to commence, Lessee shall have the option to renew this Lease for five (5) additional two-year periods of time totaling an additional ten (10) years at \$100 per year. Each of the renewal terms shall commence on the day following expiration of the preceding term.

3.3 General Rent Provisions.

3.3.1 All rents shall be payable without deduction or offset to the order of Lessor at the address shown in paragraph 15.2 at such other address as may be designated from time to time by Lessor, in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment.

3.3.2 Lessee shall also pay without notice, except as may be provided in this Lease, and without abatement, deduction, or setoff, as additional rent, all sums, impositions, costs, and other payments which Lessee in any of the provisions of this Lease assumes or agrees to pay, and in the event of any nonpayment, Lessor shall have (in addition to all other rights and remedies) all the rights and remedies provided for in this Lease or by law in the case of nonpayment of the rent.

3.4 Rent Defined. Notwithstanding anything in this Lease to the contrary, all amounts payable by Lessee to or on behalf of Lessor under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of section 502(b)(7) of the Bankruptcy Code, 11 USC Section 502(b)(7).

Section 4. Use of Premises

4.1 Current Use. Lessee may use the Premises for: 1) the location of his Manufactured Home; 2) the non-exclusive use of the curtilage immediately surrounding it; and, 3) the use of one red utility shed located north of the Manufactured Home. In addition, Lessee may have the non-exclusive use of one grain silo of his choice on the property, provided that Lessee shall refrain from storing on or discharging from or onto the Premises any hazardous wastes or toxic substances as defined by Federal, state or local law or regulations. Lessee shall make no other use unless authorized in advance by Lessor in writing.

Lessee covenants and agrees to maintain the Premises, grain silo and red utility shed (the Property) in a good condition; provided further, that the Lessee will keep and maintain the Property leased in a clean and orderly fashion and that Lessee will not commit or suffer to permit to be

committed any strip, waste, injury or damage to the Property; and, upon the expiration of this lease, or any prior termination thereof, Lessee will return the Property to its present condition as of the date of this Lease and shall remove the Manufactured Home from the Property, his grain from the grain silo, and his property from the red utility shed at his own expense.

4.2 Possession and Access.

4.2.1 Lessor covenants and agrees that so long as Lessee is not in default herein, Lessee shall have peaceful and quiet possession of the leased portion of the Premises during the full term hereof. It is understood and agreed, however, that Lessor shall have access and use only to the portion of the Premises leased by Lessee. Lessee covenants and agrees to occupy and use said Premises in compliance with all Federal, state, and municipal laws, ordinances, rules and regulations, and not suffer or commit any nuisance or other acts against public policy.

4.2.2 Lessee James Henry shall reside, on a continuing basis, in the Manufactured Home without assistance, or with the assistance of one caregiver. No other person may reside on the Premises, other than James himself, his spouse and/or one caregiver. Should he vacate the residence for any reason for a period in excess of six (6) months, Lessor may terminate the Lease upon thirty (30) days' written notice to Lessee. Should Lessee James Henry no longer be able to reside on the Premises or vacate the Premises for more than six (6) months, no caregiver and/or spouse may reside on the property either and shall vacate the Premises within ninety (90) days of the death of Lessee James Henry or within thirty (30) days of the end of any six (6) month period within which Lessee James Henry shall have vacated the Premises.

4.2.3 Lessee shall be entitled to non-exclusive use the driveway of the Premises to permit the vehicle of Lessee James Henry to be driven to and from the Manufactured Home and to be parked behind the Manufactured Home on the north side. No other vehicle of Lessee may be kept on the Premises more than 48 hours, other than one vehicle for a caregiver and his camp trailer. The camp trailer shall be stored next to his Manufactured Home.

4.2.4 Lessee James Henry shall be entitled to the non-exclusive use one of the grain bins on the Premises, as selected by Lessee.

4.2.5 No usage of the Premises by Lessee shall interfere with the use and enjoyment of the Premises by Lessor. Lessor shall be entitled to full use and possession of the Premises.

Section 5. Taxes and Assessments; Utilities

5.1 Payment by Lessor. Lessor shall be responsible for all real property taxes and assessments levied on or assessed against the Premises and improvements located on the Premises during this lease term.

Lessor shall promptly pay all taxes and assessments imposed against the subject Premises of every nature and kind, subsequent to the date of the lease and during the full term thereof. Said taxes and assessments shall include but not be limited to all state, county and city taxes, assessments of any irrigation entity.

5.2 Manufactured Home. Lessee shall be responsible for all taxes and assessments levied or assessed against his Manufactured Home.

5.3 Utilities. Lessee shall pay when due all charges for lighting, electricity, natural gas, sewage, telephone, refuse collection and all other services or utilities used on or in connection with the Manufactured Home located on the Premises except any and all charges for water originating from the well located on the Premises so long as such water is used for domestic use; Lessee James Henry shall be able to share the well on the Premises for domestic water use without charge.

Section 6. Maintenance; Alterations; Reconstruction

6.1 Maintenance. Lessee shall maintain and repair his Manufactured Home and his selected grain silo 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. Lessor is not responsible for the condition or maintenance of the grain silo used by Lessee or Lessee's Manufactured Home. Upon the expiration of this lease, or any prior termination thereof, Lessee shall return the leased premises to, at least, its present condition as of the date of this lease. Lessee shall maintain the exterior and roof of his Manufactured Home to the same condition as exists on the date this Lease is executed.

6.2 Alterations. Lessee may not construct, improve, demolish, remove, replace, alter, reconstruct, remodel or add to Lessee's Manufactured Home in whole or in part ("Alterations") unless such Alterations are approved in advance, in writing, by Lessor:

6.2.1 If Alterations are approved by Lessor, such work shall be done in a good and workmanlike manner in compliance with all applicable building and zoning laws and all other laws, regulations, ordinances, orders and requirements of all authorities having or claiming jurisdiction.

6.2.2 Lessee shall submit plans for said Alterations to Lessor and obtain advance approval, in writing, from Lessor.

6.3 Reconstruction After Damage.

6.3.1 If either Lessee's Manufactured Home or the grain silo used by Lessee are damaged or destroyed by fire or any other cause at any time during the lease term, whether or not covered by insurance, Lessee shall promptly repair the damage and restore the improvement. The completed repair, restoration or replacement shall be equal in value, quality and use to the condition of the improvement immediately before the damage.

6.3.2 Lessee shall not be entitled to any abatement or rent on account of any damage to or destruction of the building or other improvements on the Premises, nor shall any other obligations of Lessee under this Lease be altered or terminated except as specifically provided to the contrary.

Section 7. Ownership of the Improvements

Lessee shall re-title the Manufactured Home located on the Premises which has currently been de-titled and is part of the improvements on the Premises. At the expiration or sooner termination of this Lease, or upon the death of Lessor James Henry, Lessee Jay Henry, or his survivor or successor, shall remove the Manufactured Home from the Premises, returning the Premises to its original condition.

Section 8. Financing; Assignment; Subletting

8.1 Prohibition Against Encumbrances. Lessee shall keep Lessee's Manufactured Home free and clear of all encumbrances throughout the term of this lease.

8.2 Assignment. Lessee shall not assign, sublease or otherwise transfer Lessee's interest in this Lease or the estate created by this Lease without the prior written consent of Lessor.

Section 9. Insurance

9.1 Fire, Casualty and Renter's Insurance. Throughout the lease term, Lessee shall maintain casualty insurance on the Manufactured Home, including fire and extended coverage for casualty, and shall maintain a renter's liability insurance policy for death, property damage or injury to third parties with coverage of at least \$100,000.00 per occurrence.

Lessor shall not carry any insurance which would result in a reduction of the protection or payment to Lessee under any insurance described above.

9.2 Proceeds of Insurance.

9.2.1 The proceeds of the policies described above shall be used to repair, restore or replace any damaged or destroyed property. Lessor shall cooperate fully with Lessee to obtain the largest possible recovery but Lessor shall have no expense or cost in that connection.

9.2.2 All policies required by Paragraph 9.1 shall provide that the proceeds shall be paid to Lessee and the proceeds shall be deemed to be held in trust by Lessee for the uses and purposes required by this Lease.

9.3 General Insurance Provisions. All policies of insurance which Lessee is required by this Lease to carry shall:

9.3.1 Be issued by a responsible insurance company which is licensed in the State of Oregon.

9.3.2 Be primary policies.

9.3.3 Be evidenced by certificates furnished to Lessor bearing endorsements requiring thirty (30) days' written notice to Lessor prior to any change or cancellation of the policies.

Section 10. Default

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

10.1 Failure to Pay Rent. Failure of Lessee to pay any basic rent, or other rent payment within ten (10) days after it is due.

10.2 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.

10.3 Attachment. Attachment, execution, levy or other seizure by legal process of any right or interest of Lessee under this Lease, if not released within ten (10) days.

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

Section 11. Remedies on Default

11.1 Lessor's Right to Cure. After expiration of the applicable period during which Lessee could cure and, before that, in the event of an emergency, Lessor may, but is not obligated to, make any payment required of Lessee under this Lease or perform or comply with any other covenant or condition imposed on Lessee under this Lease. All amounts so paid by Lessor, plus the cost of any performance or compliance, including attorney fees, plus interest on such sums at the rate of one percent (1%) per month from the date of payment, performance or compliance shall be deemed to

be additional rent payable by Lessee within thirty (30) days. No such payment or performance by Lessor shall be a waiver of a default or of any other remedy for default or render Lessor liable for any loss or damage resulting from any such payment or performance.

11.2 Lessor's Remedies. Upon default and after the notice period described in 12.1 above, Lessor may elect any one or more of the following consistent remedies:

11.2.1 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, remove Lessee's Manufactured Home and restore the Premises to, at least, its present condition as of the date of this lease. Lessor may reenter and take possession of the Premises. Termination under this paragraph shall not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee.

11.2.2 Lessor may elect to use all or any part of Lessee's personal property, including the Manufactured Homes, remaining on the Premises without compensation to Lessee and without liability for use or damage; or Lessor may store all or any of Lessee's personal property for the account of and at the cost of Lessee. The election of one remedy for any one item shall not preclude an election of any other remedy for another item or for the same item at a later time.

11.2.3 In the event of a termination, Lessor shall be entitled to damages in the following amounts:

(a) Any excess of the rental obligation of Lessee under this Lease from the date of termination to the last day of the lease term or renewal term in which termination occurs over the reasonable rental value of the Premises, including improvements, for such period of time, and

(b) The reasonable cost of reentry, including the cost of any cleanup, restoration and/or repair, and attorney fees.

Section 12. Surrender on Termination

12.1 Surrender. Upon expiration of the lease term or renewal term, Lessee shall surrender possession of the Premises to Lessor, as provided in Section 7, free of occupants. All property that Lessee is required to surrender shall become Lessor's property at the date of expiration of this Lease. All property that Lessee is not required to surrender, but that Lessee does abandon shall, at Lessor's election, become Lessor's property on the date of expiration or termination of this Lease.

12.2. Holdover. Failure by Lessee to vacate the Premises at the time specified in this Lease shall not constitute a renewal or extension or give Lessee any rights in or to the Premises or any improvements. Upon such a holdover, Lessee shall defend and indemnify Lessor from all liability and expense resulting from the failure or delay of Lessee to timely surrender the Premises.

12.3 Recordable Notice. Lessee James Henry shall execute, as of the date of this Lease, a recordable notice to the effect that the lease has terminated. Lessor shall hold the release at their attorney's office and record it upon the occurrence of any event terminating the Lease, as specified herein.

Section 13. Option

13.1 Option to Renew. Provided and upon the condition that the Lessee shall, at all times, have faithfully and punctually performed each and all of the covenants and conditions of this Lease on the part of the Lessee to be performed, is not in default hereunder; and further, provided that the Premises have been continuously maintained in a good and habitable condition, the Lessor grants unto Lessee the privilege of five (5) successive renewals of this Lease commencing with the expiration of the current term on April 30, 2018. Each renewal shall be for a period of two (2) years. Each renewal shall be upon the same covenants and conditions as are contained herein, provided that rent shall be adjusted as described in Section 3.2. The option shall be exercised by Lessee tendering written notice of their intent to exercise the option to Lessor not sooner than ninety (90) days before the expiration of the term then in effect and not later than sixty (60) days before the expiration of said term.

Section 14. Arbitration

14.1 Subjects. The following matters shall be subject to arbitration under this Lease:

14.1.1 Any controversy arising between Lessor and Lessee pursuant to a paragraph of this Lease which provides that a controversy relating to that paragraph shall be settled by arbitration.

14.1.2 Any other controversy between the parties relating to this Lease, if both parties agree that the matter shall be settled by arbitration.

14.2 Procedure. Any dispute or claim that arises out of or that relates to this agreement, or to the interpretation or breach thereof, shall be resolved by arbitration in accordance with the then effective arbitration rules of Arbitration Services of Portland, Inc., and judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

Section 15. Miscellaneous

15.1 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 require strict performance of the same provision or any other provision.

15.2 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 at the addresses stated below, or to such other address as either party may specify by notice to the other party:

LESSOR: Winston Nilsson and Claren Nilsson
PO Box 933
Merrill, OR 97633

LESSEE: Jay Henry and James Henry
PO Box A
Merrill, OR 97633

15.3 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. If arbitration is instituted in connection with any claim or controversy arising out of this Lease, attorney fees may be awarded by the arbitrators as they may decide, and if so awarded shall be a part of the arbitrator's decision on which judgment may be entered.

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

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

15.6 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.

15.7 Termination of Prior Leases, Amendments and Extensions. All terms of the prior leases, amendments of leases and extensions of leases between these parties and their predecessors in interest, oral or written, are hereby terminated, except as provided for herein.

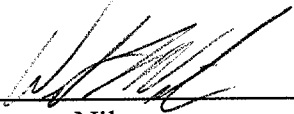
15.8 Indemnification of Lessor. Lessee shall indemnify and defend Lessor from any claim, loss or liability, including any attorney fees and costs, resulting from Lessee's use and occupancy of the Premises.

15.9 Income Tax Issues. For income tax purposes, Lessee shall have the exclusive right to depreciation upon Lessee's Manufactured Home to the full extent allowable, so long as the lease shall be in good standing; and Lessor shall make no claim for depreciation deduction during such time.

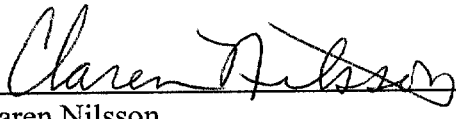
Section 16. Entire Agreement

This Lease represents the entire agreement between the parties. Any and all changes or amendments must be in writing and signed by both parties.

LESSOR: **WINSTON NILSSON AND CLAREN NILSSON**

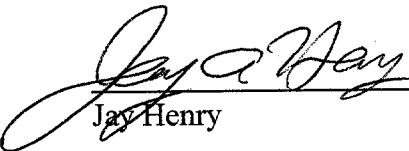


Winston Nilsson

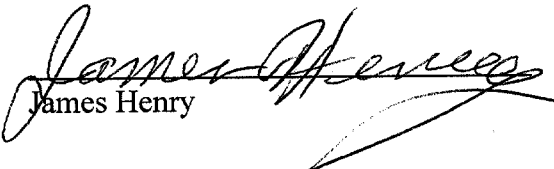


Claren Nilsson

LESSEE: **JAY HENRY AND JAMES HENRY**



Jay Henry



James Henry

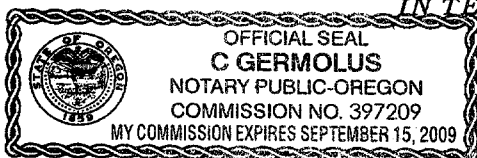
STATE OF OREGON,

County of Klamath } ss.

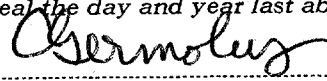
FORM No. 23—ACKNOWLEDGMENT.
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BE IT REMEMBERED, That on this 23 day of May, CG 2008,
before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within
named Winston Nilsson, Claren Nilsson, Jay Henry and
James Henry

known to me to be the identical individual..... described in and who executed the within instrument and
acknowledged to me thatexecuted the same freely and voluntarily.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my official seal the day and year last above written.



Notary Public for Oregon
My commission expires 9/15/09

EXHIBIT A

LEGAL DESCRIPTION:

PARCEL 1 OF LAND PARTITION 42-06, SITUATED IN THE SOUTHEAST 1/4 AND NORTHEAST 1/4 OF SECTION 13, TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN AND THE SOUTHEAST 1/4 OF SECTION 12, TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, AND THE NORTHWEST 1/4 AND SOUTHWEST 1/4 OF SECTION 18, TOWNSHIP 41 SOUTH, RANGE 11, EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.
