

UTC 85195-KR

2009-011105
Klamath County, Oregon



After recording, return to:
Justin Throne
280 Main Street
Klamath Falls, OR 97601

08/18/2009 03:15:08 PM

Fee: \$41.00

LEASE AGREEMENT

This Agreement is entered into this 14th day of August, 2009, by and between Thomas W. Haley, individually, and as affiant and claiming successor of the Small Estate of Dorothea Marion Haley, and as Trustee of the Thomas W. Haley Revocable Living Trust dated July 23, 1996 (herein together, "Lessee") and Roger G. Taylor (herein, "Owner").

RECITALS:

- A. By this agreement the parties intend to create a tenancy for the duration of Lessee's life in a portion of the real property, together with certain improvements thereon, located in Klamath County, Oregon, and legally described as follows (the "Property"):

Government Lots 20 and 21 in Section 12, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon; EXCEPT that portion conveyed to Great Northern Railway Company by deed recorded April 30, 1931 in Book 95 of Deeds on Page 161; AND EXCEPT any portion thereof lying within Suty Road.

- B. By this agreement, the parties intend to create in Lessee a property interest in the nature of a lease that is capable of being terminated by an action applicable to leaseholds, according to the statutes as set forth at ORS 105.105 through 105.168, rather than by an action to quiet title or similar legal or equitable theory.
- C. The portion of the Property that this Agreement shall pertain and apply to, contains all of the existing buildings in the northeasterly corner of the Property except for a loafing shed in the pasture, is approximately outlined on the attached Exhibit A, and is referred to throughout this Agreement as the "Lease Property."
- D. The Lease Property is described by metes and bounds as follows: Beginning at the Northeast corner of the Property, thence West 288'; thence South 282'; thence East 249' thence North 240' to the point of beginning.
- E. The remainder of the Property that is not specifically described in Recitals C and D is to be held by Owner in fee without restriction, and is not a part of this Agreement.

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- F. The parties do not intend by this Agreement to sever the Lease Property from the Property, nor to create a distinct parcel that does not comply with the Klamath County Land Development Code.

NOW THEREFORE, in consideration of \$1.00 and other valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the covenants, terms, and conditions contained herein, the parties agree as follows:

1. **Lease Property.** Lessee shall have the exclusive right to occupy the Lease Property for as long as Thomas W. Haley lives, subject to the provisions of this Agreement.

2. **Lessee's Obligations and Owner's Remedies.**

- A. Maintenance. Lessee agrees to regular maintain, as in the ordinary course of homeownership, the Lease Property during the term of the tenancy, and said maintenance shall include, but not necessarily be limited to, keeping in good condition and repair all electrical, plumbing, and heating systems, ensuring that there is no leaking through the roof that will result in any long-term damage to the structure, and repairing any damage to a building that will result in a substantial decrease in the structural integrity of the building, or that will result in a significant devaluation to the monetary value of the building.
- B. Taxes. Lessee agrees to pay that portion of the Klamath County real property taxes when due, which shall be within ten (10) days of presentment of an apportioned statement to Lessee by Owner, that are assessed and attributed to the "Improvements" of the Lease Property.
- C. Insurance. Lessee shall insure the improvements on the Lease Property for fire and casualty for replacement value, and shall name Owner on said policy as an additional insured. In case fire or casualty, the proceeds from the insurance policy shall be applied to repair, restoration, or replacement of the damaged improvements. Lessee shall provide to Owner a Certificate of Insurance annually, or at such other intervals as the policy renews.

In the event that Lessee is in breach of any of these obligations as set forth above, or elsewhere in this agreement, Owner shall provide written notice of the breach and an opportunity to cure within a reasonable time, the minimum of which shall be thirty days. If Lessee fails to cure the breach, Owner may exercise any and all available legal and equitable remedies; however, if Lessee has made a good faith effort to cure the breach, or is in the process of curing said breach, Owner shall give to Lessee an additional 60 days to cure. It is understood and agreed by the parties that the intent of this Agreement is to create an interest in the Lease Property that allows Lessee to occupy the premises and curtilage for the remainder of his life. Owner may only terminate this Agreement for cause, which shall be a material breach of an obligation set forth herein. If Lessee gives power of attorney to a third party, Owner shall send any notice required herein to third party.

3. **Non-Abandonment.** Failure of Lessee to occupy the Lease Property for any period of time, so long as he is living, shall not constitute an abandonment of said property, so long as Lessee does not suffer or permit waste to the Lease Property and as long as Lessee fulfills the obligations as set forth above in Paragraph 2.
4. **Utilities.** Lessee shall pay for the utility services for the Lease Property.
5. **Driveway.** The driveway that presently exists on the Lease Property may also be used by Owner.
6. **Indemnification.** Each party will indemnify, defend, and hold harmless the other party and its respective partners, directors, officers, agents, and employees from and against any and all third-party claims for bodily injury and/or property damage arising from or in connection with any accident, injury, or damage, even if caused in part by the negligence of the indemnitee or its partners, directors, officers, agents, and employees occurring in, at, or on an area under the care, custody, and control of the indemnitor, together with all costs, expenses, and liabilities incurred or in connection with each such claim, action, or proceeding brought thereon, including, without limitation, all attorney fees and expenses at trial and on appeal.
7. **Condemnation.** If all or a portion of the Lease Property is permanently taken under any right of eminent domain, or any transfer in lieu thereof, and the taking renders the Lease Property unsuitable for Lessee's use, then any and all awards payable by the condemning authority in connection with a taking will be divided equitably between the parties in a manner that reflects their respective interests and as they agree or, if they are unable to agree, in accordance with arbitration as set forth in Paragraph 11.
8. **Termination Upon Death.** Recordation by Owner in the records of the Klamath County Clerk of a death certificate of Thomas W. Haley shall automatically terminate this Agreement; however, any appointed executor of the estate of Thomas W. Haley, or any successor trustee of the Thomas W. Haley Trust, shall be permitted by Owner, for a period of sixty (60) days following said death, to enter the Lease Property in order to collect all personal property for which said executor or successor trustee is charged with collection.
9. **Waste.** Lessee shall not suffer or permit waste to the property during the term of this tenancy.
10. **Binding Effect.** This Agreement will bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.
11. **Arbitration.** All disputes between Lessee and Owner that cannot otherwise be resolved by negotiation or mediation must be submitted to final and binding arbitration in accordance with Oregon law. If the parties cannot agree on an arbitrator, either may

submit the matter to the presiding judge of Klamath County for appointment of an arbitrator. Unless otherwise agreed by the parties, the rules of arbitration will be the same as those required for the arbitration of disputes in the court-annexed arbitration in Klamath County, Oregon.

Executed by the parties on the date first above written.

Lessee:

Owner:

X Thomas W. Haley

Thomas W. Haley, individually, and as affiant and claiming successor of the Small Estate of Dorothea Marion Haley, and as Trustee of the Thomas W. Haley Revocable Living Trust dated July 23, 1996

Robert D. Taylor

STATE OF OREGON)
) ss.
County of Klamath)

AFFIRMED (X)
SUBSCRIBED AND ~~SWORN~~ TO before me this 14th day of August, 2009, by Thomas W. Haley, who personally appeared.



Kristi L. Redd
Notary Public for Oregon
My commission expires: 11/16/2011

STATE OF OREGON)
) ss.
County of Klamath)

AFFIRMED (X)
SUBSCRIBED AND ~~SWORN~~ TO before me this 17th day of August, 2009, by Roger G. Taylor, who personally appeared.



Kristi L. Redd
Notary Public for Oregon
My commission expires: 11/16/2011

Exhibit A

