

1 LEASE OF REAL AND PERSONAL PROPERTY
2 WITH OPTION TO PURCHASE

3 THIS AGREEMENT, made and entered into at Lakeport, Lake
4 County, California, by and between BRUCE A. PETERS and ALICE H.
5 PETERS, husband and wife, hereinafter called LESSOR without regard
6 to number or gender, and RONALD SMITH and GWENDOLYN SMITH, husband
7 and wife, hereinafter called LESSEE without regard to number or
8 gender,

9 W I T N E S S E T H:

10 That the Lessor does by these presents lease and demise unto
11 Lessee the following described real and personal property:

12 REAL PROPERTY

13 The following described real property, located in Eureka
14 County, State of Nevada, to-wit:

15 a) All that land presently in the name of BRUCE A. PETERS,
16 and described as:

17 Mount Diablo Meridian, Nevada
18 T. 20 N., R. 53 E.,
19 Sec. 29, Lots 3, 4, 5, 6.

20 The area described contzins 168.98 acres.

21 b) All that land presently in the name of ALICE H. PETERS,
22 and described as:

23 Mount Diablo Meridian, Nevada
24 T. 20 N., R. 53 E.,
25 Sec. 29, Lots 1, 2, 7, 8, 9, 10, 15, 16.

26 The area described contains 337.01 acres.

27 PERSONAL PROPERTY

28 (a) 48--30 foot lengths of aluminum gated pipes in 8"
29 diameter, with 24" to 36" gates.

30 (b) West Pump--2,600 gallons

31 (c) East Pump--2,400 gallons

32 (d) 46 pieces of 7" x 30' pipe

(e) 151 pieces of 4" x 30' aluminum (with couplers)
risers, and sprinkler heads

- 1 (f) 25 pieces of 3" x 30' aluminum tubing with couplers
- 2 (g) One (1) "Y" valve (7")
- 3 (h) One (1) Lot miscellaneous fittings
- 4 (i) One (1) G M C engine 671 (high block)
- 5 (j) One (1) Caterpillar engine, 13,000 series
- 6 (k) One (1) D-8 Caterpillar engine, 13,000 series
- 7 (l) One (1) Budha Marine (light 1,000--1,200 gallon water
- 8 pump--60 H. P.
- 9 (m) One (1) 3,000 gallon fuel tank
- 10 (n) One (1) 1,500 gallon fuel tank
- 11 (o) One (1) 1,600 gallon boiler tank
- 12 (p) Two (2) new pumps--8"
- 13 (q) One (1) rebuilt pump--7"
- 14 (r) One (1) pipe trailer, plus 40' pipe on it, and
- 15 1/2 interest in one (1) pipe trailer, plus 40' pipe on it.
- 16 (s) One (1) water tank on rubber tire--800 gallons
- 17 (t) One (1) pressure tank for pressure system
- 18 (u) One (1) D. C. electric plant (8--12 volt batteries)
- 19 with an A. C. converter
- 20 (v) Seller's one-half interest in one (1) float.
- 21 The terms and conditions of said lease are as follows:
- 22 1. The term of said lease shall commence on the date of the
- 23 execution of this lease, and end November 1, 1968.
- 24 2. The total rent reserved is the sum of Two Thousand Five
- 25 Hundred (\$2,500.00) Dollars, to be paid in full on or before
- 26 November 1, 1967.
- 27 3. Lessor shall, upon the execution of this lease, have the
- 28 right of immediate possession of the real and personal property
- 29 hereinabove described, and as conditions precedent to their con-
- 30 tinued right of possession thereof under this lease, shall do and
- 31 accomplish the following things:
- 32 (a) Commence the work of clearing and planting said real

1 property, which work shall be according to the following schedule:
 2 Commencement of brushing operations on or before April 1st.,
 3 1967; Discing and plowing and leveling to be completed on or before
 4 June 1st., 1967; Seed to be planted on or before June 15, 1967;
 5 all expenses incurred in said operations of brushing, discing,
 6 plowing, leveling and seeding to be borne and paid for by Lessee.
 7 It is agreed and understood that said brushing, discing, plowing,
 8 leveling and seeding operations shall extend to and include not
 9 less than seventy-five (75%) percent of the entire parcels of
 10 real property leased as aforesaid; the balance of twenty-five (25%)
 11 percent or less thereof, to include building sites and rough and
 12 unproductive areas. It is further understood and agreed that if,
 13 on account of bad weather or other Act of God, it is physically
 14 impossible to complete the various stages of work on the dates
 15 herein specified, Lessee shall have an additional reasonable time
 16 to complete said work.

17 (b) Obtain and maintain in force during the term hereof,
 18 fire and theft insurance on the buildings and leased equipment
 19 naming Lessor as one of the insureds in an amount of not less than
 20 \$40,000⁰⁰; to obtain and maintain in force during the term
 21 hereof, a policy or policies of Public Liability insurance naming
 22 the Lessor as an additional insured, with limits of not less than
 23 \$50,000.00 and \$100,000.00; and to maintain at all times adequate
 24 Workmen's Compensation Insurance to cover the activities of employees
 25 on said premises.

26 (c) Construct on said leased premises at a site to be
 27 mutually agreed upon by the parties, a shop building of not less
 28 than 40' x 80' in size, with a concrete slab floor, and costing not
 29 less than Ten Thousand (\$10,000.00) Dollars to construct. Said
 30 construction shall be completed on or before January 1st., 1968.

31 (d) Complete the enclosure of said leased premises by fenc-
 32 ing, to include both sides of the Highway through said premises.

1 Lessor shall furnish and pay for all necessary fencing materials,
2 and Lessee shall perform and pay for all of the work and labor
3 required to install the same.

4 (e) Pay all taxes and assessments levied against said leased
5 property on or after January 1st., 1967.

6 4. In addition to the foregoing, it is covenanted and agreed
7 by the parties hereto as follows:

8 FIRST: That the Lessee shall pay the Lessor said rent in
9 the manner hereinbefore specified, and shall not let or underlet
10 the whole or any part of said premises, nor sell or assign this
11 lease, either voluntarily or by operation of law, nor allow said
12 property to be occupied by anyone contrary to the terms hereof,
13 without the written consent of the Lessor;

14 SECOND: That should said rent be not paid when due or
15 should the Lessee default in any of the covenants or conditions
16 contained herein, the Lessor, or his representative or agent, may
17 re-enter said premises and remove all persons therefrom;

18 THIRD: That the Lessee shall occupy said demised premises
19 and shall keep the same in good condition, including such improve-
20 ments as may be made thereon hereafter, the usual wear and tear,
21 and damage by the elements excepted, and shall not make any altera-
22 tions thereon without the written consent of the Lessor and shall
23 not commit or suffer to be committed any waste upon said premises;

24 FOURTH: That should the Lessor be compelled to commence or
25 sustain an action at law to collect said rent or parts thereof or
26 to dispossess the Lessee or to recover possession of said premises,
27 the Lessee shall pay all costs in connection therewith including a
28 reasonable fee for the attorney of the Lessor;

29 FIFTH: That the waiver by the Lessor, of any covenant or
30 condition herein contained, shall not vitiate the same or any other
31 covenant or condition contained herein, and that the terms and
32 conditions contained herein shall apply to and bind the heirs,

1 successors and assigns of the respective parties hereto;

2 SIXTH: In the event Lessee fails to perform in full the
3 covenants and agreements undertaken by Lessee hereunder, Lessor is
4 entitled to possession of the said leased premises and property
5 and to retain as reasonable rental value thereof, the benefits of
6 any partial performance of Lessee hereunder. Lessee agrees that
7 Lessee will make no claim against Lessor for such partially com-
8 pleted work. It is understood and agreed that a part of the
9 consideration of permitting Lessee to take immediate possession of
10 said real and personal property without any payment in advance, or
11 other security, is the risk of non-performance of Lessee's agree-
12 ments and the resulting jeopardy to the water rights of said
13 leased property.

14 SEVENTH: Lessor warrants that the water wells now located
15 on said leased premises, produce, and will continue to produce
16 during the term hereof, at least the minimum amount of water
17 required by the Department of Water Resources of Nevada to prove
18 up on the water rights for said leased premises, and to obtain a
19 certificate of beneficial use.

20 EIGHTH: Lessor agrees to obtain and furnish, at his own
21 expense, the evidence and documents necessary to obtain from the
22 Nevada Department of Water Resources, a certificate of beneficial
23 use of the water on said property, that is, to "prove up" the water
24 rights on said real property.

25 NINTH: Upon fully performing the covenants and agreements
26 of this lease, and not later than November 1, 1968, Lessee shall
27 have the right and option to purchase said leased property on the
28 following terms and conditions: The purchase price shall be Seventy-
29 five (\$75,000.00) Thousand Dollars, to be paid as follows: \$12,500.00
30 down, on or before November 1, 1968, of which sum Lessee shall be
31 entitled to be credited with the sum of \$2,500.00 theretofore paid
32 as rent, leaving the sum of \$10,000.00 cash to be paid down on or

1 before November 1, 1968 as aforesaid; the balance of \$62,500.00 to
2 be evidenced by a Promissory Note executed by Lessee, secured by a
3 Deed of Trust, payable in ten annual installments of \$6,250.00 each
4 on principal, plus interest on the unpaid balance at the rate of
5 (6%) six percent per annum. Said annual installments to commence
6 November 1, 1969 and to be payable on November 1st of each year
7 thereafter until said installments of principal and interest are
8 fully paid. Upon the exercise of the option by Lessee as aforesaid,
9 Lessor agrees to execute and deliver to Lessee a good and suffi-
10 cient Grant Deed or Grant Deeds whereby Lessee will obtain a market-
11 able title, subject only to the Deed of Trust in favor of Lessor,
12 and easements, restrictions and rights-of-way of record, together
13 with a Bill of Sale of all of the leased personal property herein-
14 before described. Said purchase price shall also include all
15 appurtenant water rights. Costs of escrow and title insurance if
16 desired, to be borne by Lessee.

17 TENTH: Time is of the essence of this agreement.

18 ELEVENTH: Lessee shall at no time use or employ any of the
19 personal property hereinabove mentioned upon any property other
20 than the leased premises except upon adjacent property now belong-
21 ing to EDWIN C. BISHOP.

22 Executed this 20th day of March, 1967.

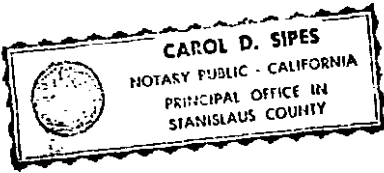
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Bruce A. Peters
Alice H. Peters
Lessor

Ronald Smith
Dwendolyn Smith
Lessee

STATE OF CALIFORNIA,

County of Lake } ss. Stanislaus
 On this 20th day of February in the year one thousand nine hundred and Sixty-seven
 before me, CAROL D. SIPES, a Notary Public,
 State of California, duly commissioned and sworn, personally appeared
RONALD SMITH and GWENDOLYN SMITH, husband and
wife,
 known to me to be the person S whose name S are subscribed to the within instrument
 and acknowledged to me that they executed the same.
 IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal
 in the County of Stanislaus the day and year in this
 certificate first above written.



Carol D. Sipes

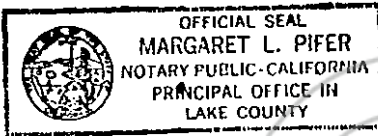
Notary Public, State of California.

Cowdery's Form No. 32—Acknowledgment—General.
 (C. C. Sec. 1189) (PRINTED 2-15-65) 52-1430

My Commission Expires 1-23-70

STATE OF CALIFORNIA,

County of Lake } ss.
 On this 22nd day of Feb. in the year one thousand nine hundred and Sixty-seven
 before me, MARGARET L. PIFER, a Notary Public,
 State of California, duly commissioned and sworn, personally appeared
BRUCE A. PETERS and ALICE H. PETERS, husband
and wife,
 known to me to be the person S whose name S are subscribed to the within instrument
 and acknowledged to me that they executed the same.
 IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal
 in the County of Lake the day and year in this
 certificate first above written.



Margaret L. Pifer

Notary Public, State of California.

Cowdery's Form No. 32—Acknowledgment—General.
 (C. C. Sec. 1189) (PRINTED 2-15-65) 52-1430

My Commission Expires 2/29/68

File No. 44482
 RECORDED AT THE REQUEST OF
Phil N. Crawford
April 17, A. D. 1967.
 at 36 minutes past 10 A. M.
 in Book 18 of OFFICIAL RECORDS
 Page 464-470 Records of
STANISLAUS COUNTY, NEVADA
Julius A. DePauli
 Recorder
 Fee \$8.00