

GRAZING LEASE AGREEMENT

This Lease Agreement (this "Lease") is made this ____ day of October, 2020 (the "Effective Date") between LORI AND LARRY WILKERSON ("Lessor"), whose ranch is located at 132016 E. Locust Grove Rd, Kennewick, Washington, and ROCKING A CATTLE COMPANY, LLC., a Oregon Limited Liability Company ("Lessee") whose principal address is 32541 W Spearman Rd Hermiston, Oregon.

1. **LEASE.** Lessor hereby leases to Lessee and Lessee leases from Lessor the following described real property situated in Benton County, Washington:

Sec 26 T7N R28 E (approximately 640 Acres) and SW ¼ SEC 25 T7N R28 E (approximately 160 acres), Kennewick, WA 99338 (the "Property")

2. **TERM OF THE LEASE, OPTION TO RENEW:** The term of this Lease shall commence October 1, 2020 and shall continue for a term of five (5) years terminating on October 31, 2025. Rent during any renewal term shall be negotiated and agreed to by the Parties.
3. **RIGHT OF FIRST REFUSAL:** So long as Lessor is the owner of the Property subject of this lease, Lessor agrees to grant to Lessee a right of first refusal (the "*Right of First Refusal*") to purchase above described real property (the "*RFR Property*"), said purchase to be on the following terms and conditions:

3.1 **Extinguishment.** The RFR is canceled if the Lessor has entered the RFR Property into an advertised Auction.

3.2 **RFR Notice.** Upon receiving a bona fide written third party offer for the purchase of the RFR Property that Lessor is willing to accept, Lessor will give to Lessee written notice, and a complete copy, of the bona fide written offer showing each of its terms and conditions (including, but not limited to, the purchase price and financing terms) (the "*RFR Notice*"). A RFR Notice will be deemed given to Lessee on the date said notice is (a) mailed to Lessee by certified or registered mail (return receipt requested) at Lessee's address as set forth herein, or such different address as Lessee hereafter notifies Lessor or (b) personally delivered.

3.3 **Notice Deadline.** For twenty (20) days following the RFR Lessee shall have the right to exercise its Right of First Refusal. Exercise of the RFR shall be in writing delivered to Lessor no later than twenty (20) days after delivery of the RFR Notice (the "*Notice Deadline*"). If the RFR is exercised, the closing shall occur at the time and on the terms as set forth in the above described bona fide written offer.

3.4 **Failure to Give Notice.** If Lessee does not give Lessor timely written notice of an intent to exercise the Right of First Refusal on or before the Notice Deadline, Lessor shall then be free to sell the RFR Property to the third party who made the above described bona fide written offer so long as the sale is completed on the same terms set forth in the RFR Notice.

3.5 **Reinstatement of RFR.** In the event the third-party sale is not closed on the terms set forth in the RFR Notice, the provisions of this Right of First Refusal will be reinstated and all notice provisions of this Section will remain in full force and effect.

4. **RENT.**

4.1 **Payment.** Lessee shall pay rental in the amount of zero dollars (\$0.00) per AUM per month for each cow during the first three (3) years of the Lease term. Lessee shall pay rental in the amount of fifty five cents (\$.55) per AUM per month for each cow during the final two (2) years of the Lease term. The rental amount during any option period as set forth in the Lease shall be negotiated between the Parties.

4.2 **Rental Due Date:** The rent shall be due and payable on the 10th day after the cattle leave the premises.

4.3 **Place of Payment:** All rent shall be paid to Lessor at the address set forth herein or at such address as may be provided to Lessee in writing.

4.4 **Delinquent Rent:** Lessee acknowledges that additional rental (delinquent rent) in the amount of _____ of the payment due shall be assessed for any payment which has not been received by Lessor by the 5th day of the month the rental payment is due. For each subsequent option exercised of the Lease, Lessee shall pay a fee agreed upon by both parties at the time the option is exercised.

5. **USE:** The property shall be used for the purpose of grazing and shall not be used for any other purpose without prior written consent of Lessor. Grazing period to be January 1st to May 31st for no more than 300 AUM and the total amount of grazing days to be no more than 120 days. Lessee shall not use or permit the Property or any part thereof to be used in violation of any federal, state, county, or municipal law, rule, regulation or ordinance.

6. **CONDITION OF PROPERTY; ALTERATIONS; IMPROVEMENTS:**

6.1 **Acceptance of Property:** Lessee acknowledges that Lessee has made a full inspection of the Property prior to execution of the Lease and is satisfied with the condition of the Property.

6.2 **Alterations and Improvements; Payment by Lessee:** Lessee, at Lessee's sole expense, shall be permitted to make such alterations, additions or improvements in or to the pasture land only after receipt of Lessors prior written consent, which Lessor shall not unreasonably withhold. Lessee shall keep the Property free from any liens in connection with such work and shall indemnify, defend and hold harmless from any and all claims, suits, liabilities, damages, expenses and losses resulting from such work. All alterations, additions and improvements to the Property, shall become a part of the Property, and shall remain with the Property at the conclusion of the Lease without any obligations of Lessor to pay Lessee therefor.

7. **TAXES:**

7.1 **Real Property Taxes and Assessments:** The Lessor shall be responsible for timely payment of all taxes, assessments, connection with the Property.

7.2 **Personal Property Taxes:** Lessee shall pay any and all personal property taxes on all property included in this Lease.

8. **IRRIGATION CHARGES:** Lessor shall be responsible for paying all irrigation charges during the term of this Lease.
9. **UTILITIES:** Lessee shall be responsible to pay when due all electricity, garbage, water, sewer, telephone, gas, oil and other utilities and services furnished to, charges against or consumed on the Property during the term hereof. Lessee shall also pay all fees for establishing such accounts in Lessee's name.
10. **INDEMNIFICATION, LIABILITY INSURANCE:**

10.1 **Indemnification:** Lessor shall not be liable for any injury to any person, or for any loss of or damage to any Property (including property of Lessee) occurring in or about the Property from any cause whatsoever. Lessee shall indemnify and save Lessor its officers, agents, employees and contractors harmless from all loss, damage, liability or expense (including attorneys' fees and other costs incurred in conjunction with litigation defense of claims, whether claims involve litigation) resulting from any actual or alleged loss of or to any Property, arising out of Lessee's operation or occupation of the Property or caused by or resulting from any act or omission of Lessee or any licensee, assignee, subtenant or concessionaire, or of any officer, agent, employee, guests invitee or visitors of any such person in or about the Property or from Lessee's breach of its other obligation hereunder. Lessee shall promptly notify Lessor of casualties or accidents occurring in or about the Property.

10.2 **Insurance:** Lessee shall, at its own expense, maintain comprehensive general liability insurance, with broad form endorsement, in effect with respect to the Property with a combined single limit of bodily injury and Property damage of \$1,000,000.00, for personal injuries, to indemnify both Lessor and Lessee against claims, demands, losses, damages, liabilities and expenses. Lessor shall be named an additional insured and shall be furnished with a copy of such policy or policies of insurance which shall bear an endorsement that the same shall not be canceled without thirty (30) days prior written notice to Lessor. If Lessee fails to maintain such insurance, Lessor may do so, and Lessee shall reimburse Lessor for the full expense incurred upon demand, together with interest at the rate of twelve percent (12%) per annum (the "Default Rate").

11. **PROPERTY AND CASUALTY INSURANCE:** Lessee shall be responsible to procure and maintain a policy or policies of property and casualty insurance upon the leased Property with companies satisfactory to Lessor, providing broad form coverage to cover replacement values of structures and equipment comprising the Property, with loss payable to Lessor and Lessee as their respective interest appear. In the event of a loss, Lessor shall cooperate with Lessee to promptly undertake reconstruction/replacement of the Property.
12. **ACCESS:** Lessee with allow Lessor, or their agents, access to the Property at all reasonable times for the purpose of inspection, but this access shall not be construed as an agreement on the part of the Lessor to make any repairs, additions, or alterations.
13. **DEFAULT:**

13.1 If (i) any rent or other payments due from Lessee hereunder remain unpaid for more than ten (10) days after the date due and payable or (ii) if Lessee violates or breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation or breach shall continue for a period of thirty (30) days after written notice of such violation or breach, then Lessor, may at its option, declare this Lease forfeited and the term hereof ended, or without terminating this Lease, reenter and attempt to relet the Property. If Lessor without terminating this Lease elects to re-enter and attempts to relet, then Lessee authorizes Lessor to relet the Property or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Lessor reasonably deems advisable. Upon each such reletting, all rentals received by Lessor from such reletting shall be applied first, to the payment of any amounts other than rent due hereunder from Lessee to Lessor, second, to the payment of any costs and expenses of such reletting and renovation, including brokerage fees and attorney's fees; third, to the payment of rent due and unpaid hereunder, and the residue, if any shall be held by Lessor and applied to payment of future rent as the same may become due and payable hereunder. If rentals received from such reletting during any month are less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor and Lessee covenants and agrees to pay Lessor for all other expenses resulting from its default, including, but not limited to brokerage commissions and the reasonable cost of converting the Property for the next tenant. Delinquent rental and other payments shall bear interest at the Default Rate.

13.2 In the event of any entry in, or taking possession of, the Property Lessor shall have the right, but not the obligation, to remove from the Property all personal Property of Lessee located therein, and may store the same in any place selected by the Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored Property, without notice to Lessee, after it has been stored for a period of sixty (60) days or more, with the proceeds of such sale to be applied to the cost of such sale and to the payment of charges for storage, and to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof.

14. **WAIVER OF SUBROGATION:** Lessee and Lessor each release the other, and its employees, agents, and representatives, from liability and waives its entire right of recovery against the other for loss or damage occurring on or about the Property from losses that are insured against insurance policies, including extended coverage endorsements, carried by the parties. Each party agrees that each such insurance policy obtained by it with respect to the Property shall include a waiver by the insurer of its subrogation right for such losses and damages. The foregoing mutual waiver shall be effective only so long as such waivers are available in the State of Washington and do not invalidate the insurance coverage.
15. **ADVANCES BY LESSOR FOR LESSEE:** If lessee fails to do anything required to be done by Lessee under the terms of this Lease, Lessor may, at Lessor's sole option, do such act or thing on behalf of Lessee, and upon notification of Lessee of the cost thereof, Lessee shall promptly pay Lessor the amount thereof, pay interest at the Default Rate from the date that the cost was incurred by the Lessor to the date of Lessee's payment.
16. **ADVANCES FOR LESSEE FOR LESSOR:** If Lessor fails to do anything required to be done by Lessor under the terms of this Lease, Lessee may, at Lessee's sole option, do such act of thing

on behalf of Lessor, and upon notification to Lessor of the cost thereof, Lessor shall promptly pay Lessee the amount thereof, plus interest at the Default Rate from the date that the cost was incurred by Lessee to the date of Lessor's payment. At Lessee's sole option, Lessee may offset the cost, together with accrued interest, against payments subsequently falling due from Lessee to Lessor.

17. **QUIET ENJOYMENT**: Upon fully complying with and promptly performing all the terms, covenants and conditions required of it under the terms of this Lease, Lessee shall have the quiet enjoy of the Property during the term of this Lease, or any extensions thereof.
18. **HOLDING OVER**: If Lessee remains in possession of the Property after the expiration of the Lease, without a written Lease, it shall be deemed to be occupying and using the same as a tenant from month to month, subject to all other conditions, provisions, and obligations of this Lease insofar as they may be applicable to such month to month tenancy.
19. **TERMINATION**: Upon termination of the Lease, Lessee shall return and surrender the Property to Lessor in as good a condition as at the Lease commencement, usual wear and tear excepted. All alterations, additions and improvements to the Property shall remain with the Property and shall not be removed.

20. **GENERAL PROVISIONS**:

20.1 **Binding Effect**: Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

20.2 **Waiver of Breach**: The failure of any party hereto to insist upon strict performance of any of the covenants and agreements herein contained, or to exercise any option or right here in conferred, in any one or more instances, shall not be construed to be a waiver or relinquishment of any such option or right, or of any other covenants or agreement, but the same shall be and remain in full force and effect.

20.3 **Assignment**: Lessee shall not assign or sublease this Lease or any rights or obligations hereunder without the prior written consent of Lessor.

20.4 **Interpretation and Fair Construction of Contract**: This agreement has been reviewed and approved by each of the parties. In the event it should be determined that any provision of this agreement is uncertain or ambiguous, the language in all parts of this agreement shall be in all cases construed as a whole according to its fair meaning and not strictly construed for nor against either party.

20.5 **Notices**: Notices under this Agreement shall be in writing and may be delivered: (1) personally; (2) by U.S. Mail, certified or registered; (3) by a nationally recognized overnight courier service; or (4) by facsimile transmission, if a facsimile number has been provided by the party receiving the notice, with a copy to be sent by U.S. First Class Mail. Mailed notices shall be deemed effective on the third (3) day after deposited as registered or certified mail, postage prepaid, directed to the other party at the address shown above. Couried notices shall be deemed delivered with the courier's records indicated that delivery has occurred. Facsimile

notices shall be effective when actually transmitted to the facsimile number provided. Either party may change its address for notices by written notice to the other.

20.6 **Severability**: In case any term of this agreement shall be invalid, illegal, or unenforceable, in whole or in part, the validity of any of the other terms of this agreement shall not, in any way, be affected thereby, except as may be appropriate to carry out the intent of this Lease.

20.7 **Governing Law; Venue**: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Washington, irrespective of the fact that any one of the parties is now or may become a resident of a different state. Venue for any action under this Agreement shall lie in Benton County, Washington.

20.8 **Independent Counsel**: The parties hereto acknowledged and agree that they have each been represented or have had the opportunity to be represented in the negotiations and preparation of this agreement by independent legal counsel of their choice and that they have read this agreement, have had its contents fully explained to them by such counsel, and are fully aware of the contents hereof and of its legal effect, or that such party has knowingly and voluntarily waived its right to have this Agreement reviewed by legal counsel. Each party shall pay his or her own legal and accounting fees incurred with respect to this transaction.

20.9 **Attorney Fees**: In the event of any dispute arising out of or relating to this Agreement, whether suit or other proceedings is commenced or not, and whether in mediation, arbitration, at trial, on appeal, in administrative proceedings or in bankruptcy (including without limitation any adversary proceedings or contested matter in any bankruptcy case), the prevailing party shall be entitled to its costs and expenses incurred, including reasonable attorney fees.

20.10 **Time of Essence**: The parties agree that time is of the essence for all provisions of this Lease.

20.11 **Documents**: Each party to this Agreement shall perform any and all acts and execute and deliver any and all documents as may be necessary and proper under the circumstances in order to accomplish the intents and purposes of this Agreement to carry out its provisions.

20.12 **Entire Agreement**: This Agreement contains the entire agreement and understating of the parties with respect to the entire subject matter hereof, and there are no representations, inducements, promises or agreements, oral or otherwise, not embodied herein. Any and all prior discussions, negotiations, commitments and understandings relating to the subject matter hereof are modified herein. There are no conditions precedent to the effectiveness of this agreement other than as stated herein, and there are no related collateral agreements existing between the parties that are not referenced herein.

21. **Termination**: Upon termination of the Lease, Lessee shall return and surrender the Property to Lessor in as good a condition as at the Lease commencement, usual wear and tear excepted. All alterations, additions and improvements to the Property shall remain with the Property and shall not be removed.

IN WITNESS WHEREOF, the parties have executed this instrument, as of the date and year first above written.

LESSORS

Lori Wilkerson

Larry Wilkerson

LESSEE

ROCKING A CATTLE COMPANY, LLC

By: _____
Its: Member

By: _____
Its: Member

LESSORS

Paul Williamson

Larry Williamson

LESSEE

ROCKING A CATTLE COMPANY, INC.

By:

Paul Williamson

By:

Paul Williamson