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LEASE AND OPTION AGREEMENT

THIS AGREEMENT, made and entered into this 24th day of August, 1976, by and between HERSHEL G. BERRY, hereinafter called the first party, and ROBERT D. SCOTT and LYDIA J. SCOTT, hereinafter called the second party,

WITNESSETH: In consideration of the covenants herein contained to be kept and performed by second party, first party does hereby lease, demise and let unto the said second party the following described premises situated in the County of Klamath, and the State of Oregon, to-wit:

PARCEL 1: Beginning at the Northwest corner of HOMEDALE Tract 25, thence South 0°20' West 128.5 feet to a stake; thence South 46°01' East 398.1 feet to a stake; thence North 26°30' East 75.9 feet to the Northeast corner of said Tract 25; thence North 43°30' West 464.5 feet to the point of beginning, being portions of HOMEDALE Tract 24 and 25.

EXCEPTING THEREFROM that portion described as follows: Beginning at the Southwest corner of Lot 13, Homedale, Klamath County, Oregon; thence South 0°20' West along the East boundary of Homedale Road, 19.22 feet to a one-half inch iron pin; thence South 67°32' East, 32.26 feet to Southerly boundary of Lot 13; thence North 43°16'30" West, along the Southerly boundary of Lot 13, 43.33 feet, to the point of beginning.

PARCEL 2: Commencing at the Southwest corner of Lot 13, Homedale, Klamath County, Oregon; thence South 43°16'30" East, along the Southerly boundary of Lot 13, 43.33 feet to the true point of beginning; thence South 43°16'30" East, 75.17 feet to an iron pin; thence North 8°06'40" East, 31.88 feet to a one-half inch iron pin; thence North 67°32' West, 60.63 feet to the true point of beginning.

for a term beginning the 1st day of September, 1976, and extending to and including midnight on the 31st day of August, 1977, at and for a rental of \$150.00 per month during said term, payable in advance in lawful money of the United States to the order of the first party as follows:

Payable monthly in advance directly to the first

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party or as he shall thereafter direct.

In consideration of the payment of the aforesaid rental, second party shall have sole and exclusive use of said premises and shall be entitled to make such additions and improvements as they desire thereon, provided that it is understood that waste shall not be permitted under the guise of improvements. Improvements made to the premises during the lease shall not be removed therefrom unless and until the full amount of purchase price shall have been paid, otherwise shall become the property of the Seller.

In addition to the above described monthly payments, second party agrees to insure the premises against loss by fire for a sum not less than \$18,000 with loss payable to the first party up to that amount, and to pay the taxes for the 1976-1977 fiscal year with the provision that first party will pay the taxes for the first two months, i.e. one sixth of the 1976-1977 tax statement.

In consideration of full compliance by the parties of the second part with the above terms and conditions, first party does hereby grant an option to the second party to purchase the above described real property for the sum of \$18,000 with interest at the rate of 8 percent per annum commencing September 1, 1976, allowing credit to the second party for the \$150.00 per month lease payment made hereunder; which payments are to be deducted from the principal and accruing interest. It is hereby provided that the exercise of said lease option shall be in writing, delivered to the first party more than 30 days prior to the expiration of this lease at which time first party will execute a contract of sale, a warranty deed and a purchasers policy of title insurance to be escrowed at the Western Bank, Klamath Falls Branch, Klamath Falls, Oregon, to be delivered to second party upon their full payment of principal and interest. The terms of said contract shall provide that the second party shall pay

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the full balance of principal and interest in monthly payments of not less than \$150.00 per month, that they will attempt to refinance the full amount of the balance due the first party as soon as possible and pay off first party thereby, but in the event that they should be unable to do so within five years of September 1, 1976, that they will pay an additional \$1,500.00 within said five years in addition to the \$150.00 per month payments, as a down payment thereon. Said contract shall likewise provide that second party shall keep the premises insured against loss by fire in the sum not less than the amount due Seller, loss payable to Seller and will pay the taxes and all liens and assessments before the same shall become delinquent and/or chargeable with interest and attorney fees and penalties.

It shall likewise be understood herein that in the event that second party shall fail to make any payments due hereunder or in the succeeding contract within 30 days of the due date, that first party may commence a forceable entry and detainer action to evict them from the premises without written notice and in that event the rights of second party in and to said premises shall entirely terminate.

It is understood and agreed that in the event legal action or the services of an attorney are necessary to enforce any of the obligations under this contract that the party charged with breach of same shall be liable for such attorney fees and court costs in addition to costs on any appeal which shall be required on any legal proceedings.

In witness whereof the parties have hereunto set their hands and seal the day and year above first written.

Robert D. Scott
ROBERT D. SCOTT, Second Party

Hershel G. Berry
HERSHEL G. BERRY, First Party

Lydia J. Scott
LYDIA J. SCOTT, Second Party

STATE OF OREGON, County of Klamath) ss. August 24th 1976

Personally appeared the above named HERSHEL G. BERRY and acknowledged the foregoing instrument to be his voluntary act and deed.

J. S. Ramirez
NOTARY PUBLIC FOR OREGON
My Commission Expires: 2/1/76

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STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 27th day of AUGUST A.D., 1976 at 10:43 o'clock A.M., and duly recorded in Vol. M 76 of DEEDS on Page 13382.

FEE \$ 9.00

WM. D. MILNE, County Clerk

By *Hazel Draz* Deputy

*Top of 2nd page of lease
copy of - Mobile Sea Service
303-10000
copy = 2*