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FORM NO. 869-LEASE AND OPTION AGREEMENT (For dwelling unit use in Oregon, See No. 974).

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

61685 Vol. 19 Page 2137  
THIS AGREEMENT, Made and entered into this 15 day of June, 1978,  
by and between Bradford W. Kalita, a single man

hereinafter called the first party (whether singular or plural), and  
Jack M. Easley and Ruth A. Easley, husband and wife  
hereinafter called the second party (whether singular or plural),

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 City of None, County of Klamath and State of  
Oregon, to-wit:

The SW1 SE1 and the N1 SE1 SW1 of Section 28, Township 35 South, Range 10  
East of the Willamette Meridian, Klamath County, Oregon

on the section of 352'33' or more, including the parcel of the large of 352'33' or more  
between of 22'200'00' the parcel of 352'33' or more of 352'33' or more

(1) The option may be exercised on or after June 1, 1980 after the acquisition  
known as  
for a term beginning the 1st day of June, 1978, and extending to and including  
midnight on the 30th day of May, 1979, at and for a rental of \$1,500.00  
per year during said term, payable in advance in lawful money of the United States to the  
order of the first party as follows: Five hundred dollars at the time of execution of  
this agreement which the seller acknowledges a receipt of and one thousand  
dollars on or before June 15, 1978.

(2) The second party expressly agrees to pay said rents at the times aforesaid; to use said premises for  
residence and no other purpose without first party's consent; to make no unlawful or offensive use of said premises; not to suffer or permit  
any waste or strip thereof; not to make any alterations or improvements upon said premises or assign this lease or sublet said  
premises, or any thereof, or permit any other person to occupy the same without first party's written consent first obtained; to com-  
ply with all laws, ordinances and regulations of any public authority respecting the use of said premises; promptly to pay for all  
heat, light, water, power and other services or utilities used on said premises; to keep said premises, including all exposed plumbing,  
heating equipment and apparatus and elevators, if any, at all times in good repair and to pay for all repairs on said premises dur-  
ing the term of this lease except those which the first party hereinafter specifically agrees to make; to keep the roof of the building  
on and the sidewalks surrounding said premises free of snow, ice, rubbish and debris during the term hereof; not to commit, permit  
or create any nuisance on said premises; promptly to replace all glass which may be broken or cracked in the windows and doors of  
said premises with glass of as good or better quality than that now in use; to permit the first party, his agents and representatives,  
at any time during business hours to enter said premises for the purpose of examining the condition thereof or other lawful purpose;  
to keep said premises free of all mechanic's liens and upon the expiration of said term, or any termination hereof, to quit and deliv-  
er up said premises and all future additions to the same, broom-clean, to the first party, peaceably, quietly and in as good order  
and condition, reasonable use and wear thereof, damage by fire and the elements alone excepted; as the same are now in. During  
the term of this lease the first party agrees to maintain the exterior walls, gutters, downspouts, unexposed plumbing and founda-  
tions of the building on said premises and the sidewalks thereabout in good order and repair; provided, however, that all sums ex-  
pended by the first party for said purposes shall be reported to the second party in writing within thirty days after each expenditure  
is made.

(3) In the event of the destruction of the building on said premises from any cause, the first party may terminate this  
lease after ten days written notice to the second party, effective as of the date of said destruction, and the second party may ter-  
minate this lease, effective as of said date; provided, however, that if the damage to said building is more than 25 per cent  
of its sound value, the first party may or may not elect to restore said building; written notice of first party's said election shall be  
given the second party within fifteen days after the occurrence of said damage; if such notice is not so given, the first party con-  
clusively shall be deemed to have elected not to restore the building; if the first party so elects, the second party forthwith may  
terminate this lease as of the date of said damage. If the damage to said building does not amount to the extent last indicated, or  
if the first party elects to restore said building as aforesaid, then the first party shall repair said building with all convenient speed  
and during said repairs there shall be such an abatement of rent as the nature of the damage and its interference with the occu-  
pancy of said leased premises shall warrant.

(4) Time is of the essence of this lease and if said rents shall be in arrears for ten days, or if the second party shall neglect  
or fail to do or perform any of the covenants herein contained, then the first party, without notice may immediately or at any time  
while said default continues, enter upon said premises and repossess the same, expel the second party and remove his effects at  
second party's expense, forcibly if necessary, without being taken or deemed guilty in any manner of trespass and without prej-  
udice to any other remedies which might otherwise be used for arrears of rent or breach of covenant. In the event of any such default  
all notices required by law hereby are expressly waived by the second party.

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(d) All repairs, additions, improvements and alterations in and to said premises made by the second party shall be and become the property of the first party as soon as made. Any holding over by the second party after the expiration of this lease shall be deemed a tenancy from month to month only, terminable at will by either party hereto. In the event of any suit or action on this lease, the second party agrees to pay such additional sum as the court may adjudge reasonable to be allowed plaintiff therein for attorney's fees, plus the statutory costs and disbursements and if an appeal is taken in any such suit or action, such further sum as the appellate court may deem reasonable as plaintiff's attorney's fees on such appeal.

(e) **OPTION TO SECOND PARTY**—At any time while this lease is in full force and effect, except as hereinafter provided, and second party is not in default in his performance hereof, the said first party, for value received, hereby gives and grants unto the second party the sole, exclusive and irrevocable right and option to purchase the above described premises subject to and upon the terms and conditions set forth in the form of purchase agreement hereto attached, at and for a price to be ascertained as follows: The basic price for said premises shall be the sum of \$35,000.00, to and from which shall be made the following additions and deductions, to-wit: To said basic price shall be added (1) the aggregate of the sums expended by the first party and reported in writing by him to the second party between the date of this lease and the exercise of this option, for the maintenance of the exterior walls, gutters, downspouts, unexposed plumbing and the foundations of the building on said premises and the sidewalks thereabout; (2) the aggregate of all fire insurance premiums; all taxes and city, county and district liens on said premises paid by the first party between the date hereof and the exercise of this option; (3) a sum equal to unearned insurance premiums, plus a prorata as of the date hereof of taxes paid by the first party during the fiscal tax year in which this option is given and covering a period extending to the date of the exercise of this option, together with (4) a sum equal to interest on said basic purchase price at the rate of 0% per annum from the date hereof to the exercise of this option; there shall be deducted from said basic price, (5) the total rents paid by the second party to the first party under said lease and (6) if, between the date of this lease and the exercise of this option, the building on said premises has been destroyed or damaged, there shall also be deducted all sums received or receivable by the first party from any insurance carried by him on said building and not previously expended by him for its repair or restoration.

(f) The net sum so ascertained shall be the option price on said premises.

(g) Time is of the essence hereof and this option shall be null and void and of no force and effect unless exercised by the second party on or before the 1st day of July, 1979, at 5:00 P.M. by notifying the first party of his intent to exercise said option by a writing forwarded to the first party at first party's address stated below; immediately thereafter, the parties hereto, following the formula stated above, shall determine the amount of said purchase price and shall execute and deliver an agreement of sale and purchase in the form attached hereto. Contemporaneously with the delivery of said agreement of sale and purchase, the second party shall make the first or down payment stated in said agreement.

(h) Within ten days from the date of said selling price marketable title to the above described premises in first party, subject to building restrictions, zoning ordinances, if any, and any liens or incumbrances against said premises to be assumed by second party in said sale; said first party may have a reasonable time to correct any defects of title which may appear.

(i) Should second party fail to exercise his said option, the foregoing lease shall continue until terminated pursuant to its terms.

(j) This lease and option shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors and administrators, the successors and assigns of the first party, and, so far as the terms hereof permit assignment, the successors and assigns of the second party as well.

(k) In construing this lease and option agreement it is understood that the first and second parties, one or both of them, may be more than one person or a corporation and that, therefore, if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to more than one individual.

(1) The option may be exercised on or after June 1, 1979 with the additional payment of \$5,500.00. The balance of \$28,000.00 shall be payable in monthly installments of \$275.73, or more, including interest at the rate of 8 1/2% per annum on the declining balance. Interest to start as of the date the option is exercised with the first payment due and payable one month later.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands in duplicate on this, the 10th day and year first hereinabove written.

P. O. Box 181

First Party's Address

Chiloquin, OR 97624

First Party

Return  
Jack M. Easley  
Star Rt 2 Box 597B  
Chiloquin Or 97624

Second Party

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 25th day of January A.D., 19 79 at 2:12 o'clock P.M., and duly recorded in Vol M79

of Deeds on Page 2157

SEE \$6.00

WM. D. MILNE, County Clerk

By Bernice A. Shetch

Deputy