

THIS LEASE WITH OPTION AGREEMENT, Made and entered into this 11th day of February, 1981, by and between FRANK H. McBAIN and EDITH V. McBAIN, husband and wife, hereinafter called Lessors, and RICHARD J. PAUXTIS and PATRICIA ANN PAUXTIS, husband and wife, hereinafter called Lessees.

WITNESSETH: In consideration of the covenants herein contained to be kept by Lessee, Lessors do hereby lease, demise and let unto the Lessee the following described real and personal property, in the County of Klamath, State of Oregon:

Lot 3, Block 18, HOT SPRINGS ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon; and range, washer, dryer, trash burner, carpets and drapes.

To have and to hold the same unto the Lessee for the term beginning the 15th day of February, 1981, and extending to and including the 15th day of February, 1984.

The Lessee for himself, his heirs, executors, administrators and/or his successors, and assigns, does hereby covenant to and with Lessors, their heirs, executors, administrators and/or their successors, and assigns, to pay as rental for said premises, for said term the sum of \$4,000.00 which is deposited herewith and the additional sum of \$255.00 per month which includes interest at the rate of 10 percent per annum and to pay the taxes and fire insurance during the term of the lease.

If the rental installments, hereinbefore mentioned, to be made by Lessee, should be in arrears for a period of ten days, or if the Lessee shall neglect or fail to do or perform any of the covenants herein contained, then and in that event the Lessors may immediately, or at any time thereafter, while said default continues, enter upon said premises or any part thereof and repossess the same and expel Lessee and those claiming under Lessee and remove Lessee's effects, forcibly if necessary, without being taken or deemed guilty in any manner of trespass and without prejudice to any other remedies which might otherwise be used for arrears of rent, and all payments theretofore made by Lessee under this agreement, and all additions

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and improvements by Lessee made to and upon said real property, shall be retained and belong to Lessors as liquidated damages.

In the event of such arrearage, neglect or failure, the Lessee hereby expressly waives the service of any notice of intention to terminate this lease or to repossess said premises, and further waives any demand for payment of rent or for possession, or of any and every notice or demand prescribed by any law of the State of Oregon, and agree that the simple breach by the Lessee of any of the covenants herein shall of itself constitute a wrongful detainer of said premises by the Lessee within the meaning of the statutes of the State of Oregon covering forcible entry and detainer.

As a further consideration of the covenants herein contained to be kept by Lessee and the payments to be made by said Lessee for and on account of the above lease, the Lessors do hereby give and grant unto the Lessee, the sole exclusive and irrevocable right and privilege of purchasing the real property hereinabove described subject to and upon the terms and conditions as set forth for the sum of \$28,500.00 with credit to Lessee for the \$4,000.00 deposit hereinbefore mentioned and credit for the \$255.00 monthly payments made against said purchase price. The balance of the purchase price to be paid at \$255.00 per month, with interest thereon at the rate of 10 percent per annum. Both Lessors and Lessee agree to execute such legal documents as are necessary to complete the sale of this property.

In the event the Lessee fails to exercise the option provided for herein, he forfeits the \$4,000.00 deposit made and all monthly payments of \$255.00 each and waives all interest in the real and personal property upon termination of the lease.

Upon the Lessee exercising the option provided for herein, which must be done in writing at least 30 days prior to expiration of the lease, to-wit: 30 days prior to February 15, 1984, and upon receiving notice that Lessee has exercised said option, the Lessors agree to provide the Lessee or his agent or authorized representative a preliminary title report showing marketable title to the real property subject of this lease option.

LEASE OPTION

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Time is hereby declared to be the essence of this agreement and in the event the Lessee shall fail or neglect to make the payments or any of them as herein provided for or shall fail to strictly and literally perform any of the covenants or conditions herein contained, then all payments heretofore made by Lessee to the Lessors shall be considered as rent and shall be retained and belong to the Lessors herein and the option herein granted to Lessees shall thereupon become null and void without any notice of termination or act by Lessors.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and seals in duplicate, the day and year first hereinabove written.

Executed in the presence of:

Frank H. McBain
FRANK H. McBAIN

Edith V. McBain
EDITH V. McBAIN

LESSORS

Richard J. Pauxtis
RICHARD J. PAUXTIS

Patricia Ann Pauxtis
PATRICIA ANN PAUXTIS

LESSEE

STATE OF OREGON,
County of Klamath } ss.

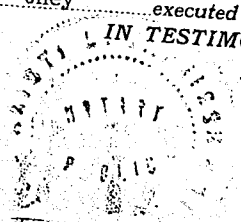
FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 11th day of February, 1981, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named FRANK H. MC BAIN and EDITH V. MC BAIN, husband and wife, and RICHARD J. PAUXTIS and PATRICIA ANN PAUXTIS, husband and wife

known to me to be the identical individual s described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Kristi L. Garrison
Notary Public for Oregon
My Commission expires 6/19/83



STATE OF OREGON; COUNTY OF KLAMATH: ss.
I hereby certify that the within instrument was received and filed for record on the 11th day of February A.D., 1981 at 3:03 o'clock P M., and duly recorded in Vol M81 of Deeds on page 2279.

EVELYN BIEHN
COUNTY CLERK
By Bernard A. Shetick Deputy

Fee \$10.50

MTC