

85582

## LEASE OPTION AGREEMENT

Vol. M88 Page 4174

THIS AGREEMENT made and executed this 15<sup>TH</sup> day of March, 1988, by and between Sidney G. Munjar and Patricia S. Munjar, hereinafter called Lessors, and Clifford Dwight Esselstyn and Denise Carolyn Esselstyn, hereinafter called Lessees,

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

WHEREAS Lessors are owners of certain real property situated in Klamath County, State of Oregon, more particularly described as follows:

## REAL PROPERTY:

Lot 5, Block 17, INDUSTRIAL ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, in the County of Klamath, State of Oregon.

AND WHEREAS Lessees desire to lease said real property; now, therefore,

IT IS HEREBY MUTUALLY UNDERSTOOD AND AGREED that Lessors agree to lease to Lessees and Lessees agree to lease from Lessors the above described real property together with all appurtenances for a term of 4 years to commence on MARCH 14, 1992, at 11:59 o'clock p.m., upon the following terms and conditions.

SECTION ONE  
RENT

Lessees agree to pay without demand to Lessors as rent for the demised premises the sum of \$317.00 per month in advance on the day of each calendar month beginning APRIL 15, 1988 to any such place as Lessors may designate and pay the real property taxes. *Said* RENT PAYMENTS SHALL BE FOR THE PRECEPING MONTHS TENANCY. *CW* *DEG* *SM* *SM*

SECTION TWO  
ADVANCE PAYMENT AND DEPOSIT

Lessees shall repair the premises as needed and in consideration for such repair, Lessors shall waive the requirement of security deposit.

SECTION THREE  
QUIET ENJOYMENT

Lessors covenant that on paying the rent and performing the covenants herein contained, Lessees shall peacefully and quietly have, hold and enjoy the demised premises for the agreed term.

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SECTION FOUR  
USE OF PREMISES

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The premises shall be used for the shoe and boot repair and retail sales business.

SECTION FIVE  
CONDITION OF PREMISES

Lessees stipulate that he has examined the demised premises, including the grounds and all buildings and improvements, and that they are, at the time of this lease, in good order, repair, and in a safe, clean and tenantable condition.

SECTION SIX  
ASSIGNMENT AND SUBLETTING

Without the prior written consent of Lessors, Lessees shall not assign this lease, or sublet or grant any concession of license to use the premises or any part thereof. A consent by Lessors to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license. An assignment, subletting, concession or license without the prior written consent of Lessors, or an assignment or subletting by operation of law, shall be void and shall, at Lessors' option, terminate this lease.

SECTION SEVEN  
ALTERATIONS AND IMPROVEMENTS

Lessees shall make no alterations to the buildings on the demised premises or construct any building or make other improvements on the demised premises without the prior written consent of Lessors. All alterations, changes and improvements built, constructed or placed on the demised premises by Lessees, with the exception of fixtures, removable without damage to the premises and movable personal property shall, unless otherwise provided by written agreement between Lessors and Lessees, be the property of Lessors and remain on the demised premises at the expiration or sooner termination of this lease.

SECTION EIGHT  
DAMAGE TO PREMISES

If the demised premises, or any part thereof, shall be partially damaged by fire or other casualty not due to Lessee's negligence or wilful act or that of his employee, family, agent, or visitor, the premises shall be promptly repaired by Lessors and

there shall be an abatement of rent corresponding with the time during which, and the extent to which, the leased premises may have been untenable; but, if the leased premises should be damaged other than by Lessee's negligence or wilful act or that of their employee, family, agent, or visitor to the extent that Lessors shall decide not to rebuild or repair, the term of this lease shall end and the rent shall be prorated up to the time of the damage.

#### SECTION NINE DANGEROUS MATERIALS

Lessees shall not keep or have on the leased premises any article or thing of a dangerous, inflammable, or explosive character that might unreasonably increase the danger of fire on the leased premises or that might be considered hazardous or extra hazardous by any responsible insurance company.

#### SECTION TEN UTILITIES

Lessees shall be responsible for arranging for and paying for all utilities services required on the premises.

#### SECTION ELEVEN MAINTENANCE AND REPAIR

Lessees will, at his sole expense, keep and maintain the leased premises and appurtenances in good and sanitary condition and repair during the term of this lease and any renewal thereof. In particular, Lessees shall keep the fixtures on or about the leased premises in good order and repair; keep the furnace clean; keep the electric bells in order; keep the walks free from dirt and debris; and at his sole expense, shall make all required repairs to the plumbing, range, heating apparatus, and electric and gas fixtures whenever damage thereto shall have resulted from Lessee's misuse, waste, or neglect or that of his employee, family, agent or visitor.

Lessees agree that no signs shall be placed or painting done or about the leased premises by Lessees or at his direction without the prior written consent of Lessors.

#### SECTION TWELVE ANIMALS

Lessees shall keep no domestic or other animals on or about the leased premises without the written consent of Lessors.

#### SECTION THIRTEEN RIGHT OF INSPECTION

Lessors and their agents shall have the right at all reasonable times during the term of this lease and any renewal thereof to enter the demised premises for the purpose of inspecting the premises and all buildings and improvements thereon.

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SECTION FOURTEEN  
DISPLAY OF SIGNS

During the last 30 days of this lease, Lessors or their agents shall have the privilege of displaying the usual "For Sale" or "For Rent" or "Vacancy" signs on the demised premises and of showing the property to prospective purchasers or tenants.

SECTION FIFTEEN  
SUBORDINATION OF LEASE

This lease and Lessee's leasehold interest hereunder are and shall be subject, subordinate, and inferior to any liens or encumbrances now or thereafter placed on the demised premises by Lessors, all advances made under any such liens or encumbrances, the interest payable on any such liens or encumbrances, and any and all renewals or extensions of such liens or encumbrances.

SECTION SIXTEEN  
HOLDOVER BY LESSEE

Should Lessees remain in possession of the demised premises with the consent of Lessors after the natural expiration of this lease, a new tenancy from month to month shall be created between Lessors and Lessees which shall be subject to all the terms and conditions hereof but shall be terminable on 30 days written notice served by either Lessors or Lessees on the other party.

SECTION SEVENTEEN  
SURRENDER OF PREMISES

At the expiration of the lease term, Lessees shall quit and surrender the premises hereby demised in as good state and condition as they were at the commencement of this lease, reasonable use and wear thereof and damages by the elements excepted.

SECTION EIGHTEEN  
DEFAULT

If any default is made in the payment of rent, or any part thereof, at the times hereinabove specified, or if any default is made in the performance of or compliance with any other term of condition hereof, the lease, at the option of Lessors, shall terminate and be forfeited, and Lessors may re-enter the premises and remove all persons therefrom. Lessees shall be given 72 hours notice of any default or breach, and termination and forfeiture of the lease shall not result if, within 72 hours of receipt of such notice, Lessees have corrected the default or breach or has taken action reasonably likely to effect such correction within a reasonable time.

SECTION NINETEEN  
ABANDONMENT

If at any time during the term of this lease, Lessees

abandon the demised premises or any part thereof, Lessors may, at their option, enter the demised premises by any means without being liable for any prosecution thereof, and without becoming liable to Lessees for damages or for any payment of any kind whatever, and may, at their discretion, as agent for Lessees, relet the demised premises, or any part thereof, for the whole or part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Lessors' option, hold Lessees liable for any difference between the rent that would have been payable under this lease during the balance of the unexpired term, if this lease had continued in force, and the rent for such period realized by Lessors by means of such reletting. If Lessors' right of re-entry is exercised following abandonment of the premises by Lessees, then Lessors may consider any personal property belonging to Lessees and left on the premises to also have been abandoned, in which case Lessors may dispose of all such personal property in any manner Lessors shall deem proper and are hereby relieved of all liability for doing so.

#### SECTION TWENTY NONLIABILITY OF LESSOR FOR DAMAGES

Lessors shall not be liable for liability or damage claims for injury to persons or property from any cause relating to the occupancy of the premises by Lessees, including those arising out of damages or losses incurring on sidewalks or other areas adjacent to the lease premises during the term of this lease or any extension thereof, Lessees shall indemnify Lessor from all liability, loss or other damage claims or obligations resulting from any injuries or losses of this nature.

#### SECTION TWENTY-ONE LIABILITY INSURANCE

Lessees shall procure and maintain in force at their expense during the term of this lease and any extension thereof public liability insurance with insurers and through brokers approved by Lessors. Such coverage shall be adequate to protect against liability for damage claims through public use of or arising out of accidents occurring in or around the leased premises, in a minimum amount of \$300,000.00 for each person injured, \$25,000.00 for property damage, and \$300,000.00 for any one accident. The insurance policies shall provide coverage for contingent liability of Lessors on any claims or losses. The policies shall be delivered to Lessors for keeping. Lessees shall obtain a written obligation from the insurers to notify Lessors in writing at least 15 days prior to cancellation or refusal to renew any policy. If the insurance policies are not kept in force during the entire term of this lease or any extension thereof, Lessors may procure the necessary insurance and pay the premium therefor, and the premium shall be repaid to lessors as an additional rent installment for the month following the date on which the premiums were paid by Lessors.

SECTION TWENTY-TWO  
OPTION TO PURCHASE

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Lessors grant to Lessees the option to purchase the demised premises for the sum of \$10,600.00, as Sellers equity, together with the balance due on the note secured by Trust Deed wherein Sidney D. Munjar and Patricia S. Munjar are the Grantors and Ralph D. Hunter is the Beneficiary. The balance due on said note is approximately \$18,635.00 as of March 15, 1988. Lessees may purchase the demised premises at any time during the term of this lease, provided that Lessees are not in default of the terms of the lease agreement. Lessees shall give Lessors not less than 60 days notice in writing of the exercise of this option. The option herein granted is personal to Lessees and may not be assigned, conveyed, or in any way transferred, voluntarily, involuntarily or by operation of law. Any attempt to so transfer this option shall automatically terminate the option.

SECTION TWENTY-THREE  
REPRESENTATION BY ATTORNEY

The parties hereto acknowledge that his lease agreement was prepared by Michael L. Brant, 325 Main Street, Klamath Falls, Oregon solely on behalf of Lessees and that said attorney in no way represents Lessors. Lessors are encouraged to seek independent legal counsel of Lessors choice.

SECTION TWENTY-FOUR  
BINDING EFFECT

The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives, and assigns of the parties hereto, and all covenants are to be construed as conditions of this lease.

IN WITNESS WHEREOF, the parties have executed this lease at Klamath Falls, Oregon, the day, month and year first above written.

LESSORS:

Sidney D. Munjar  
Patricia S. Munjar

LESSEES:

C.D. Esselstyn  
Devin C. Esselstyn

STATE OF OREGON           )  
County of Klamath       ) ss.

Before me this 15<sup>th</sup> day of March, 1988, personally appeared the above-named Lessors, and acknowledged the foregoing instrument to be their voluntary act and deed.

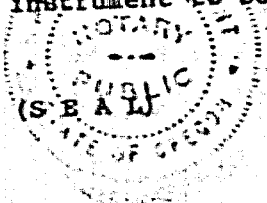
(S. E. A. L.)

Michael L. Brant  
Notary Public for Oregon  
My Commission Expires: 1-21-89

STATE OF OREGON )  
County of Klamath ) ss.

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Before me this 15<sup>th</sup> day of March, 1988, personally appeared the above-named Lessees, and acknowledged the foregoing instrument to be their voluntary act and deed.



Michael L. Brant  
Notary Public for Oregon  
My Commission Expires: 1-21-89

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Michael L. Brant, Attorney at Law the 25th day  
of March A.D. 19 88 at 11:40 o'clock A M., and duly recorded in Vol. M88,  
of Deeds on Page 4174.

FEE \$35.00

Evelyn Biehn, County Clerk  
By Ram Smith

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Return to:

Michael L. Brant  
325 Main  
H. Falls