

(1) **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 \$ 1,000.00 (one thousand and no/100ths), to and from which shall be made the following additions and deductions, to-wit: (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 side walks 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 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 _____ per cent 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.

- (1) The net sum so ascertained shall be the option price on said premises.
- (2) 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 31st day of December, 1990, 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.
- (3) Within ten days from the date of said purchase agreement, the first party agrees to deliver to the second party a policy of title insurance insuring in the amount 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.
- (4) Should second party fail to exercise his said option, the foregoing lease shall continue until terminated pursuant to its terms.

(8) The first party is the owner of said premises and is the manager thereof duly authorized on behalf of the owner to accept service of process and receive and receipt for notices and demands.

(h) 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.

(i) 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, the feminine 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.

(j) In the event of any suit or action on this lease and option agreement, reasonable attorney's fees may be awarded by the trial court to the prevailing party in such suit or action, and on appeal, if any, similar reasonable attorney's fees may be awarded by the appellate court to the party prevailing on such appeal.

(k) First party agrees that second party shall have a right to correct any flaw that may pop up that does not materially change the contract.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands

Red
Marilyn Moore
1136 1/2
Klamath Falls, OR.

Marilyn Moore
First Party
Joe Davis
Second Party

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Marilyn Moore
of June A.D., 19 89 at 12:28 o'clock PM. and duly recorded in Vol. 5th day
of Miscellaneous on Page 9844
FEE \$10.00
Evelyn Biehn, County Clerk
By D. A. Biehn