

THIS AGREEMENT, Made and entered into this 24 day of July, 1989,
 by and between Jo Ann Stoy
 hereinafter called the first party (whether singular or plural), and Timothy Scott Nettles
and Peggy Sue Nettles, 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 City of CLATSOP County of KLAMATH, Oregon, to-wit:

Lot 12 Block 2 of Shasta View Tracts, excepting therefrom the North 64.4 feet, also excepting therefrom the South 5 feet, Klamath County, Oregon.

1438 Patterson St., Klamath Falls, Oregon 97603

known as Box 3330 for a term beginning September 1, 1989, and ending at midnight on August 31, 1992, at and for a rental of \$ 400.00 per MONTH during said term, payable in advance in lawful money of the United States to the order of the first party at the following address Jo Ann Stoy
P.O. Box 3330, Ashland, Oregon 97520, as follows:

Purchase price: \$ 40,000.00 Second party will pay \$ 400.00 a month rent for three years. At the termination of this lease option agreement (three years) and the second party exercises his option to purchase this property, he will be credited with 200.00 per month as down payment totaling \$7,200.00. He will pay the remaining \$32,800 at that time.

The respective parties hereto agree to the following terms and conditions:

(a) At the beginning of this lease, the said premises shall be equipped at first party's expense with electric wiring and plumbing facilities capable of producing hot and cold running water and adequate heating facilities.

(b) The second party expressly agrees to pay said rents at the times and place aforesaid; to use said premises for residential purposes 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 part thereof, or permit any other person to occupy the same without first party's written consent first obtained; to comply 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 (including garbage disposal) used on said premises; to keep said premises, including all exposed plumbing, heating equipment and apparatus at all times in good repair and to pay for all repairs on said premises during 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, cracked or damaged in the windows and doors of said premises with glass of as good or better quality than that now in use; to permit entry to the premises to those persons, at such times, for such purposes and upon such notices as set forth under ORS 91.785; to keep said premises free of all mechanic's liens and upon the expiration of said term, or any termination hereof, to quit and deliver 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 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 foundations of the building on said premises and the sidewalks thereabout in good order and repair; provided, however, that all sums expended by the first party for said purposes shall be reported to the second party in writing within thirty days after each expenditure is made.

(c) In the event of the destruction of the building on said premises from any cause, either party may terminate this lease after ten days written notice of the other, effective as of the date of said destruction; provided, however, that if the damage to said building is more than ten 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 conclusively shall be deemed to have elected not to restore the building, and 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 occupancy of said leased premises shall warrant.

(d) Time is of the essence of this lease and if said rents shall be in arrears for thirty days, or if the second party shall neglect or fail to do or perform any of the covenants herein contained, then the first party, at his option and after proper written notice, may at any time while said default continues terminate this agreement and take possession of said premises in the manner provided in ORS 105.105 to 105.160.

(e) 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 in the manner provided by law by either party hereto.

14700

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

STATE OF OREGON,

County of Jackson

ss.

BE IT REMEMBERED, That on this 27th day of July, 1989,
before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
named

Jo Ann Stoy

known to me to be the identical individual described in and who executed the within instrument and
acknowledged to me that she 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.

Vale L. Clark

Notary Public for Oregon

My Commission expires 01/26/92

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Peggy Sue Nettles the 9th day
of Aug. A.D., 19 89 at 9:21 o'clock AM., and duly recorded in Vol. M89
of Deeds on Page 14698
Evelyn Biehn County Clerk
By Pauline Mullendore

FEE \$18.00
cc 2.00

Return: Peggy Sue Nettles
1438 Patterson
Klamath Falls, Or. 97603