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THIS AGREEMENT, Made and entered into this 7th day of August ,1996 , by and between Daniel Lee Eddy dba Klamath View Estates hereinafter called the first party (whether singular or plural), and Kennyth Padila, 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 Klamath Falls , County of Klamath , Oregon, to-wit:

1 1995 Skyline manufactured home and rights to government of the control of the con of 2 years rent free. gantu (et. Palia)

known as 1663 Greensprings Dr. #10, Klaamth Falls, OR of 7601 beginning 8/15/..., 19.96..., and ending at midnight on 8/15.............................., 19.98., at and for a rental of \$ 618,00 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 1663 Green springs Dr. #37, Klamath Falls, OR 97601 , as follows:

Payments to begin on or before AUgust 15,1996.

TO THE CONTRACT OF THE PART OF

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Second Party to pay lease deposit of \$6,500.00 on or before August 6,1996.

Lease/Option Agreement to expire August 15,1998;on or before such time second party will pay first party a sum in sufficient value to pay in full 1st and 2nd mortgage under said home.
Driginal 1st\$30,734.40 Original 2nd\$16,665.00 Original 1st\$30,734.40

This lease/option agreement is negotiable between first and second parties for payoff of 2nd mortgage only by or on AUgust

The respective parties hereto agree to the following terms and conditions: 15,1998 in favor of first (a) At the beginning of this lease, the said premises shall be equipped at first party's expense with electric wiring and party.

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 lirst party's consent; to make no unlawful or ollensive 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 or permits any waste or strip instead, not to make any anterations or improvements upon said premises or assign this lease of statist said premises or any part thereof, or permit any other person to occupy with 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, au next, ugnt, water, power and other services or unintes (including garoage disposal) used on said premises; to every 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 lirst party hereinafter specifically agrees to make; to keep the root 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 to the said premise and the said premises are to be the could be that now in use to parmit entry to the 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 90.335; to keep said premises free of all mechanics liens and upon the expiration of said term, or any termination hereof, to quit and deliver up said premuses are of all mechanics sens 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 Thinhis (Activity and the same keeping as the same are now in Thinhis (Activity and the same keeping as the same are now in Thinhis (Activity and the same keeping as the same are now in Thinhis (Activity and the same keeping as the same are now in Thinhis (Activity and the same are now in Thinhi

(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

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) The parties hereby agree that this instrument is not a land sale contract, that time is of the essence of this lease, and that 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

it said rents shall be in arrears for ten days, or it the second party shall neglect of an in the or performance of contained, then the lirst party, at lirst party's 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 105.168.

(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 lirst 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.



(f) OPTION TO SECOND PARTY At any time while this lesse is in tull force and ellect, except as hereinafter provided, and second party is not in default in the 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 fol-

lows: The ball and lower the sum of \$.53.900.00...., 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 the first party 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 tire 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 prorate as of the date hereof of taxes, paid by the first party during the liscal 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 1.1.25 a percent per annum from the date hereof to the exercise of this option of the deducted from said basic price, (3) the total regits paid by the second party to the first party under said lease and (6) it, 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 the first party on said building and not previously expended by the first party for its repair or restoration.

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

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(2) Time is of the essence hereof and this option shall be null and void and of no force and effect unless exercised by 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

(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 pice marketable title to the above described premises in first party, subject to building restrictions, soning ordinances, it 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

(4) Should second party fail to exercise this option, the foregoing lease shall continue until terminated pursuant to its

(g) The tirst party is the owner of said premises and first party/Doris ... Jim Woodruff is the manager thereof duly authorized on behalf of the owner to accept saylor of process and receive and receipt for notices and

demands at the following address: 1663 Greensprings Dr. #37 Klamath Falls OR 97601 (h) This lease and option shall bind and jours to the benefit of as the circumstances may require for only the inmediate 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 includes the plural, all gram-

matical changes shall be made so that this instrument shall apply equally to corporations and to individuals.

(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.

> Purchaser will carry full insurance in an amount not less Purchase Price:\$53,900.00 (than balance owing with Danie) 1st Mortgage to South Valley State Bank; debtee DanielEddy in the amount of \$354.00 per month at 11.25% interest. 2nd Mortgage to Daniel Lee Eddy : debtee in the amount of \$264.05 per month, 8 year amort. Space rental agreement to state space rent to begin at current Klamath View Estates rent basis August 15,1998. This price includes utility hookups and \$500.00 landscaping

Property Taxes will be billed to both parties with Daniel Eddy as Leinholder & South Valley State Bank Purchaser will be 100% responsible for taxes as of August 6.1996.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands in duplicate on this, the

day and year first hereinabove written.

THE PROPERTY SECROPHES PRACTICAL ACCEPATES HERALICO COMPONION IN "AS IS" condition & will maint-INE PROPERTY DESCRIBED IN THIS INSTITUTE NAME AND THE PROPERTY IS SUBJECT TO LAND USE LWA AND REGULATIONS, WHICH, IN ARMA OR FOREST ZONES, WAY NOT AUTHORIZE CONSTRUCTION OR STRUCTOR OR STRUCTOR OR STRING OF A RESIDENCE AND WHICH I LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN OSS 30, 300 IN ALL ZONES, BEFORE SKOING OR ACCEPTING THIS INSTRUMENT, THE PRESON ACQUIRING PRETITIES TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DETARTINES TO YER PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DETARTINEST TO YER PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DETARTINEST.

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3777 Butte Street K.Fals, OR9760 First Party's Address

Second Party

N. B. ATRACH FORM OF CONTRACT [see paragraphs (f) and (f2)].

As a form of contract to be attached to the above lesse and option, we recommend Stevens News numbers 704, 705, 706, 840, 845 and 854, one of which will find itself to almost any type of sale and purchase in Oregon.

ADDENDUM

This Addendum is pursuant to Lease/Option Agreement and

Note between Daniel Eddy and Kenneth Padilla .

All requirements of Origonal documents are valid and binding as is Addendum requirments.

- 1) Lendee, Kenneth Padilla, has paid initial payment of \$6.501.00 towards Lease/Option Agreement. Amount due and payable at option date is soley for balalnce due of First and Second Mortgages , (after monthly payments made).Original debt of First and Second Mortgages are as follows: South Valley State Bank\$30,734.40 Daniel Eddy\$16,665.00
- 2) All Rents(PAYMENTS) made by second party during Lease term of Lease/Option Agreement are subject to 11.25% interest which is included in payment amount. These payments are credited to First And Second Mortgage monthly and mrtgage balances will decline accordingly.
- 3) In the event of the demise of either party, all heirs and successors are legally bound to follow the conditions and terms of all agreeements pertaining to First and Second party for Lease/Option to purchase said home.

n Padilla . Lesse mor brotter first

Klamath Falls, Gragon

wile Rddy, Witness

8/7/96

Thase return all cloc's to Cynthin Postlethweit
1515 Mallard Lu.
X. Fall, OK 97601

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| | bs is Addendum requirments. | |
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| Daniel Lee Eddy | or Note 11s OR 97601 , August 5, 1996 , 19 nd severally, promise to pay to the order of | |
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