

NNBE

THIS AGREEMENT, Made and entered into on NOV. 1ST, 2002 : DATE  
 by and between GLORIA & JOHN THOMAS (husband & wife)  
 hereinafter called first party (whether singular or plural), and Raquel Benitez & Felix FERRUANDO MARTINEZ c/c  
 hereinafter called second party:

WITNESSETH: In consideration of the covenants herein contained to be kept and performed by second party, first party does hereby lease to second party the following described premises situated in the City of Klamath Falls, County of Klamath, Oregon, to-wit:

State of Oregon, County of Klamath  
 Recorded 04/08/2003 1:06 PM  
 Vol M03 Pg 21781-82  
 Linda Smith, County Clerk  
 Fee \$ 26.00 # of Pgs 2

Pleasant view tracts, Block 4, Lot 11, #EM, 18724  
 known as 1918 FARGO ST. Klamath Falls, Oregon 97603 for a term beginning NOV 1ST, 2002, and ending at midnight on NOV 1ST, 2012, at and for a rental of \$ 408.00 per MONTH during the lease term, payable in advance to the order of the first party at the following address 1405 Newmark Ave Ste 5 Coos Bay OR 97420, as follows:

TERMS & conditions: 2<sup>nd</sup> party to make payments of \$408.00 per month which includes taxes and insurance. Until paid off. If anything should happen to Mr. or Mrs. Thomas in this period, this property will not be included in their Estate, at that time if anything happens to either of them, 2<sup>nd</sup> party will immediately seek financing to finish paying the balance of Property.

The parties agree to the following terms and conditions:

(a) At the beginning of this lease, the 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) Second party expressly agrees to pay rents at the times and place aforesaid; to use the premises for residential purposes and no other purpose without first party's consent; to make no unlawful or offensive use of the premises; not to suffer or permit any waste or strip thereof; not to make any alterations or improvements upon the premises or assign this lease or sublet the premises or any part thereof, or permit any other person to occupy the same without first obtaining first party's written consent; to comply with all laws, ordinances and regulations of any public authority with respect to the use of the premises; to promptly pay for all heat, light, water, power and other services or utilities (including garbage service\*) used on the premises; to keep the premises, including all exposed plumbing, heating equipment and apparatus at all times in good repair and to pay for all repairs on the premises during the term of this lease, except those which first party hereinafter specifically agrees to make; to keep the roofs of all buildings on and the sidewalks surrounding the premises free of snow, ice, rubbish and debris during the term hereof; not to commit, permit or create any nuisance on the premises; to promptly replace all glass which may be broken, cracked or damaged in the windows and doors of the 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 90.322; to keep the premises free of all mechanic's liens, and upon the expiration of the lease term, or any termination hereof, to quit and deliver up the premises and all future additions to the same, broom-clean, to 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, first party agrees to maintain the exterior walls, gutters, downspouts, unexposed plumbing and foundations of the building on the premises and the sidewalks thereabout in good order and repair, provided that all sums expended by first party for such purposes shall be reported to second party in writing within thirty days after each expenditure is made.

(c) In the event of the destruction of any building on the premises from any cause, either party may terminate this lease after ten days' written notice to the other, effective as of the date of the destruction; provided, however, that if the damage to the building is more than \_\_\_\_\_ per cent of its sound value, first party may or may not elect to restore the building. Written notice of first party's election shall be given to second party within fifteen days after the occurrence of damage. If such notice is not so given, first party conclusively shall be deemed to have elected to not restore the building, and second party forthwith may terminate this lease as of the date of damage. If the damage to the building does not amount to the extent last indicated, or if first party elects to restore the building as aforesaid, then first party shall repair the building with all convenient speed, and during the repairs there shall be such an abatement of rent as the nature of the damage and its interference with the occupancy of the 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 rents shall be in arrears for ten days, or if second party shall neglect or fail to do or perform any of the covenants herein contained, then first party, at first party's option and after proper written notice, may at any time while the default continues, terminate this agreement and take possession of the premises in the manner provided in ORS 105.105 to 105.168.

(e) All repairs, additions, improvements and alterations in and to the premises made by second party shall be and become the property of first party as soon as made. Any holding over by second party after the expiration of this lease shall be deemed a tenancy at sufferance, terminable in the manner provided by law by either party hereto.

(f) First party shall provide second party with one or more working smoke alarms or smoke detectors and working batteries in conformance with applicable law at the time this lease commences. Second party shall test any device so provided at least once every six months and notify first party in writing of any operating deficiency, which first party shall remedy immediately upon receipt of such notice. Second party shall not remove or tamper with any such properly functioning device or remove working batteries from the same.

\*May have to be provided/paid for by first party. See ORS 90.320.

(OVER)

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(g) **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 the performance hereof, first party, for value received, hereby gives and grants unto 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 the premises shall be the sum of \$\_\_\_\_\_, to and from which shall be made the following additions and deductions, to-wit: To the basic price shall be added (1) the aggregate of the sums expended by first party and reported in writing by first party to 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 all buildings on the premises and the sidewalks thereabout; (2) the aggregate of all fire insurance premiums, all taxes and city, county and district liens on the premises paid by 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 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 the basic purchase price at the rate of 8 per cent per annum from the date hereof to the exercise of this option. There shall be deducted from the basic price: (1) the total rents paid by second party to first party under the lease, and (2) if, between the date of this lease and the exercise of this option, any building on the premises has been destroyed or damaged, there shall also be deducted all sums received or receivable by first party from any insurance carried by first party on the premises and not previously expended by first party for repair or restoration.

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

(2) Time is of the essence hereof. This option shall be null and void and of no force and effect unless exercised by second party on or before

NOV. 1ST, 2012

\_\_\_\_\_, at 5:00 P.M. by notifying first party, in writing, of second party's intent to exercise this option. The notice shall be sent to first party's address stated below. Immediately thereafter, the parties hereto, following the formula stated above, shall determine the amount of the purchase price and shall execute and deliver an agreement of sale and purchase in the form attached hereto. Contemporaneously with the delivery of the agreement of sale and purchase, second party shall make the first or down payment stated in the agreement.

(3) Within ten days from the date of the purchase agreement, first party agrees to deliver to second party a policy of title insurance insuring in the amount of the selling price marketable title to the above described premises in first party, subject to building restrictions, zoning ordinances, if any, and any liens or encumbrances against the premises to be assumed by second party in the sale. First party may have a reasonable time to correct any defects of title which may appear.

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

(h) First party is the owner of the premises, and The Second Party

is the manager thereof duly authorized to accept service of process and receive and receipt for notices and demands at the following address: \_\_\_\_\_

1918 Farrar St. Klamath Falls, Oregon 97603

(i) This lease and option shall bind and inure to the benefit of, as the circumstances may require, not only the parties hereto, but also their respective heirs, executors and administrators, the successors and assigns of first party, and, so far as the terms hereof permit assignment, the successors and assigns of second party as well.

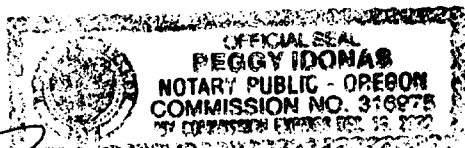
(j) In construing this lease and option agreement, it is understood that any party may be more than one person or a corporation and that, therefore, if the context so requires, the singular includes the plural and all grammatical changes shall be made so that this instrument shall apply equally to corporations and to individuals.

(k) In the event any suit or action is brought to collect any rent due hereunder, to enforce any provision of this lease or to repossess the premises, the losing party agrees to pay such sum as the trial court may adjudge reasonable as attorney fees to be allowed the prevailing party in such suit or action and upon any appeal therefrom.

(l) If premises constructed prior to 1978, see attached Lessor's and Seller's Disclosures of Information on Lead-Based Paint and/or Lead-Based Paint Hazards (Stevens-Ness Form Nos. 504 and 503).

IN WITNESS WHEREOF, the parties have executed this agreement in duplicate on the day and year first written above.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.



Peggy Idonas

• Attach either Stevens-Ness Form No. 704, 706, 708, 840, or 845.

John W. Thomas

Gloria D. Thomas

1705 Newmark Ave #5

Coos Bay, OR, 97420

Felix Fernando Martinez

Felix Fernando Martinez

Second Party