

## LEASE WITH PURCHASE OPTION

BY THIS AGREEMENT made and entered into on

Oct 30, 01 (year), between

Josephine J Heck

herein referred to as Lessor, and

HARRY McIntosh

at 5651 & 5665 Hwy 97 N. herein referred to as Lessee, Lessor leases to Lessee the premises situated  
 in the City of Klamath Falls  
 County of Klamath State of Ore, and more particularly described as follows:

Twp 38 Rnge 9, Block 6 Sec 7, Tract POR

N2N2SW4, acres 4.09, MS X# 201520 + mfd Home  
 together with all appurtenances, for a term of 2 years, to commence on 12-01, 01 (year),  
 and to end on 12-01, 03 (year), at 12 o'clock a.m.

1. **Rent.** Lessee agrees to pay, without demand, to Lessor as rent for the demised premises the sum of  
 Eight Hundred Dollars (\$ 800.00) per month  
 in advance on the 1st day of each calendar month beginning Dec. 2001 (year), payable at

240 Stoner Rd, City of Shelton, Sha  
 Shash - 98584, or at such other place as Lessor may designate.

2. **Security Deposit.** On execution of this lease, Lessee deposits with Lessor

not applicable Dollars (\$ 0), receipt of which is  
 acknowledged by Lessor, as security for the faithful performance by Lessee of the terms hereof, to be returned to Lessee,  
 without interest, on the full and faithful performance by him of the provisions hereof.

3. **Quiet Enjoyment.** Lessor covenants that on paying the rent and performing the covenants herein contained, Lessee  
 shall peacefully and quietly have, hold, and enjoy the demised premises for the agreed term.

4. **Use of Premises.** The demised premises shall be used and occupied by Lessee exclusively as  
 and neither the premises nor any part thereof shall be used at any time during the term of this lease by Lessee for any  
 other purpose. Lessee shall comply with all the sanitary laws, ordinances, rules, and orders of appropriate governmental  
 authorities affecting the cleanliness, occupancy, and preservation of the demised premises, and the sidewalks connected  
 thereto, during the term of this lease.

5. **Condition of Premises.** Lessee stipulates 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.

6. **Assignment and Subletting.** Without the prior written consent of Lessor, Lessee shall not assign this lease, or sublet  
 or grant any concession or license to use the premises or any part thereof. A consent by Lessor 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 Lessor, or an  
 assignment or subletting by operation of law, shall be void and shall, at Lessor's option, terminate this lease.

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

8. **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 willful act or that of his employee, family, agent, or visitor, the premises shall  
 be promptly repaired by Lessor 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 willful act or that of his employee, family, agent, or visitor to the extent that Lessor 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.

**9. Dangerous Materials.** Lessee shall not keep or have on the leased premises anything 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.

**10. Utilities.** Lessee shall be responsible for arranging for and paying for all utility services required on the premises, except that none shall be provided by Lessor.

**11. Maintenance and Repair.** Lessee 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, Lessee 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. Major maintenance and repair of the leased premises, not due to Lessee's misuse, waste, or neglect or that of his employee, family, agent, or visitor, shall be the responsibility of Lessor or his assigns. Lessee agrees that no signs shall be placed or painting done on or about the leased premises by Lessee or at his direction without the prior written consent of Lessor.

**12. Right of Inspection.** Lessor and his 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 building and improvements thereon.

**13. Display of Signs.** During the last not applicable days of this lease, Lessor or his agent 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.

**14. 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 hereafter placed on the demised premises by Lessor, 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.

**15. Holdover by Lessee.** Should Lessee remain in possession of the demised premises with the consent of Lessor after the natural expiration of this lease, a new month-to-month tenancy shall be created between Lessor and Lessee which shall be subject to all the terms and conditions hereof but shall be terminated on n/a days' written notice served by either Lessor or Lessee on the other party.

**16. Surrender of Premises.** At the expiration of the lease term, Lessee 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.

**17. Default.** If any default is made in the payment of rent, or any part thereof, at the times hereinbefore specified, or if any default is made in the performance of or compliance with any other term or condition hereof, this lease, at the option of Lessor, shall terminate and be forfeited, and Lessor may re-enter the premises and remove all persons therefrom. Lessee shall be given written notice of any default or breach, and termination and forfeiture of the lease shall not result if, within 30 days of receipt of such notice, Lessee has corrected the default or breach or has taken action reasonably likely to effect such correction within a reasonable time. Lessee shall pay all reasonable attorneys' fees necessary to enforce lessor's rights.

**18. Abandonment.** If at any time during the term of this lease Lessee abandons the demised premises or any part thereof, Lessor may, at his option, enter the demised premises by any means without being liable for any prosecution therefore, and without becoming liable to Lessee for damages or for any payment of any kind whatever, and may, at his discretion, as agent for Lessee, relet the demised premises, or any part thereof, for the

whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Lessor's option, hold Lessee 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 net rent for such period realized by Lessor by means of such reletting. If Lessor's right of re-entry is exercised following abandonment of the premises by Lessee, then Lessor may consider any personal property belonging to Lessee and left on the premises to also have been abandoned, in which case Lessor may dispose of all such personal property in any manner Lessor shall deem proper and is hereby relieved of all liability for doing so.

**19. 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.

**20. Radon Gas Disclosure.** As required by law, (Landlord) (Seller) makes the following disclosure: "Radon Gas" is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in NA. Additional information regarding radon and radon testing may be obtained from your county public health unit.

**21. Lead Paint Disclosure.** "Every purchaser or lessee of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller or lessor of any interest in residential real estate is required to provide the buyer or lessee with any information on lead-based paint hazards from risk assessments or inspection in the seller or lessor's possession and notify the buyer or lessee of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

**22. Purchase Option.** It is agreed that Lessee shall have the option to purchase real estate known as:

*described on page 1*

for the purchase price of 120,000.00  
with a down payment of 7,500.00

exercise of said purchase option, and with a closing date no later than

must be exercised in writing no later than Jan 2004

effective should the Lessee be in default under any terms of this lease or upon any termination of this lease.

*This is a lease purchase agreement.*

*800.00 payment > 500.00 rent*

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

Dollars (\$ 120,000.00 )  
Dollars (\$ 7,500.00 ) payable upon accumulation  
days thereafter. This purchase option of rent  
(year), but shall not be 300.00  
per mo.

*to accumulate as down payment.*  
*option that is not refundable if not exercised*

*Josephine J. Heck*  
Lessor

*Harry B. [Signature]*  
Lessee

NOTICE: State law establishes rights and obligations for parties to rental agreements. This agreement is required to comply with the Truth in Renting Act or the applicable Landlord Tenant Statute or code of your state. If you have a question about the interpretation or legality of a provision of this agreement, you may want to seek assistance from a lawyer or other qualified person.

