

Lease

with Option to Purchase on Contract of Sale

THIS AGREEMENT, made the 14th day of December, 19 98, Between Virgle Scott and Thomas A. Reeves Jr. (hereinafter called "Lessor"), and (hereinafter called "Lessee"), Witnesseth as follows:

1. The Lessor, in consideration of the rents to be paid and the covenants to be performed by the Lessee, as hereinafter expressed, does hereby Let and Lease to the Lessee for the term of 24 months from and after the 15th day of February, 19 99 all that certain piece or parcel of land and/or real property situated in the City of Gardnerville, County of Douglas, and the State of Nevada, with the commonly known street address of 745 Zassen Way.

2. The Lessee hereby leases said premises for said term and covenants and promises to pay therefor as rent the sum of \$750.00 Dollars down upon the execution and delivery of this agreement, the receipt whereof is hereby confessed, the further sum of \$750.00 Dollars on the March 15th, 19 99, and a like sum on the same date of each and every month thereafter during the term thereof.

3. The Lessor agrees that the Lessee on paying the aforesaid sums of money and performing all the covenants aforesaid shall and may peacefully and quietly have, hold and enjoy the said premises for the term aforesaid.

4. The Lessee further agrees: (a) That he will pay to said Lessor as soon as due the amount of all taxes that may for any purpose be levied or assessed on said premises during said term; (b) That he will pay to the Lessor when due the cost of all insurance that shall be carried during said term on the buildings now or that shall be placed on said premises, the insurance collected in case of loss to be used to repair or replace the damaged buildings; (c) That at his own expense, during the continuance of this Lease, he will keep said premises and every part thereof and all buildings thereon or that shall be placed thereon in as good order and repair, and at the expiration of the term, yield and deliver up the same in as good condition as when taken, reasonable use and wear thereof and damage by the elements excepted, and (d) That he will not assign or transfer this Lease, or sublet said premises or any part thereof, or add to or change said buildings without the previous written assent of the Lessor thereto endorsed hereon;

5. It is understood: (a) That all building, additions and improvements of every kind that shall be placed or make on said premises shall become a part of the premises and remain thereon at the termination of this Lease; (b) That in case any installment of rent, taxes or insurance called for by this agreement be due and unpaid, or if said Lessee shall at any time violate or neglect to fulfill any of the covenants or agreements herein contained, he shall forfeit all right or claim under this agreement, and shall be lawful for said Lessor, his certain attorney, representative, heirs, executors, administrators and assigns, to re-enter into and re-possess the said premises, and the said Lessee, and each and every other occupant to remove and put out, either by summary proceedings to recover the possession of land and/or real property, or other lawful means; (c) That Time is the very essence of this agreement, and that unless this agreement shall in all respects be complied with by the said Lessee at the respective times and in the manner above limited and specified, said Lessee shall lose and be debarred from all rights, remedies and actions both at law and in equity upon or under this agreement, and (d) That if more than one joins in the execution hereof as Lessor or Lessee, or either be of the feminine sex, or a corporation, the pronouns and relative words herein used shall be read as if written in plural, feminine or neuter respectively.

6. The Lessor further agrees: (a) That the Lessee may have the exclusive privilege of purchasing the said premises at any time before the expiration of this Lease, for the sum of \$103,000.00 Dollars, hereinafter referred to as the Original Purchase Price, provided, however, that the Lessee shall be entitled to certain credit upon the Original Purchase Price to be computed as follows:

For the purpose of Computation, the down payment on this Lease, if any, shall be credited on said Original Purchase Price and the balance remaining unpaid shall be referred to as the Net Purchase Price and the next payment of this Lease shall be used for the payment of the interest at 0% per cent per annum on said Net Purchase Price, from date of Lease to date of payment, and the remainder of said payment shall be used to reduce the Net Purchase Price, and thereafter each successive payment that has been made shall be used in the same manner to pay the interest that has accrued since last payment and reduce the said Net Purchase Price. The difference between the Original Purchase Price and the Net Purchase Price at the time shall be known as the Net Credit. \$150.00 a month to be credited towards purchase.

It is understood that in the event that the Lessor shall have paid any taxes or insurance on said property, that in said computation said payments shall be added to the Net Purchase Price and shall draw interest from date of payment the same as the remainder of the Net Purchase Price.

(b) That the Lessee may at any time before the expiration of this Lease Purchase the said premises on a Contract for Sale, for the Original Purchase Price, computed pursuant to the provisions of the preceding paragraph, Provided, However, that a Down Payment of None required Purchase will finance Total Contract (\$) Dollars is made on said Contract at said time. The Lessor further expressly agrees that the difference between the Original Purchase Price and the Net Purchase Price, both computed pursuant to the provision of the preceding paragraph, may be credited as part of the said Down Payment.

7. The said Contract for Sale shall contain the following provisions, and shall also provide for, (a) Monthly payments of N/A Dollars per month, (b) Interest at 0% per cent per annum on all sums from time to time unpaid, (c) Immediate possession by the Purchasers, and Lessee can make any improvements to the property as he so desires.

Landlord and Tenant specifically agree that this lease shall not, is not intended, nor shall is be construed, to violate any of the provisions of the NRS laws of the State of Nevada. If, however, any provision of this lease does in fact reach any such result, then such provision shall be null and void, but the other provisions of this lease shall continue to remain in full force and effect.

The address of the landlord for purposes of payment and for all other purposes is; P.O. Box 167 Sprague River, Oregon 97639

Witness our hands this 14 day of December, 19 98. Signature of Tenant: Thomas A. Reeves Jr. Signature of Landlord: Virgle Scott. THOMAS A REEVES JR. VIRGLE SCOTT. 0474570

STATE OF Nevada
COUNTY OF Douglas

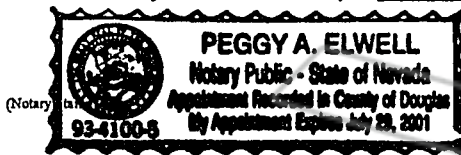
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)
) ss.

General Acknowledgement

On this 14 day of December, 19 98, before me the undersigned, a Notary Public, in and for Douglas County, personally appeared Thomas A. Reeves Jr and Virgil Scott, proved to me, based on satisfactory evidence, to be the person(s) described in and who executed the foregoing instrument, Lease with option to purchase on Contract of Sale who acknowledged to me that ~~he~~ they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

In witness whereof I have hereunto set my hand and affixed my official seal at my office in the County of Douglas, the day and year in this certificate first above written.

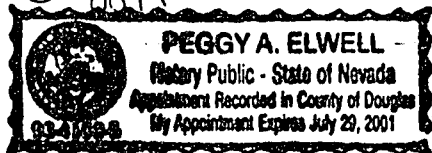
Peggy A. Elwell
NOTARY PUBLIC



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Peggy A. Elwell 12/14/98



REQUESTED BY
Thomas A. Reeves Jr
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA
Connie Reeves
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LINDA SLATER
RECORDER
PAID DEPUTY