

LEASE OPTION AGREEMENT

This **LEASE AGREEMENT WITH OPTION TO PURCHASE REAL ESTATE** (hereinafter referred to as the Lease to Purchase) is made on this 7th day of November, 2014 by and between the following parties:

Anthony and Candice Raelund with The Raelund Family Trust (hereinafter referred to as the Tenant/Buyer); and

Lyn C Rehm, Erick and Keelee Erz (hereinafter referred to as the Landlord/Seller).

In consideration of the mutual promises and covenants herein, the parties hereby agree as follows:

(1) **DESCRIPTION:** The Landlord/Seller agrees to lease, and the Tenant/Buyer agrees to Lease to Purchase the real property and improvements, located at:

960 Rogers Lake Road Kila, MT 59920 (hereinafter referred to as the "Property".)

Legal description: S29, T27 N, R23 W, 17570-2, PARCEL N/A, TR 2 IN NE4NE4

(2) **TERM:** The term of this Lease/Option shall be for a period of **27 months** commencing on **November 14th, 2014**, and ending on **January 30th, 2017**. The Tenant/Buyer must give at least a 30 day notice, prior to the ending date of the lease, to the Landlord/Seller of its intent to terminate this Lease/Purchase, by mailing a written notice to the last provided address of the Landlord/Seller.

(3) **POSSESSION:** Possession shall be delivered by keys and physical possession given to the Tenant/Buyer on **November 14th, 2014**.

(4) **RENT:** Tenant/Buyer agrees to pay the Landlord/Seller the sum of **\$1500** per month, with the first payment (pro-rated at **\$850**) beginning **November 14th, 2014** as rent for the Property, for the term of this Lease/Option, and during any extension thereof. All rental payments shall be due and payable in advance of the 5th day of each and every month. An amount equal to **\$1000** (except for the first pro-rated payment) for each month in which rent was paid, shall be paid in addition to the monthly rent and credited to the Tenant/Buyer and applied to the purchase price of the Property for the Lease to Purchase. Lease is up until **\$30,000** down payment is achieved, then contract shall be transferred to Purchase.

\$5000 payment at signing to be disbursed as:

November prorated rent of **\$850** and **\$4150** as downpayment towards purchase, towards principle.

\$1500 for December 1st payment, Balance of **\$1000** for December principle to be paid within first year of this Lease /Purchase contract.

Any liens or seconds /payment information to be shared with buyer so that buyer can structure how to pay these off.

(5) **LEASE TO PURCHASE:** The Tenant/Buyer, as part of the consideration herein, is hereby granted by the Landlord/Seller the exclusive right, and privilege of purchasing the Property outright by paying the purchase price at any time during the term of this Lease/Purchase or any extension thereof. If the Tenant/Buyer exercises the option to purchase at the end of the lease term, then the Tenant/Buyer will be quit claim deeded to the property and will then be responsible to make a monthly mortgage payment of **\$1,852.47**, which includes taxes and insurance, for a **15-30 year term (current mortgages)** ending **December 31st, 2046**. Any amount paid in addition to the monthly mortgage payment will be applied to the principle of the mortgage. Any increase in property taxes or homeowners insurance will be added to the monthly mortgage payment and will be the Tenant/Buyer's responsibility to pay. Any liens or seconds can be settled by buyer if needed. If they are settled by buyer then the final mortgage payments will be reduced per settlement. No new debt will be incurred on this property by Buyer nor Seller

- (6) **LIQUIDATED DAMAGES:** Should Tenant/Buyer default on this agreement, Landlord/Seller shall keep all monies paid as liquidated damages.
- (7) **COVENANTS OF TENANT/BUYER:** Commencing with entering the term of this agreement, including extensions, the Tenant/Buyer hereby covenants and agrees as follows:
- (A) That the Tenant/Buyer from this date and on will pay all utility charges and bills, including, but not limited to water, sewer, gas, electric, phone, satellite, and internet, which may be assessed or charged against the Property.
 - (B) That the Tenant/Buyer will not use the Property for any unlawful purpose and that the Tenant/Buyer will conform to and obey all laws, ordinances, rules, regulations, requirements and orders of all Federal, State, and Local governmental authorities, agencies, departments, bureaus, boards or officials, respecting the use of the Property; and
 - (C) That the Tenant/Buyer will surrender and deliver up the Property, at the end of the term or any extensions thereof from default by buyer, should the option herein not be exercised, in as good order and condition as the same now exists, reasonable use and natural wear and tear excepted.
- (8) **COVENANTS OF THE LANDLORD/SELLER:** The Landlord/Seller hereby covenants and agrees as follows:
- (A) That the Landlord/Seller shall pay for and maintain fire and extended coverage insurance on the Property.
 - (B) That the Tenant/Buyer is entitled to the quiet enjoyment of the Property without any interference or interruption by Landlord/Seller or its representatives.
- (9) **COSTS OF IMPROVEMENTS:** In the event the Tenant/Buyer exercises the option to purchase set forth in paragraph 4, above, and through no fault of the Tenant/Buyer, the Landlord/Seller fails to convey said Property to Tenant/Buyer in accordance with the terms of this Lease/Option, the Tenant/Buyer, in addition to any other rights which Tenant/Buyer may have in law or equity for the enforcement of Tenant/Buyer's option to purchase, shall be entitled to reimbursement for the cost of all repairs, maintenance, and improvements. To also include all down payments refunded to buyer from seller.
- (10) **FURTHER ENCUMBRANCES:** The Landlord/Seller shall not lease to any other third party, nor to assign, sell, option, transfer, pledge, or otherwise to convey any or all rights or interests had by Landlord/Seller in the Property or in this Lease/Option, nor to further encumber the Property nor allow the same to occur. Violation of this paragraph shall be considered a material breach of this Lease/Purchase. The Landlord/ Seller further agrees to keep all mortgages, liens, taxes, or other encumbrances on the Property, current and in good standing. Tenant/Buyer shall have the right to make payment on same in the event that Landlord/Seller becomes delinquent or otherwise defaults on such payments, and Tenant/Buyer may at its option either reduce its monthly rent in the amount of the payments, or subtract the amount of the payments from the balance due Landlord/Seller at closing of the sale of the Property.
- (11) **ASSIGNMENT:** The Tenant/Buyer may not sublet the Property, and/or assign, sell, transfer, pledge, or otherwise convey any or all rights or interest which the Tenant/Buyer may have in the Property or in this Lease/Purchase.
- (12) **MAINTENANCE AND REPAIRS:** The Tenant/Buyer accepts the Property "as is" on the date of execution of this Lease/Option except for items listed in paragraph 14. As of the effective date, the Tenant/Buyer shall be responsible for all maintenance and repair upon said Property, both interior and exterior. The Tenant/Buyer shall have the right to make such repairs, maintenance, and improvements as Tenant/Buyer shall deem necessary, proper or desirable. The Tenant/Buyer shall pay the costs of all such improvements, except that any electric, plumbing, heating or cooling system that is not in workable condition at the inception of this Lease/Option will be repaired by the Landlord/Seller at its expense within sixty (60) days notice from Tenant/Buyer. If the Landlord/Seller refuses to make such repairs,

Tenant/Buyer will have the option of either voiding this agreement by written notice to the Landlord/Seller or making such repairs and, (a) receiving a reimbursement from the next monthly payment or payments due the Landlord/Seller or, (b) receiving a credit against the purchase price plus interest at 10% per annum from date of payment.

Anthony

(13) **BINDING AGREEMENTS:** The parties hereto agree that this Lease/Purchase comprises the entire agreement of the parties and supersedes all prior written or oral agreements, representations, warranties, negotiations, or understandings. This Lease/Option may not be amended except in a writing executed by all the parties hereto. The parties further represent and warrant that they have not relied on any representations, warranties or statements as an inducement to entering this Lease/Option other than what is expressly written herein. This Lease/Option shall be binding upon the parties, their heirs, executors, administrators, personal representatives, successors, or assigns.

PURCHASE TERMS

(14) **PRICE AND TERMS:** The Tenant/Buyer agrees to pay for said Property the sum of \$269,900 (two-hundred sixty-nine thousand nine-hundred dollars), less any sums for which the Tenant/Buyer is entitled to claim as reimbursement or offset in accordance with this Lease/Purchase; the net sum to be paid in cash, certified check, or cashier's check at closing.

(15) **DOWN PAYMENTS:** The amount of \$5,000, (five-thousand dollars), will be paid by the Tenant/Buyer as a down payment when this Lease Purchase contract is signed, prior to occupancy. Any lump sum payments made in addition to the monthly rent payment will be applied as a down payment. Option to Purchase is enacted at signing of contract.

(16) **INCLUDED IN THIS PURCHASE:** The Property shall also include all land, together with all improvements thereon, all appurtenant rights, privileges, easements, buildings, fixtures, heating, electrical, plumbing, air conditioning fixtures and facilities, window shades, venetian blinds, awnings, curtain rods, screens, storm windows and doors, affixed mirrors, wall-to-wall carpeting, stair carpeting, built-in kitchen appliances, bathroom fixtures, radio and television aeriels, landscaping and shrubbery, water softeners, garage door openers and operating devices, and all utility or storage buildings or sheds, range and refrigerator.

(17) **CLOSING:** The deed shall be delivered and the purchase money shall be paid at a time and place of Tenant/Buyer's choice, no later than 60 days after notification to the Landlord/Seller of the Tenant/Buyer's exercise of full \$30,000 down payment.

(18) **COSTS AND PRORATIONS:** The following items shall be prorated the Landlord/Seller and the Tenant/Buyer as of date of closing: (a) All real estate taxes and assessments; (b) Interest on encumbrances assumed or taken over by Tenant/Buyer.

IN WITNESS WHEREOF,

The parties hereto, have set their hands to this Lease/Option on this 7th day of November, 2014

WITNESS:

Lyn C Rahm

Landlord/Seller - Lyn C Rahm

Erick Enz

Landlord/Seller - Erick Enz

Kaelud Enz

Landlord/Seller - Kaelud Enz

Tenant/Buyer - Anthony Raelud of the Raelud Family Trust

Tenant/Buyer - Candice Raelud of The Raelud Family Trust

