

LEASE WITH OPTION TO PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into on this 21<sup>st</sup> day of March, 1997, by and between Judith [Signature] REVOCABLE LIVING TRUST, DATED \_\_\_\_\_, party of the first part, hereinafter referred to as the Lessor, and EDWARD and MALINDA WRIGHT, husband and wife, doing business as TILLIES, party of the second part, hereinafter collectively referred to as the Lessee,

WITNESSETH:

For and in consideration of the covenants and agreements of the respective parties hereto, herein below set forth, to be mutually kept and performed by the parties hereto, it is agreed as follows:

1. Grant of Lease. The Lessor, for and in consideration of the rents, conditions and agreements hereinafter described and reserved, by the Lessee to be paid, complied with and performed, has leased, let and demised to the Lessee, her heirs and successors and assigns, all of the property more particularly described on the attached Exhibit "A" which is incorporated by reference herein as if set forth at length.

2. Non-Responsibility; Indemnity. Lessee shall immediately record in the office of the County Recorder of the county in which the leased property is located, a proper notice consistent with Section 108.234 of Nevada Revised Statutes, relieving the Lessor from any and all liability or responsibility for any businesses being conducted on the premises, for materials or labor furnished in connection therewith, and/or from any

injuries to persons or damages to property occurring or committed on the property as a result of the activities conducted thereon by the Lessee, his agents, contractors, employees or assigns.

Lessee shall indemnify and defend and hold Lessor harmless against all losses, damages, liens, claims, costs, attorney's fees and expenses, and liability therefor, incurred by Lessor in any way arising as a result of the activities or businesses conducted on the leased premises by the Lessee or resulting from Lessee's occupancy of the leased premises.

3. Authorized Uses. It is agreed that the premises herein leased shall be used by the Lessee to conduct thereon a grocery store. Lessee shall not conduct any activities on said premises not reasonably related to or incidental to such business without first obtaining written consent therefor from the Lessor.

4. Rent. Lessor reserves, and the Lessee promises to pay, as rent for the above-described premises, the sum of TWO THOUSAND DOLLARS (\$2,000) per month, in current, lawful money of the United States of America, commencing on the 1st day of April, 1997, and on or before the first (1st) day of each consecutive calendar month during the term of this lease.

5. Compliance with Labor Laws. Lessee shall promptly pay when due all wages for work done, and shall comply with all laws, both federal and state, pertaining to the type of business being conducted on the leased premises, including, but not limited to, the carrying and maintaining of Nevada Industrial Accident Insurance on employees, and, upon Lessor's request, to provide

written proof of such coverage to the Lessor.

6. Possession; Inspection. During the term of this agreement, and so long as the Lessee performs all of the terms and conditions required herein, Lessee shall have the right to exclusive possession of the leased premises, subject, however, to the permission granted to the Lessor, or his duly authorized agents or representatives, to have access to said premises, during normal business hours, for the purpose of inspecting or examining the same, such entry and inspection to be made and conducted at the sole risk of the Lessor. In the event of an emergency, Lessor shall have the right to enter said premises with or without prior notice to the Lessee.

7. Utilities. The expense of all utilities, including but not limited to water, electricity, propane and garbage removal shall be promptly paid by the Lessee.

8. Maintenance. Lessee acknowledges that the premises have been examined, that the Lessee knows the condition thereof, and that there have been no representations regarding the condition thereof relied upon in the execution of this lease. Lessee shall at all times during the term hereof, or any extensions thereof, keep the entire leased premises, other than the roof and outer walls, in good order and repair, at the sole expense of the Lessee, and that Lessee will at all times, at the sole cost and expense of the Lessee, make all necessary repairs to and/or upon the leased premises, other than the roof and outer walls, including but not limited to repairs to the floor, plumbing, plumbing fixtures, hot

water heaters, space heaters or furnaces, air conditioning units, fuel lines, electrical wiring and similar facilities. Upon the termination of this lease, through lapse of time or otherwise, Lessee shall return the leased premises to the Lessor in as good condition as when received, reasonable ordinary wear and tear thereof and damage from the elements excepted. It shall be the responsibility of the Lessee to replace any plate glass damaged or destroyed during the term of this lease.

Prior to commencing any repairs, alterations or improvements which have been consented to by the Lessor, Lessee shall give Lessor at least three (3) days' notice in writing of the Lessee's intention to commence such repair, alteration or improvement, except in case of emergency, in order to enable Lessor to record in the office of the County Recorder property notice relieving Lessor of any responsibility for labor or materials furnished. Lessee shall indemnify and hold harmless the Lessor from and against the lien claims of any contractors, subcontractors, materialmen, mechanics and laborers for labor performed or materials furnished in addition to all costs and attorney's fees.

Lessor shall maintain the outer walls, excluding plate glass, and the roof of the leased premises during the term of this lease.

However, under no circumstances shall this duty render the Lessor responsible for any damage occasioned by water, snow or ice upon or entering through the roof or any other part of the building or buildings unless the Lessor shall have failed to make needed repairs within a reasonable time after having received written

notice from the Lessee that the roof or outer walls required repair.

9. Landlord's Lien. Lessee hereby grants to the Lessor a continuing landlord's lien, not dependent upon possession, upon all equipment, fixtures, inventory, proceeds and other property brought onto the leased premises by the Lessee, which said lien is granted to the Lessor as additional security for the payment of rents or damages which may become due to the Lessor from the Lessee under the terms of this lease.

10. Conduct of Business. Lessee shall keep the premises occupied as a going business, consistent with paragraph 4 above, and, if the business being conducted thereon is subject to license or permit by the State Division of Health, to maintain the leased premises and to conduct such business in a manner which will merit the maintenance of an "A" rating issued by such Division at all times. A material consideration for the execution of this lease by the Lessor is the Lessee's covenant not to open or have any interest at all in another grocery store in Pioche during the term of this lease with option to buy.

11. Property Taxes. All real and personal property taxes levied or assessed against the property herein leased shall be paid by the Lessor; Lessee shall be responsible for the payment of taxes on all personal property, equipment and stock in trade owned or brought onto the leased premises by the Lessee.

12. Fire Insurance. Lessor shall keep the building or buildings upon the leased premises insured against damage or

destruction by fire with a solvent fire insurance company licensed to transact business in the State of Nevada, to not less than eighty percent (80%) of its insurable value. Lessor shall not be responsible for maintaining insurance against loss by fire on any of the property, inventory or equipment brought onto the premises by the Lessee, and Lessee may, at Lessee's option and expense, insure the same. In the event that said building or buildings shall be damaged by fire to such extent that they can be restored within sixty (60) working days, Lessor shall cause the building or buildings to be restored with the proceeds of said insurance policies and this lease shall continue in effect. During the period of restoration, there shall be an abatement of installments of rent falling due under this lease, unless a portion of said leased premises remains tenantable, in which event, the Lessee shall pay rent in the ratio that the floor area of the tenantable portion bears to the portion rendered untenable. The term of this lease shall be extended for the same period that the rent is abated or suspended. If said building or buildings shall be damaged by fire to such extent that they cannot be restored with the proceeds of said insurance policies, then this lease shall terminate at the option of the Lessor. If the building or buildings can be restored within one hundred twenty (120) working days, and the Lessor elects to restore them with funds additional to the proceeds of insurance policies, the lease shall not be terminated, but Lessor shall proceed with reasonable expedition, and rents shall be abated in whole, or in part, during the period

of restoration as herein above provided.

Lessee shall refrain from any conduct or activity which will result in an increase in hazard or insurance premiums.

13. Public Liability: Property Damage. Lessee shall indemnify and hold harmless the Lessor from the claims, demands and actions of any and all persons whomsoever by reason of any accidents or occurrences at or upon the leased premises causing death or injury to any person or persons, or damage to the property of any person, including attorney's fees, costs and expenses to which Lessor may be put by reason of such claims, demands or actions. In order to effectuate this covenant, Lessee further covenants and agrees, at all times during the term, or extended term, of this lease, to maintain in effect a policy or policies of public liability and property damage insurance in a company or in companies licensed to transact business within the State of Nevada, with minimum limits of coverage of \$300,000 for death or injury to any one person, and with like limits per person, with minimum like limits of coverage for property damage, in which policies of insurance Lessor shall be designated as co-insured as his interest may appear.

Lessee further covenants and agrees to furnish Lessor with certificates of insurance, or duplicate copies of policies issued, and, upon the request of the Lessor, with satisfactory evidence that the premiums upon said policies have been paid and that said policies are in full force and effect. In the event of the default of the Lessee in payment of said premiums, Lessor may, but shall be

under no obligation to, pay said premiums on Lessee's behalf, and, in such event, be entitled to recover the premiums paid, together with interest thereon at the rate of fifteen percent (15%) per annum from the date of payment, from Lessee with the next installment of rent, on the date the next installment of rent shall fall due.

14. Relationship of Parties. All other provisions in this lease contained to the contrary notwithstanding, it is expressly understood and agreed that nothing herein contained shall be deemed to constitute a partnership or a joint venture between Lessor and Lessee, nor shall Lessor become personally liable for any debt or obligation incurred by Lessee in the operation of any of the businesses or activities conducted on the leased premises. If Lessee or any of the Lessee's sub-lessees conduct business activities under a fictitious firm or business name, compliance with the requirement that a certificate of such fictitious firm name be filed as required by law shall be accomplished before the commencement of business.

15. Waste, Nuisances and Unlawful Acts. Lessee shall not commit, or suffer any persons on the leased premises at his invitation or by his permission to commit, waste upon the leased premises, or commit, or suffer any such persons to commit, a public or private nuisance at the leased premises, or commit or suffer or permit any illegal or immoral activities to be carried on at the leased premises. Lessee further covenants and agrees, at all times during the term, or extended term, of this lease, to conduct



business and activities at the leased premises in a lawful manner and in conformity with all applicable laws of the United States and of the State of Nevada, and all ordinances, rules and regulations of the County of Lincoln, and any and all other competent public authority affecting the use or condition of the leased premises.

16. Option to Purchase. For the further and additional consideration of the sum of TEN DOLLARS (\$10), paid by the Lessee to the Lessor, the receipt whereof is hereby acknowledged, the Lessor does hereby give and grant to the Lessee, and to the heirs, successors and assigns of the Lessee, the exclusive right, privilege and option to purchase all of the property herein above described in paragraph 1 for the sum of ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$185,000), in current, lawful money of the United States of America, payable in strict accordance with the following terms:

- A. The sum of TEN THOUSAND DOLLARS (\$10,000) has been deposited with First American Title Company. Upon receipt of a Preliminary Title Report evidencing clear title, said TEN THOUSAND DOLLARS (\$10,000) shall become non refundable and shall be promptly paid to Lessor as consideration for this exclusive option to purchase.
- B. Within thirty (30) days of the execution of this agreement, Lessee shall deposit with First American Title Company the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000) which amount shall be applied by First American Title Company to pay off the unpaid principal balance of the first Deed of Trust on said property, currently held by Nevada Bank and Trust as beneficiary, in the approximate amount of EIGHTEEN THOUSAND DOLLARS (\$18,000). The remaining balance of said TWENTY-FIVE THOUSAND DOLLARS (\$25,000) shall be promptly paid to Lessor as additional consideration for this exclusive option to purchase.
- C. Lessee may exercise this option to purchase at anytime by giving Lessor written notice thereof, at least one

hundred eighty (180) days prior to the expiration date of this Lease.

- D. Upon exercise of said option to purchase, closing shall occur within one hundred eighty (180) days of Lessor's receipt of the notice described in Section C above.
- E. During the period between Lessee giving notice of his exercise of said purchase option and closing, monthly rental payments shall continue as provided in paragraph 4 above.
- F. At closing, the TEN THOUSAND DOLLARS (\$10,000) and TWENTY-FIVE THOUSAND DOLLARS (\$25,000) previously paid by Lessee and any amounts spent by Lessee to repair the deli roof and front door shall apply as a down payment on the purchase price, leaving an unpaid principal balance of approximately ONE HUNDRED FORTY-EIGHT THOUSAND DOLLARS (\$148,000) which amount shall be evidenced by a Promissory Note, secured by a Deed of Trust on said property, payable with interest at nine percent (9%) per annum, in monthly installments of \$ 1275.00, due on the 1st day of each month, for ten (10) years until paid in full. There shall be no penalty for prepayment.
- G. At closing, Lessor shall deliver to Lessee a Grant Bargain Sale Deed conveying clear title to Lessee.
- H. Collection of said Promissory Note shall be made through an escrow account at Nevada Bank and Trust, Caliente, Nevada.
- I. All costs incurred for the exercise of said purchase option shall be split equally between the parties.
- J. Escrow will be held until the quiet title action in this matter is completed by Lessor. If any title problems are not resolved through the quiet title action being completed by Lessor, either party reserves the right to cancel the escrow. Any payment made on rent until that period are non-refundable as is any work performed by either party on the building, holding the other harmless therefrom.

17. **Bankruptcy.** It is agreed that the filing of a petition in bankruptcy by the Lessee, or the adjudication that the Lessee is bankrupt in involuntary proceedings, or an assignment for the

benefit of creditors by the Lessee, or the levy of an execution against the interest of the Lessee in said leased premises to enforce or satisfy any judgment against Lessee not stayed within thirty (30) days by an appeal bond or similar appropriate remedy shall constitute grounds for the Lessor to cancel and terminate this lease agreement, and the Lessee shall thereupon forfeit all of the Lessee's right to occupy the leased premises. Under no circumstances shall this agreement, nor any of the Lessee's rights hereunder, constitute an asset of the estate of the Lessee in bankruptcy or similar proceedings involving the insolvency of the Lessee.

18. Default. In the event that the Lessee shall fail to make payment or payments as herein provided, or shall fail to perform each and every covenant, term and condition as herein provided, the Lessor may, after ten (10) days' notice in writing given to Lessee within which to cure said default or violation, and provided said default has not been corrected during said 10-day period, declare said lease and option to purchase forfeited, canceled and terminated, and enter and repossess all of the property herein leased and optioned, with or without process of law.

19. Notices. Any notice required or permitted to be given hereunder shall be deemed properly given upon delivering the same personally to the party to be notified, or upon mailing such notice, by registered or certified mail, return receipt requested, postage prepaid, to the party to be notified, at the addresses herein above set forth, or such other address as the party to be

notified may have designated prior thereto by written notice to the other. Where the United States mail is utilized to effect service of notice, the date of mailing, plus 5 (8) hours, shall constitute the date of delivery.

20. Interpretation; Construction. The paragraph captions or headings in this agreement are inserted for convenience only, and shall not be considered as a part of this agreement, or used in its interpretation. Such captions in no way define, limit or describe the scope or intent of this agreement and are for reference only. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all other genders.

21. Time of Essence; Inurement. Time is of the essence of this agreement, and the same shall be binding upon and inure to the benefit of all of the heirs, administrators, executors, successors and assigns of the parties hereto.

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

LESSOR:

LESSEE:

*Judith*  
*Judith*  
*ew*  
*new Linda Joseph*  
JUDITH JOSEPH, Trustee  
JUDITH JOSEPH REVOCABLE  
LIVING TRUST

*Edward Wright*  
EDWARD WRIGHT  
*Malinda Wright*  
MALINDA WRIGHT

ACKNOWLEDGMENT

STATE OF NEVADA )  
                          ) ss.  
COUNTY OF LINCOLN )

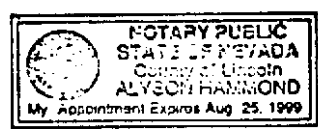
On March 21, 1997, before me, a Notary Public, personally appeared ~~JUDITH~~ JOSEPH, Trustee of the ~~JUDITH~~ JOSEPH REVOCABLE LIVING TRUST, personally known to me to be the person who executed the above instrument, and acknowledged to me that she executed the same for purposes stated therein.

*Alyson Hammond*  
Notary Public

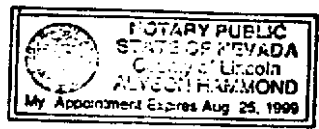
ACKNOWLEDGMENT

STATE OF NEVADA )  
                          ) ss.  
COUNTY OF LINCOLN )

On March 21, 1997, before me, a Notary Public, personally appeared EDWARD WRIGHT and MALINDA WRIGHT, personally known to me to be the persons who executed the above instrument, and acknowledged to me that they executed the same for purposes stated therein.



*Alyson Hammond*  
Notary Public



NO. **105390**  
Filed And Recorded At Request Of  
EDWARD WRIGHT  
MARCH 21, 1997  
At 02 Minutes Past 4 O'Clock  
P M In Book 126 Of Official Records  
Page 381 Lincoln County Nevada.

YURIKO SETZER  
County Recorder  
*Julie Boucher* DEPUTY