

LEASE WITH OPTION TO PURCHASE

1. PARTIES:

This Lease is made and entered into this 1st day of April, 1998, by and between Brentwood Hepworth and Dorothea D. Hepworth (hereinafter referred to as "Landlord") and Arle Brown (hereinafter referred to as "Tenant", dba Mr. B's Service & Repair.

2. PREMISES:

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the "Terms and Conditions" hereinafter set forth, that certain real property and the building and other improvements located thereon situated in the City of Caliente, Lincoln County, State of Nevada, commonly known as #1 N. Spring Street (Company Row), as shown on "Attachment A", and described as:

Lots two (2) and twenty-six (26), of that certain parcel map recorded on July 21, 1987 as Document No. 87240, in Book A, page 275, of Plats Official Records, Lincoln County, Nevada.

(Said real property is hereinafter called the "Premises".)

(b) Premises are leased by Tenant from Landlord on an "AS IS" basis; i.e., Landlord shall not be held responsible to bring the existing building structure, on lot 2, up to any minimum standard or applicable city, county, State or Federal codes, laws, and rules and/or regulations of such. Tenant hereby assumes any and all responsibilities and costs associated with building improvements whether required by governmental code/law/regulation; or, of Tenant himself.

TERMS AND CONDITIONS

3. TERM OF LEASE:

The term of this Lease shall be for 12 months, commencing on the 1st day of April, 1998, and ending on the 31st day of March, 1999.

4. RENT:

Tenant shall pay to Landlord as rent for the Premises, the sum of Two Hundred Fifty Dollars (\$250.00) per month, in advance on the first day of each month during the term hereof. Rent shall be payable without notice or demand and without any deduction, off-set, or abatement in lawful money of the United States to the Landlord at the address stated herein for "Notices" (Article 15); or, to such other persons or such other places as the Landlord may designate to Tenant in writing. Rent is nonrefundable.

5. TAXES:

(a) Real Property Taxes:

Landlord shall pay all real property taxes and general assessments levied and assessed against the Premises during the term of this Lease.

(b) Personal Property Taxes:

Tenant shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of Tenant contained in the premises.

6. UTILITIES:

Tenant shall make all arrangements and pay for all water, sewer, garbage, gas, heat, light, power, telephone and other utility services supplied to the Premises together with any taxes thereon and for all connection charges.

7. ALTERATIONS AND ADDITIONS:

Tenant has Landlord's permission to make necessary alterations, improvements and additions in and about the Premises so as to enable Tenant to conduct a small business enterprise.

8. HOLD HARMLESS:

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by Tenant in or about the Premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising therefrom. Tenant hereby assumes all risk of damage to property or injury to person in or about the Premises.

9. INSURANCE:

(a) Tenant shall purchase a general liability insurance policy in the amount of not less than Five Hundred Thousand Dollars (\$500,000.00), in the which, Landlord is to be named as an additional insured to the policy. Said policy to be in effect during duration of this Lease agreement.

(b) This paragraph constitutes notice to Tenant that Landlord **WILL NOT** carry property insurance coverage on Premises.

Tenant, however, may elect at his own expense to insure the property described in "Premises" (Article 2), if he so desires to insure against his personal losses in case of damage or destruction to his personal property. Tenant absolves Landlord from any and all losses resulting from damage or destruction to Tenant's personal property on Premises.

10. ASSIGNMENT AND SUBLETTING:

Tenant shall not voluntarily or by operation of law assign,

transfer, sublet, mortgage, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent.

11. DEFAULT:

It is agreed between the parties hereto that if any rent shall be due hereunder and unpaid, or if Tenant shall default and breach any other covenant or provision of the Lease, then the Landlord, after giving the proper notice required by law, may reenter the Premises and remove any property and any and all persons therefrom in the manner allowed by law. The Landlord may, at his option, either maintain this Lease in full force and effect and recover the rent and other charges as they become due or, in the alternative, terminate the lease. In addition, the Landlord may recover all rentals and any other damages and pursue any other rights and remedies which the Landlord may have against the Tenant by reason of such default as provided by law.

12. SURRENDER:

On the last day of the term of this Lease, Tenant shall surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear and damage by fire and the elements excepted.

13. HOLDING OVER:

If Tenant, with the Landlord's written consent, remains in possession of the Premises after expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental in the amount of the last monthly rental, plus all other charges payable hereunder, and upon all the provisions of this Lease applicable to such a month-to-month tenancy.

14. BINDING ON SUCCESSORS AND ASSIGNS:

Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition. The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors and assigns.

15. NOTICES:

Whenever under this Lease a provision is made for any demand, notice or declaration of any kind, it shall be in writing and served either personally or sent by registered or certified United States mail, postage prepaid, addressed at the addresses as set forth below:

TO LANDLORD AT: P.O. Box 164; Caliente, Nevada 89008.
TO TENANT AT: P.O. Box 847; Panaca, Nevada 89042.

Such notice shall be deemed to be received within ninety-six (96) hours from the time of mailing, if mailed as provided for in this paragraph.

16. WAIVERS:

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provisions.

17. TIME:

Time is of the essence of this Lease.

18. OPTION TO PURCHASE THE PREMISES:

For a nonrefundable Lease Option Fee sum of Five Thousand Dollars (\$5,000.00), Tenant may exercise the option to purchase the Premises. This money will apply to the purchase if Tenant exercises Option.

As part of the consideration given by Tenant to Landlord for this Lease, Landlord hereby grants to Tenant the option to purchase the Premises, as described previously in "Premises" (Article 2), which shall include the land, building and other improvements thereon.

Tenant shall have the right to exercise said option in accordance with the provisions of this paragraph, so long as Tenant is not in default under the terms of this Lease at the time Tenant exercises the option.

Tenant shall have the right to exercise the option to purchase at any time during the period beginning April 1, 1998 and ending March 31, 1999, by giving the Landlord sixty (60) days written notice at any time prior to March 31, 1999.

The purchase price of the Premises shall be Fifty Thousand Dollars (\$50,000.00). The purchase price shall be payable to Landlord by Tenant at the close of escrow provided for hereinbelow as follows:

The downpayment shall be satisfied in full by the payment of the Lease Option fee, which shall be credited to the total purchase price. The balance of the purchase price is to be arranged for by Tenant.

Landlord shall deliver to Tenant an executed Grant Deed in recordable form conveying the Premises. Title to the Premises shall be conveyed by Landlord to Tenant free and clear of all liens, encumbrances, covenants, conditions, restrictions, easements, and rights-of-way of record, leases or other tenancy agreements, and other matters of record, except (a) current taxes which are liens not yet delinquent, and (b) anything of record or not of record that in any way affects title to the Premises resulting from the acts or omissions of Tenant.

This sale shall be consummated through an escrow with Nevada Bank & Trust located in Caliente, Nevada (or other appropriate institution as Landlord may dictate), which shall be opened within five (5) days after the option notice has been given

The parties hereto have executed this Lease on the date first above written.

LANDLORD:

Brentwood Hepworth
Brentwood Hepworth

Dorothea D. Hepworth
Dorothea D. Hepworth

TENANT:

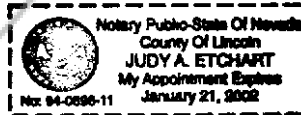
Arle Brown
Arle Brown, dba:
Mr. B's Service & Repair

STATE OF NEVADA)
)
COUNTY OF LINCOLN)

On this 1st day of April, 1998, before me, a Notary Public in and for said County and State, personally appeared BRENTWOOD and DOROTHEA D. HEPWORTH, known to me to be the Landlord, in the above "Lease With Option to Purchase"; and, ARLE BROWN, known to me to be the Tenant in the same above agreement.

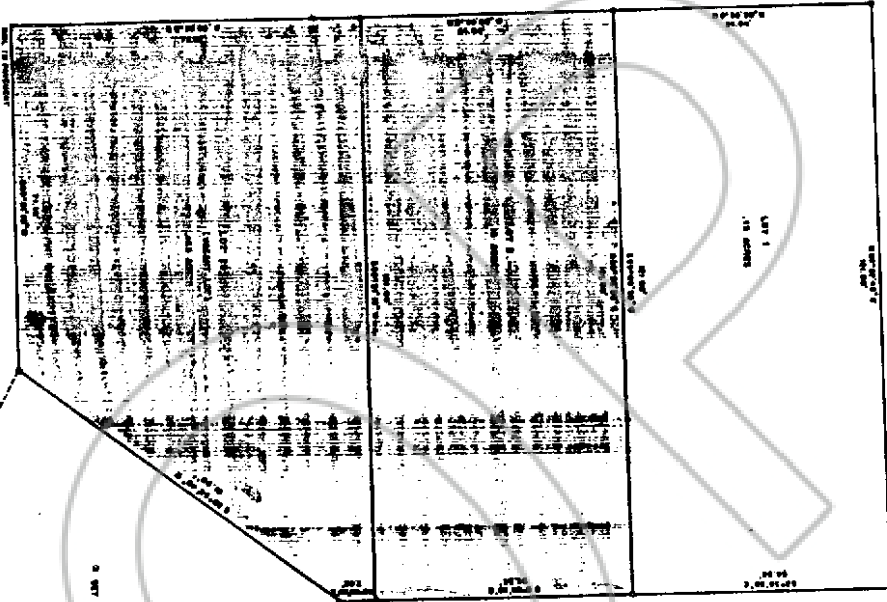
WITNESS my hand and official seal.

Judy A. Etchart
Notary Public in and for
said County and State



ATTACHMENT A

A PORTION OF COMPANY ROW, SE 1/4, NW 1/4, SECTION 8, T4S, R87E, M.D.B. & M.



SURVEYOR'S STATEMENT

Frank C. Hubbe states that he is a Registered Land Surveyor in the State of Nevada, and that this Parcel Map consisting of one sheet accurately and completely delineates a survey made under his direct supervision and completed on July 11th, 1987. That it has been prepared at the instance of STEWART AUCTIONEERS and REAL ESTATE. All monuments are of the character and occur in the positions shown and are sufficient in nature to enable the survey to be retraced. That this survey conforms with the definitions and provisions of the Nevada Revised Statutes 278.471 to 278.475 inclusive.

Frank C. Hubbe, Nevada No. 6498
Registered Land Surveyor

AUTHORIZATION

We, Stewart Auctioneers and Real Estate, acting on behalf of the Small Business Administration, consent to the preparation and recording of this Parcel Map showing the land plotted into parcels and that it conforms to the provisions of the Nevada Revised Statutes 278.471 to 278.475 inclusive.

Henri Stremmel
Authorized Agent

APPROVALS

This Parcel Map is accepted on behalf of the City of Clark,
By *[Signature]*

This *[Signature]*

DATE OF RECORDING: 08/04/1987

TC = 78

Frank C. Hubbe

July 1987

A PARCEL MAP OF A PORTION OF THE SE 1/4, NW 1/4, SECTION 8, T4S, R87E, M.D.B. & M. PREPARED AT THE INSTANCE OF HENRI STREMMEL.

COPY

NO. 110780

FILED AND RECORDED AT REQUEST OF
ARLE BROWN

APRIL 1, 1998

AT 27 MINUTES PAST 4 O'CLOCK

PM IN BOOK 133 OF OFFICIAL

RECORDS PAGE 488 LINCOLN

COUNTY, NEVADA.

YURIKO SETZER

COUNTY RECORDER

BY Gillian Kowich DEPUTY