

## Lease Agreement with Option to Purchase Real Estate

Record Only

This LEASE AGREEMENT WITH AN OPTION TO PURCHASE COMMERCIAL REAL ESTATE (hereinafter referred to as the LEASE/PURCHASE Agreement) is made this 8th day of March, 2017, by and between the following parties:

LORI READ and ERIC READ, LLC, as the TENANT/PURCHASER located at 551 N. Geneva Rd Lindon UT 84042

and

The GIBB FAMILY TRUST, with NADINE GIBB and DUANE GIBB as TRUSTEES (hereinafter referred to as the LANDLORD/SELLER).

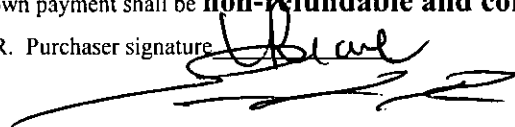
In consideration of the mutual promises and covenants contained hereinafter, the parties hereby agree as follows

(1) **DESCRIPTION:** The LANDLORD/SELLER and the TENANT/PURCHASER agree to lease with the option to purchase the real property and improvements, hereinafter called the **Property**, located at 551 NORTH GENEVA ROAD (AKA 1000W), LINDON, UTAH more fully described as TAX ID 14:053:0048  
(legal description)

*see exhibit "A"*

(2) **TERM:** The term of this LEASE/PURCHASE Agreement shall be for a period of sixty (60) months commencing on 4/1/17, 2017 and ending on 4/1, 2022. The Lease portion of this agreement may be extended one time for 12 months at the sole discretion of the LANDLORD/SELLER by mailing a written notice to the TENANT/PURCHASER at 551 NORTH GENEVA ROAD (AKA 1000W), LINDON, UTAH. Otherwise, Liability for lease payments will end on termination date of this agreement or when TENANT/PURCHASER exercises their option and purchases **Property** at any time after at least 24 monthly payments. Possession of the **Property** shall be given to the TENANT/PURCHASER under the lease portion of this agreement on 4/1/17 (date).

(3) **LEASE:** The TENANT/PURCHASER agrees to pay to the LANDLORD/SELLER, the sum of \$6,000 per month, with the first payment due 4/1/17, 2017, and \$6,000 each month for the term of this LEASE/PURCHASE Agreement (and during any extensions thereof). All LEASE/PURCHASE payments shall be due and payable in advance on the 15 day of each and every month for 60 months for a total amount of \$360,000. However, the TENANT/PURCHASER shall have the right to exercise his Option at any time after 24 monthly payments with the monthly credit towards the purchase price being \$6,000 per month paid. If the LEASE/PURCHASE payments are made as agreed to or as modified in writing by the LANDLORD/SELLER, the total amount of the LEASE/PURCHASE payments will be treated as a down payment on the **Property** by the TENANT/PURCHASER. \$360,000 (or as prorated per month paid) will be applied to the purchase price of the property if, **and only if**, the TENANT/PURCHASER has complied with the terms of the LEASE/PURCHASE Agreement and if they timely exercises their right to purchase Property.

If the TENANT/PURCHASER does not exercise their option to purchase the Property under this agreement, all monthly payments made toward the down payment shall be **non-refundable and considered forfeited** to the LANDLORD/SELLER. Purchaser signature 

(5) **COVENANTS OF TENANT/PURCHASER:** Commencing with and during the term of this agreement, including extensions, the TENANT/PURCHASER hereby covenants and agrees as follows:

- (a) That the TENANT/PURCHASER shall be responsible for any and all repairs, upkeep, and maintenance of the **Property** during the duration of this LEASE/PURCHASE agreement.
- (b) That the TENANT/PURCHASER shall pay for and maintain appropriate insurance on **Property** in



the minimum amounts (1) \$750,000 or replacement cost on the **Property** with LANDLORD/SELLER as beneficiary/Payee, (2) \$500,000 on the contents and personal property with the TENANT/PURCHASER as beneficiary/ Payee, and (3) Liability coverage of \$5,000,000. A copy of the insurance policy shall be provided to the LANDLORD/SELLER.

(c) That the TENANT/PURCHASER shall pay all utility charges and bills, including, but not limited to, water, sewer, gas, oil, and electric, which may be assessed or charged against the **Property**.

(d) That the TENANT/PURCHASER will not use the **Property** for any unlawful purpose; and that the TENANT/PURCHASER 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 TENANT/PURCHASER will be responsible for all licenses and permits legally required to operate his business.

(e) That if the TENANT/PURCHASER does not exercise this option to purchase the **Property**, they will promptly surrender and deliver up the **Property** to the LANDLORD/SELLER in as good of condition as it was in March 2017 with the exceptions of mutually agreed to improvements and reasonable use and natural wear and tear.

(f) That the TENANT/PURCHASER will grant the LANDLORD/SELLER the right to inspect the **Property** when reasonably requested to ensure proper maintenance and upkeep.

(6) **COVENANTS OF LANDLORD/SELLER:** The LANDLORD/SELLER hereby covenants as follows:

(a) That the TENANT/PURCHASER has through this LEASE/PURCHASE agreement express permission to modify and to repair **Property** as needed to fit TENANT/PURCHASER's needs. And that TENANT/PURCHASER is solely responsible for all required permits and licenses.

(b) That the TENANT/PURCHASER shall peaceably and quietly hold, occupy, use, and enjoy the **Property**, without any hindrance, harassment, intimidation, or molestation by the LANDLORD/SELLER or its agent or any person associated in any way therewith.

(7) **BREACH BY TENANT/PURCHASER:** If the TENANT/PURCHASER materially breaches the covenants, agreements, or provisions of this LEASE/PURCHASE, or if the TENANT/PURCHASER shall legally or physically abandon the **Property**; the LANDLORD/SELLER may legally enter into said **Property** and again have, possess, and enjoy the same as if this LEASE/PURCHASE Agreement had not been made. At this point, this LEASE/PURCHASE Agreement and all obligations herein contained on the part of the LANDLORD/SELLER to be done and performed shall cease, terminate and be void, except as set forth in paragraph (8) below. The commencement of a proceeding or suit in forcible entry and detainer or in ejectment, or otherwise after a material breach by the TENANT/PURCHASER, shall be equivalent in every respect to actual entry by the LANDLORD/SELLER.

In the event of a perceived material breach by TENANT/PURCHASER, the LANDLORD/SELLER will give the TENANT/PURCHASER a written demand to cure the material breach within a reasonable time. Before litigating a remedy for such a breach, TENANT/PURCHASER and LANDLORD/SELLER will submit their dispute to mediation.

If the TENANT/PURCHASER is more than 45 days delinquent on any payment and if they do not cure the breach immediately upon written demand by the LANDLORD/SELLER, the TENANT/PURCHASER shall be in default and shall voluntarily vacate the **Property** on written demand by the LANDLORD/SELLER.

(8) **COSTS OF IMPROVEMENTS:** In the event the TENANT/PURCHASER exercises the option to purchase set forth in paragraph (4), above, and through no fault of the TENANT/PURCHASER, the LANDLORD/SELLER fails to convey **Property** to the TENANT/PURCHASER in accordance with the terms of this LEASE/PURCHASE agreement, the TENANT/PURCHASER, *in addition* to any other rights which the TENANT/PURCHASER may have in law or equity for the enforcement of the TENANT/PURCHASER'S option to purchase, the TENANT/PURCHASER shall be entitled to reimbursement for the cost of all approved repairs and improvements.

(9) **FURTHER ENCUMBRANCES:** The LANDLORD/SELLER hereby warrants that the total of the leases, options, mortgages, liens, and any other encumbrances against the **Property**, whether of public record or

not, are as follows:

- (a) There are no liens on the **Property** at the signing of this LEASE/PURCHASE agreement
- (b) There will be no liens or encumbrances by the LANDLORD/SELLER or its agents on the **Property** from March 2017 to March 2022 or until transfer of legal title as described in this agreement.
- (c) Current taxes for 2017 in the amount of \$ 5147, due on HW 30 2017
- (d) **Any other liens or attachments or encumbrances?**

The LANDLORD/SELLER agrees not to lease to another third party, nor to assign, sell, option, transfer, pledge, or otherwise to convey any or all rights or interests had by the LANDLORD/SELLER in the **Property** as covered by this LEASE/PURCHASE agreement if that transaction would increase the liabilities of or infringes on the rights of the TENANT/PURCHASER.

The LANDLORD/SELLER also agrees to not encumber the property nor allow the same to occur during the term of this LEASE/PURCHASE agreement. All third parties are hereby put on notice that any leases, assignments by the LANDLORD/SELLER, liens, options, mortgages, or any other conveyances or transfers occurring subsequent to the date of this LEASE/PURCHASE are subject to the terms of this agreement. The LANDLORD/SELLER further agrees to keep all taxes on the property, current and in good standing. The TENANT/PURCHASER shall have the right to make payments on same in the event that the LANDLORD/SELLER becomes non-current or otherwise defaults thereon and said payments will be deducted from any equity due the LANDLORD/SELLER by TENANT/PURCHASER or recovered from future LEASE/PURCHASE payments due seller.

(This agreement will be recorded—United West Title?)

(10-2) If the TENANT/PURCHASER does not exercise this option to purchase under this agreement, the monthly credit shall be **non-refundable and considered forfeited to the LANDLORD/SELLER.**

(11) **MAINTENANCE AND REPAIRS:** The TENANT/PURCHASER has inspected the **Property** and accepts the **Property** "AS IS" on the date this LEASE/PURCHASE agreement is signed, except for items specifically listed in paragraph 13 herein. The TENANT/PURCHASER shall be responsible for all maintenance of and repair upon **Property**, both interior and exterior. The TENANT/PURCHASER shall have the right to make such repairs, maintenance, and improvements as the TENANT/PURCHASER shall deem necessary, proper, or desirable for his specific business needs. The TENANT/PURCHASER shall be solely liable for payment for all said improvements and shall hold the LANDLORD/SELLER harmless for such repairs and improvements.

Major repairs or improvements that exceed \$ 1000<sup>00</sup> will be made by the TENANT/PURCHASER only after consulting with the LANDLORD/SELLER unless the repair is an emergency and is needed to protect the building or contents.

(12) **BINDING AGREEMENTS:** The parties hereto agree that this LEASE/PURCHASE Agreement comprises the entire agreement between the parties and that no other representation or agreements have been made or relied upon, and that this LEASE/PURCHASE Agreement shall inure to the benefit of and shall be binding upon the parties, their heirs, executors, administrators, personal representatives, successors, and assigns.

(13) **SPECIAL PROVISIONS:**

(a) A TITLE SEARCH will be ordered by the TENANT/PURCHASER: This cost will be borne by the TENANT/PURCHASER unless it is discovered that the LANDLORD/SELLER has an unmarketable title, in which case the LANDLORD/SELLER will reimburse the TENANT/PURCHASER the cost of the search. If the title is unmarketable the TENANT/PURCHASER will then have the option to void this agreement or proceed as agreed herewith.

(b) A WOOD-DESTROYING ORGANISM REPORT will be ordered at the option of the TENANT/PURCHASER within 14 days after execution of this agreement. If live wood-destroying organisms or rotten wood or damage exceeding \$ 1000 is found, the LANDLORD/SELLER agrees to repair and

have treated at its expense. If the LANDLORD/SELLER cannot or will not pay for the repairs and treatment, the TENANT/PURCHASER may elect to do so or void this agreement and receive a rebate for cost incurred.

**OPTION TO PURCHASE TERMS**

(14) **PRICE AND TERMS:** The TENANT/PURCHASER agrees to pay for said property the sum of \$ 1,200,000.00 less any sums for which the TENANT/PURCHASER is entitled to claim a reimbursement or an offset in accordance with this agreement. The net sum may be financed by the LANDLORD/SELLER at its option or paid by TENANT/PURCHASER in cash, or by certified or cashier's check at transfer of title.

If the TENANT/PURCHASER does not exercise this option to purchase under this agreement, the agreed-to-monthly credit shall be **non-refundable and considered forfeited** to the LANDLORD/SELLER.

*James Haggie* (signed)

(15) **INCLUDED IN THE PURCHASE:** The term **Property** in this LEASE/PURCHASE is to be construed broadly and shall include all interest in land, together with all improvements thereon, all appurtenant rights, privileges, easements, buildings, fixtures, heating, electrical, plumbing, and air conditioning fixtures and facilities.

(16) **TITLE:** The LANDLORD/SELLER shall convey marketable title to the **Property** with the above described inclusions, by good and sufficient General Warranty Deed to be held in Escrow under the provisions of this LEASE/PURCHASE agreement when A Leasehold Policy is purchased at some future date by TENANT/PURCHASER. It will be then be recorded to secure and protect the interests of both parties. Recorded Title will be free, clear, and unencumbered except for existing restrictions and easements of record shown in paragraph (9). Title/Deed will be held in Escrow for TENANT/PURCHASER and/or assigns.

(17) **TRANSFER OF TITLE:** when A Leasehold Policy is purchased, the Deed shall be held in Escrow and shall be delivered to TENANT/PURCHASER when the purchase price is paid at United West Title or at another Escrow office of the TENANT/PURCHASER'S choice. Purchase price to be paid no later than sixty (60) days after notification to the LANDLORD/SELLER by the TENANT/PURCHASER that they will exercise this option to purchase **Property** under the terms of the LEASE/PURCHASE Agreement.

(18) **COSTS AND PRORATIONS:** There shall be prorated cost between the LANDLORD/SELLER and the TENANT/PURCHASER, as of date of transfer, the following items: (a) All real estate taxes and assessments; (b) Interest on encumbrances assumed or taken over by the TENANT/PURCHASER with the parties having responsibility for such items as follows:

LANDLORD/SELLER will pay:

TENANT/PURCHASER will pay:

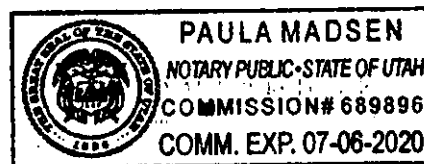
(19) **INSURANCE:** While this LEASE/PURCHASE agreement remains in force and until the date of Transfer of Title, the TENANT/PURCHASER shall maintain adequate insurance upon the property to protect the legal and financial interests of both parties ( See ¶ ). **(T.J. will be consulted to assure this clause for property and liability.)** In the event of loss or destruction in whole or in substantial part of said property, the TENANT/PURCHASER shall have the option to proceed with exercising their option to purchase and accept the insurance proceeds for said damage or to declare this LEASE/PURCHASE null and void. Such declaration will release both parties from any obligations hereunder, except for the return of reimbursable expenses previously paid by the TENANT/PURCHASER which amounts shall become due and payable from the contents insurance proceeds.

(20) In the event this agreement is enforced in court, the prevailing party shall be entitled to recover court costs and attorney fees.

IN WITNESS WHEREOF: the parties hereto, have set their hands to this LEASE/PURCHASE Agreement on this 8th day of March, 2017

WITNESS:

*Paula Madsen*



*Duane Hill*  
LANDLORD/SELLER

TENANT/PURCHASER *Reuel*

*Yadur Hill*  
LANDLORD/SELLER

TENANT/PURCHASER *[Signature]*

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**EXHIBIT "A"**

**14:053:0048**

Commencing North 215.57 feet and West 1768.95 feet from the Southeast Corner of Section 29, Township 5 South, Range 2 East, Salt Lake Base and Meridian; thence South 29'32" West 221 Feet; thence South 85°57'50" West 142.40 feet; thence North 7°53'09" West 223.94 feet North 86°59'21" East 174.85 feet to beginning.