

State of Alabama)
County of Shelby)

RESIDENTIAL LEASE WITH OPTION TO PURCHASE

This Lease (hereinafter the "Lease") made this 3rd day of March, 2005, by and between Gary Monk, hereinafter called "Lessor", and Jason M. and Cherie B. Wergin, hereinafter referred to as "Lessee".

WITNESSETH:

1. **TERM:** That the Lessor does hereby lease and rent unto the Lessee and the Lessee does hereby take as tenant under said lease a single family residence situated at 4037 Cross Grove Circle, Birmingham, Alabama 35242 (hereinafter the "Leased Premises") to be used by the Lessee and his/her family only as a private dwelling and for no other different objects or purposes for and during the term of twelve (12) months and zero (0) days, beginning on the 1st day of April, 2005, and ending on the 1st day of April, 2006.

NOTICE: Any notice provided for herein may be delivered, if by Lessee to Lessor, by mailing the same by Certified Mail to the Lessor, or by hand delivered in person, but such delivery must be acknowledged in writing by Lessor or Lessor's agent at time of such delivery; if by Lessor to Lessee, by serving on Lessee in person or by leaving said notice at or on the leased premises or by mailing said notice to Lessee at the leased premises by ordinary or Certified Mail; and Lessee hereby agrees that any notice addressed to him/her at the above address shall be legal notice the same as if personally served. All notices hereunder must be given in writing and notices not given in writing will be considered void and without effect.

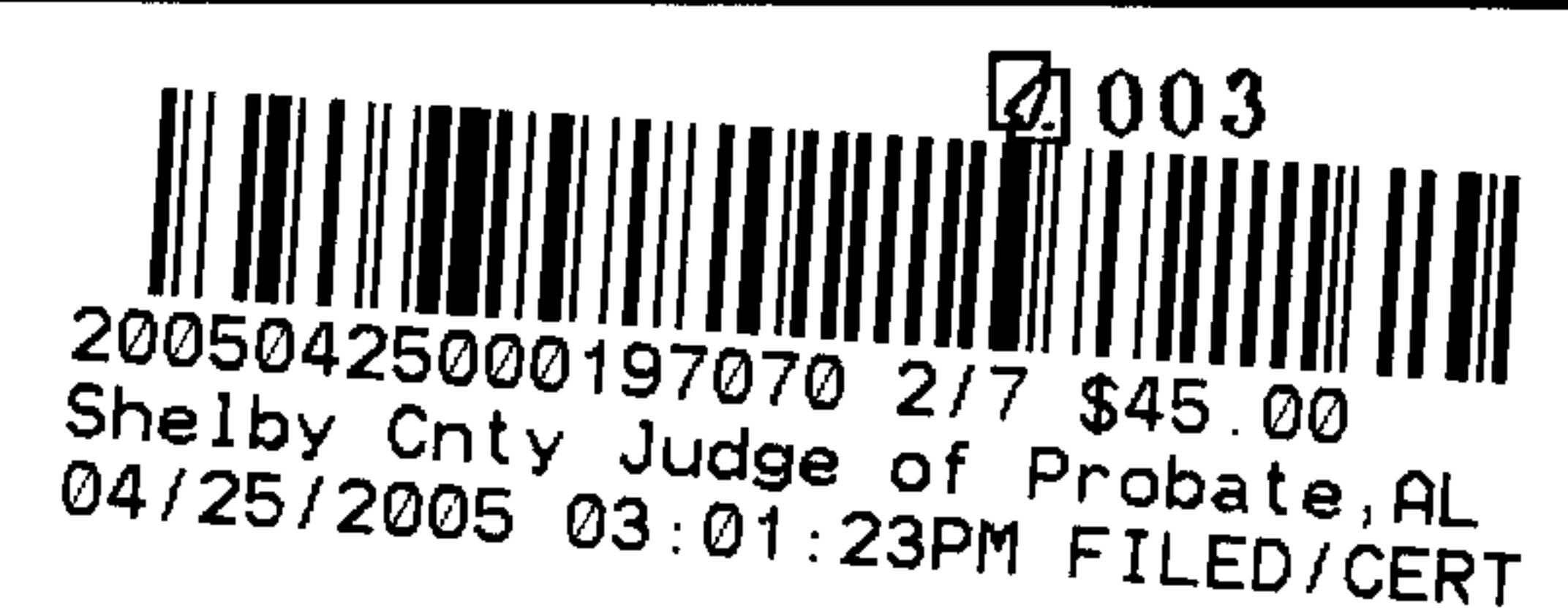
RENT DUE ON FIRST: IN CONSIDERATION WHEREOF the Lessee agrees to pay the Lessor, on the first day of each calendar month of said term, in advance, as rent for the premises the sum of **One Thousand Four Hundred and Ten and No/100 Dollars (\$1,410.00)** per month.

Make Payments to: Gary Monk at 201 Beacon Pkwy West, Suite 205, Birmingham, Ala. 35209.

SERVICE CHARGE AND RETURN CHECK CHARGE:: Lessee further agrees to pay Lessor a service and bookkeeping charge of \$20.00 if the rent is paid after the tenth (10th) day of the month in which the rent is due and/or if a payment accepted as rent or other payment is returned unpaid to Agent for any reason. Legal collection procedure may begin at any time after the first (1st) day of the month.

2. **Security Deposit.** On execution of this Lease, Lessee deposits with Lessor the sum of Seven Hundred and 00/100 Dollars (\$700.00), receipt of which is acknowledged by Lessor, as security for the faithful performance by Lessee of the terms of this lease, to be returned to Lessee, without interest, on the full and faithful performance by him/her of the provisions hereof. The deposit will not be refunded if a) this lease is terminated, or if lessee moves out at any time other than on a renewal or anniversary date of this lease agreement, nor shall such deposit be applied to any other fees due to Lessor, nor to any rent hereunder; or b) lessee fails to surrender possession

Handwritten signatures:
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and all keys to lessor at the time of move out; or c) the premises are not clean and free of all damages. Nothing herein shall be deemed to limit the liability of lessee for damage or cleaning to the premises as it relates to the amount of the deposit and such charges shall not be considered as liquidated damages. If any portion of said deposit is not refunded, lessor will give lessee a written statement of said non-refunded amount and/or said refund within 45 days after vacancy, if provided with a forwarded address by the lessee.

3. Number of Occupants. Lessee agrees that the leased premises shall be occupied by no more than 4 persons consisting of 2 adults and 2 children under the age of 18 years, without the written consent of the Lessor.

4. Utilities. Lessee shall be responsible for arranging and paying for all utility services required on the Leased Premises.

5. Use of Premises. Lessee agrees to use the Leased Premises for a family residence. Lessee further agrees to comply with all sanitary laws, ordinances, rules, and orders of local, state and federal authorities affecting the cleanliness, occupancy, and preservation of the leased premises, and the sidewalks connected thereto, during the term of the lease.

6. Condition of Premises. Lessee stipulates that he/she has examined the leased premises, including the grounds and all buildings and improvements, and that they are, at the time of this lease, in good order, repair, and a safe, clean, and livable condition.

7. POSSESSION: Lessor shall not be liable for the failure to deliver possession of the leased premises, other than to the extent of abatement of rent from the date of the commencement of this lease to the day possession is delivered to Lessee on the rental basis herein set forth and the entering into of this lease shall not be considered as a guarantee or assurance of possession until same is actually delivered.

8. FIRE AND CONDEMNATION CLAUSES: In the event the leased premises are totally destroyed by fire, rain, wind or other cause beyond the control of Lessee, or are condemned and ordered torn down by the properly constituted authorities of the State, County, City, or other authority, then in either of these events the lease shall cease and terminate as of the date of such destruction or condemnation. The rental shall then be accounted for between the Lessor and Lessee up to the time of such damage, taking or destruction of said premises, the Lessee paying up to said date and the Lessor refunding the rents collected beyond said date.

If the leased premises are damaged by fire, rain or wind beyond the control of Lessee, so as to render the same partially untenable or partially unfit for the use of purpose for which the same are hereby let, and are repairable within a reasonable time, then in that event this lease shall remain in full force and effect, and the Lessor shall within a reasonable time restore said premises to substantially the condition the same were in prior to said damages, and there shall be an abatement in rent in the proportion that the damaged portion of the leased premises bears to the whole of said leased premises.

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If the whole or any part of the Leased Premises shall be taken by Federal, State, County, City, or other authority for public use or under any statute, or by right of eminent domain, then when possession shall be taken thereunder of said premises, or any part thereof, the term hereby granted and all rights of the Lessee hereunder shall immediately cease and terminate, and the Lessee shall not be entitled to any part of any award that may be made for such taking, nor to any damages thereof except that the rent shall be adjusted as of the date of such termination of the lease.

9. **SERVICES:** The Lessor shall in no event be liable for damages for stoppage of heat or electricity or water or for the machinery of appliances pertaining to the Leased Premises breaking or getting out of order, or being out of repair. The Lessor or Lessor's Agents or Employees shall in no event be liable for injury to any person or property caused by any defect in the heating, gas, electrical, water or water systems.. The Lessor (including Lessor's Agents or employees) shall in no event be liable to any person for any damages of any nature which may occur at any time on account of any defect in said building, premises, improvements thereon, or appurtenances thereto, whether such exists at the date of this Lease or arises subsequently thereto, or whether such defect was known or unknown at the time of such injury or damage, or for damages from wind, rain or other cause whatsoever, all claims for such injury or damage being hereby expressly waived by Lessee.

10. **SIGNS AND REPAIRS:** Lessor in person or by Agent shall have the right at all reasonable times to enter the leased premises and inspect the same and to show the same to prospective tenants or purchasers. Lessor may make such repairs and alterations as may be deemed by Lessor necessary to the preservation of the leased premises or the building.

11. **PERSONAL PROPERTY:** All personal property placed in the leased premises, or in the store rooms or in any other portion of said building or any place appurtenant thereto, shall be at the risk of Lessee, or the parties owning same, and Lessor and Lessor's Agents or Employees shall in no event be liable for the loss of or damages to such property or for any act or negligence of any employer or of any co-tenants or servants of tenants or occupants or of any other person whomsoever in or about the building.

12. **Maintenance and Repairs.** Lessee will, at this sole expense, keep and maintain the leased premises and appurtenances in good and sanitary condition and repair during the term of this lease and any renewal. In particular, Lessee shall keep the fixtures in the house or on or about the leased premises in good order and repair; keep the furnace clean; keep the electric bells in order; keep the walks free from dirt and debris; and at his sole expense, shall make all required repairs to the plumbing, range, heating, and electric and gas appliances whenever damage shall have resulted from Lessee's misuse, waste, or neglect or that of his employee, family, agent or visitor. Maintenance and repair of leased premises exceeding \$200.00, not due to Lessee's waste, neglect or abuse, shall be the responsibility of Lessor. Lessee agrees that no signs shall be placed or painting done on or about the leased premises by Lessee or at his direction without the prior written consent of Lessor.

13. **Alterations and Improvements.** Lessee shall make no alterations to the buildings on the leased premises or construct any buildings or make other improvements on the premises without the prior written consent of Lessor. All alterations, changes, and improvements built, or placed on the premises by Lessee, with the exception of fixtures removable without damage to the premises and movable personal property, shall, unless otherwise provided by written agreement between

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Lessor and Lessee, be the property of Lessor and remain on the leased premises at the expiration or sooner termination of this Lease.

14. Assignment and Subletting. Without the prior written consent of Lessor, Lessee shall not assign this Lease, or sublet or grant any concession or license to use the premises or any part thereof. A consent by Lessor to one assignment, subletting, concession or license shall not be deemed to be a consent to any subsequent assignment or subletting. An assignment, subletting or license without the prior written consent of Lessor, or an assignment or subletting by operation of law shall be void and shall, at Lessor's option, terminate this lease.


15. Dangerous Materials Prohibited. Lessee shall not keep or have on the leased premises any article or thing of a dangerous, inflammable, or explosive character that might unreasonably increase the danger of fire on the leased premises or that might be considered hazardous or extra hazardous by any party.

16. BREACH, ABANDONMENT, FORFEITURE AND TERMINATION: In the event the Lessee vacates or abandons the leased premises before the expiration of the term whether voluntarily or involuntarily, or violates any of the terms, conditions, or covenants hereof, the Lessor shall have the privilege, at Lessor's option, of re-entering and taking possession of leased premises and let same as agent of Lessee and apply the proceeds received from such letting towards the payment of the rent and/or other charges due by Lessee under this lease and such re-entry and re-letting shall not discharge Lessee from liability for rent nor from any other obligation of Lessee under the terms hereof, or at the option of the Lessor the rent for the entire term shall at once become due and payable and Lessor may proceed to collect the rent for the entire term as if by the terms of this lease the entire rent for the entire term should be made payable in advance or Lessor may at his/her option, re-enter the leased premises and upon giving 24 hours written notice to the Lessee annul and terminate this lease. Such re-entry shall not bar the right to recovery of rent or damages for breach of covenants nor shall the receipt of rent after conditions broken be deemed a waiver of forfeiture. And in order to entitle Lessor to reenter it shall not be necessary to give notice of rent being due and unpaid or of other conditions broken or to make demand for rent, the execution of this lease signed by the parties hereto being sufficient notice of the rent being due and demand for the same, and it shall be so construed, any law, usage or custom to the contrary notwithstanding. Upon Lessee's default under this Lease, including without limitation non-payment of rent, Lessor shall have the right to pursue all available remedies at law and recover all sums due under the lease.

Lessee shall pay a reasonable attorneys' fee and all cost of collection in the event lessor employs an attorney to collect any rents or other charges due hereunder by lessee or to protect the interest of lessor in the event the lessee is adjudged as bankrupt or legal process is levied upon the goods, furniture, effects or personal property of the lessee upon said premises, or upon the interest of the lessee in this lease or in said premises, or in the event the lessee violates any of the terms, conditions or covenants in this lease. Lessee waives any rights to claim personal property as exempt from levy and sale, under the laws of any state of the United States.

18. Surrender of Premises. At the expiration of the lease term, Lessee shall quit and

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surrender the premises hereby demised in as good state and condition as they were at the commencement of this lease, reasonable use and wear thereof, and damages by the elements excepted.

19. Option to Purchase: Lessee shall have the option to purchase the Leased Premises upon the following terms and conditions:

(a) Purchase Price

The total purchase price shall be Two Hundred and Nineteen Thousand Dollars and No/100 (\$219,000.00).

The purchase price shall be paid as follows: \$219,000 at closing, less earnest money of \$25,000.

(b) Option Price: Lessee shall pay Twenty Five Thousand Dollars (\$25,000.00), and other good and valuable consideration, to Lessor for this Option to Purchase the Leased Premises. Lessee's payment hereunder (the "Option Price") shall be non-refundable. \$15,000 of the Option Price shall be payable to Lessor at the time of execution of this Lease. (\$10,000 of the Option Price was tendered by Lessee upon execution and acceptance of the Contract described herein).

(c) Expiration of Option to Purchase: This option may be exercised at any time prior to its expiration at midnight on **March 1, 2006**. Lessee shall not incur any penalty for exercising this Option to Purchase the Leased Premises before the expiration of the Option. Upon expiration of this option to purchase, Lessor shall be released from all obligations under the Lease with respect to Lessee's option to purchase, and all of Lessee's rights under the Lease with respect to such option, legal or equitable, shall cease.

(d) Exercise of Option to Purchase: This option shall be exercised by mailing or delivering written notice to the Lessor, prior to the expiration of this Option. Notice, if mailed, shall be by certified mail postage prepaid and shall be deemed to have been given upon the day shown on the postmark of the envelope in which such notice is mailed. Written notice and payment of earnest money hereunder shall be to: Gary Monk at the above-stated address.

(e) Terms and Conditions of Purchase of Leased Premises: The terms and conditions governing the Lessee's purchase of the Leased Premises are and shall be set forth in the attached Residential Sales Contract (hereinafter the "Contract"), executed by the parties on February 25, 2005. The Contract shall become fully executed and in full force and effect upon the Lessee's exercise of the Option to Purchase.

(f) Closing: Closing shall be within thirty days from the exercise of this Option to Purchase, or as otherwise stated in the Contract or by agreement of the parties in writing.

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(g) **Effect on Lease/Holding Over Prior to Closing:** Lessee's right to purchase the Leased Premises, or his exercise of the option to purchase, or election not to exercise such right, shall not effect the legal validity of this Lease, nor amend, modify or negate any of its terms and conditions. Lessee agrees to be bound by this Lease until either of 1) the expiration of the term of this Lease on April 1, 2006; or 2) the closing of the purchase of the Leased Premises by Lessee and delivery of said premises by Lessor. Notwithstanding anything to the contrary herein, if Lessee and Lessor agree to extend the closing date of the purchase of the Leased Premises and said closing date occurs after the expiration of the term of this Lease, Lessee shall have a month-to-month tenancy during which Lessee shall continue to pay rent under this Lease.

20. Radon Gas Disclosure. As required by law, landlord makes the following disclosure: Radon Gas is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Additional information on radon and radon testing may be obtained from your county public health unit.

21. Lead Disclosure. "Every purchaser or lessee of an interest in residential real property on which residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Lessor of residential real estate is required by law to provide the buyer or lessee with any information on lead-based paint hazards from risk assessments or inspection in the lessor's possession and notify buyer or lessee of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

22. RULES: The rules and regulations printed on this contract of lease are specifically assented to and accepted as a part of this contract of lease. The Lessor shall have the right to change or modify such rules and regulations whenever in the opinion of the Lessor it is necessary or advisable to do so and Lessee, when given written notice from Lessor of such change or modification, shall comply. The Lessor, however, shall not be liable to the Lessee for violation of any of the rules or regulations or the breach of any covenant or condition of any lease by any other Lessee in the building or buildings. Current rules referred to in this section are attached to this Lease as Exhibit A.

23. This Lease includes:

- 1) Exhibit A (Rules of Tenancy)
- 2) Application for Lease

24. Other Provisions.

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THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT. IF YOU DO NOT UNDERSTAND THE LEGAL EFFECT OF ANY PART OF THIS CONTRACT, SEEK LEGAL ADVICE BEFORE SIGNING.

Witnesses:



Gary Monk, Lessor (L.S.)



Jason Wergin, Lessee



Cherie Wergin, Lesse

This Instrument was Prepared by:
Robert H. Sprain, Jr.
Sprain & Associates, P.C.
201 Beacon Parkway, Ste. 317
Birmingham, Ala. 35209

Shelby County, AL 04/25/2005
State of Alabama
Deed Tax: \$16.00