

Residential Rental Agreement

THIS IS A LEGALLY BINDING CONTRACT. YOU ARE ADVISED TO SEEK COUNSEL PRIOR TO SIGNING IT IN THE EVENT YOU FEEL IT TO BE NECESSARY FOR COMPLETE UNDERSTANDING AND COMPLIANCE. THIS PROPERTY IS MANAGED BY AN INVESTOR REPRESENTING HIS INTERESTS AND/OR INTERESTS OF THE OWNER OF THE REAL PROPERTY.

THIS LEASE AGREEMENT is made and entered into this 15 day of November, 2005, by and between Lakes Area Home Buyers, Inc., hereinafter referred to as "Landlord" and Bob Jones and Nancy Jones, hereinafter referred to as "Tenant".

Property Address. Landlord leases to Tenant and Tenant leases from Landlord, upon the terms and conditions contained herein, the dwelling located at 15964 Two Island Ave N St. Paul, MN in the County of Ramsey.

Lease Term. 24 months for the period commencing on the 6 day of September, 2005, and thereafter until November 30 2007, at which time this Lease Agreement shall terminate. Landlord shall not be required to give tenant any notice to vacate after the expiration of the lease term.

Rent. Tenant shall pay as rent the sum of \$ 1195 per month, *due and payable monthly, on the 1st day of the month for which rent is due.* Rent may be mailed through the United States Postal Service at Tenant's risk. Any rents late or lost in the mail will be treated as if unpaid until received by Landlord. It is expressly agreed that timely payments are of the essence. Tenant acknowledges that late payments of rent may cause Landlord to incur costs and expenses, the exact amount of such costs being extremely difficult and impractical to fix. Tenant agrees to pay **a late charge of \$50 if rent is not received by the Landlord by the 5th day of the month regardless of the cause**, including dishonored checks, time being of the essence. Any payments received by landlord will be applied first towards late fees and/or other additional charges, then toward rent. If any of tenant's checks are returned unpaid, landlord shall have the right to demand cash or certified funds on all future payments. Rents shall be mailed attention to Lakes Area Home Buyers, Inc, PO Box 8043, St. Paul, MN 55108.

Occupants. Tenant agrees to use said dwelling as living quarters only for the persons stated above and their minor children, and agrees to pay \$ 1.00 each month for each additional person who shall occupy the premises in any capacity.

Pets. All pets on the property not registered under this Lease shall be presumed to be strays and will be disposed of by the appropriate agency as prescribed by law. Pets are allowed, but must be registered with the management office. Any pets kept on the property without the permission of the landlord in writing shall be a complete and material breach of the lease.

REGISTERED PET #1:
REGISTERED PET #2:
REGISTERED PET #3:

No Assignment. Tenant agrees not to assign this Lease, nor to sublet any portion of the property, nor to allow any other person to live therein other than as named in above without first obtaining express written permission from Landlord and paying the appropriate surcharge. Consent by Landlord to one assignment or subletting shall not be deemed to be a consent to any subsequent assignment or subletting. Further, it is agreed that covenants contained in this Lease,

once breached, cannot afterward be performed, and that unlawful detainer proceedings may be commenced at once, without notice to Tenant.

Enforceability. Should any provision of this Lease be found to be invalid or unenforceable, the remainder of the Lease shall not be affected thereby and each term and provision herein shall be valid and enforceable to the fullest extent permitted by law.

No Waiver. All rights given to Landlord by this Lease shall be cumulative to any other laws that might exist or come into being. Any exercise or failure to exercise by Landlord of any right shall not act as a waiver of any other rights. No statement or promise of Landlord or his agent as to tenancy, repairs, alterations, or other terms and conditions shall be binding unless reduced to writing and signed by Landlord.

Utilities. Tenant will be responsible for payment of all utilities, garbage, water and sewer charges, telephone, gas, association fees or other bills incurred during the term of this Lease. Appliances in the unit are offered in their "as is" condition and not guaranteed. If tenants wish to use the appliances, they agree to assume all responsibility for care and maintenance. In other words, the rental payment specifically EXCLUDES all appliances (i.e., refrigerator, freezer, range, washer, or dryer). Such appliances located at or in the property are there solely for the convenience of the Landlord, who assumes no responsibility for their operation. In the event they fail to function after occupancy is started, the Tenant may have them repaired at no cost to the Landlord or request Landlord to remove them.

Access. Landlord has the right of access to the leased premises during reasonable hours to inspect the property or, at reasonable times, to show property to a prospective tenant, purchaser or mortgagee. Tenants agree that they will not change the locks on any door without first obtaining Owners' written permission. Having obtained permission, they agree to pay for changing the locks themselves and to provide the Owners with one duplicate key per lock.

Insurance. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Renter's Policy of Insurance.

Repairs. Tenant shall be responsible for all repairs, maintenance, costs, service charges, painting, improvements and additions to the property. Landlord will not be responsible for any repairs except as required by landlord under local, state or federal law. Tenant shall take an active role to insure that the property stays in excellent condition. Tenant agrees that he/she has had adequate opportunity to inspect the condition of the property and Landlord makes no warranties or representations about the condition of the property, the improvements, utilities, electrical, plumbing, appliances or any latent defects of property, the improvements, utilities, electrical, plumbing, appliances or the neighborhood. Tenant has the right to paint and decorate the property in his discretion within tasteful guidelines. Tenant will not to make any major alterations to the property without prior written consent of the Landlord. Tenant is required to obtain all necessary permits required by law before commencing improvements. Any work performed on the premises whether by Tenant or other parties shall be as an independent contractor or agent of the tenant and not an employee or agent of Landlord. Tenant further warrants that he will be accountable for any mishaps and/or accidents resulting from such work, and will defend, indemnify and hold the Landlord and Landlord's agents free from claims of any other person or entity. All improvements to the property shall be the property of the Landlord and remain attached and a part of the property when tenant vacates. Tenant shall receive no compensation, credit or rent reduction for work performed and tenant waives any lien for work or materials under applicable state law. Maintenance of the landscaping will also be the Tenant's responsibility. This includes but is not limited to lawn mowing, fertilizing, weed control, and watering as necessary, trimming of bushes and trees, removal of debris from gutters as needed, and the removal of snow and ice. Lawn mowing will require either mulching or bagging and removal of the clippings, and separate edge trimming. If at any time, in the sole opinion of the Landlord, the landscaping is not being maintained to adequate standards, the Landlord reserves the right to hire workmen to complete such maintenance and Tenant hereby agrees to pay for the same.

Smoke Detectors. As part of this tenancy, Tenant shall supply and maintain smoke detector(s), carbon monoxide detector(s) and fire extinguisher(s). Tenant agrees to test smoke detector(s) and carbon monoxide detector(s) on a regular basis and to change batteries as necessary. Tenant agrees that any blockages in plumbing and drains or any broken glass that is not revealed on the inspection and inventory record at time of move in are the full responsibility of the Tenant regardless of cause. Tenant agrees to make a diligent effort to repair any hazardous conditions as quickly as possible.

Default. To further clarify the terms of the lease, the **Tenant shall make certain that rent is received by the Landlord before the 5th day of the month. A notice of non-payment will be served on the tenant if rent is not received by the fifteenth (15th) of the month, regardless of fault of the tenant or the U.S. Postal Service. Notwithstanding the foregoing, the lease will be deemed materially and incurably breached and terminated if the rent and/or any additional rent is not paid by the fifteenth of any month for which rent is due.** The acceptance by Landlord of partial payments of rent due shall not, under any circumstances, constitute a waiver of Landlord, nor affect any notice or legal proceeding in unlawful detainer theretofore given or commenced under state law. If tenant defaults on any other provisions of the lease, including, but not limited to any misrepresentations on tenant's application, Landlord, at his option, can elect to continue the lease or terminate the lease and take possession by any lawful means. Landlord is not required to give any notice to cure a violation of the lease other than as required by law.

Obligations of Persons Under This Lease. If more than one person signs this Lease, each person is fully and personally obligated to keep all of the promises made in this Lease, including the promise to pay the full amount owed. The Lease Holder may enforce its rights under this Lease against each person individually or against all tenants. This means that any one of us may be required to pay all of the amounts owed under this Lease.

Ordinances & Statutes. Tenant shall comply with all municipal, state and federal law, statutes and ordinances, homeowner's association rules, covenants, conditions and restrictions now in effect, or which shall be enacted in the future, and any violation thereof shall be a complete and material breach of the lease.

Legal Action. Tenant agrees, without protest, to reimburse Landlord for all actual and reasonable expenses incurred by way of Tenant's violation of any term or provision of this lease, including, but not limited to landlord's expenses in serving a Notice to Pay, Notice to Quit, Notice to Release or other notice mailed or delivered by Landlord to Tenant due to Tenant's non-payment of rent or other breach of lease, all court costs and attorney's fees and all costs of collection. Any such costs shall be due immediately as "additional rent." Any payments received by landlord will be applied first towards late fees and/or other additional charges, then toward rent. Any and all notices to Landlord should be delivered to 78 S. 6th St SW, #283, Forest Lake, MN 55025.

Waiver of Claims. Tenant hereby waives any and all right to assert affirmative defenses or counterclaims in any eviction action instituted by Landlord with the exception of an affirmative defense based upon payment of all amounts claimed by Landlord not to have been paid by Tenant. Other matters may only be advanced by Tenant in a separate suit within 12 months from the date the tenant vacates the property.

Damage by Fire. In the event that the building is damaged by fire and through no fault of the tenant, and cannot be restored within a reasonable time in the opinion of the Landlord, this lease shall terminate with no further liability of either party.

Merger clause. This agreement shall constitute the full and complete understanding of the parties and supersedes all prior written and oral agreements. There shall be no further additions or changes unless the same is reduced to writing.

Whole Agreement. This document, including all attachments hereto, constitutes the entire agreement between the parties and supersedes any oral or written representations or agreements that may have been made by either party. Tenant represents that he has relied solely on his own judgment, experience, and expertise in entering into this agreement with Landlord. In the event any portion of this contract shall be found to be insupportable under the State Statutes in which the property is located, the remaining provisions shall continue to be valid and subject to enforcement in the courts without exception. In like manner, any obligations of either Landlord\Agent or Tenant which may become law shall be binding on both parties as if included herein. All rights granted to the Landlord\Agent by the Tenant shall be cumulative and in addition to any new law which might come into being. Any exercise, or failure to exercise, by the Landlord\Agent of any right shall not act as a waiver of any other rights.

Lead Paint, Radon Gas, and Asbestos. This property may contain lead in the paint or water supply, which may be harmful to young children. By signing below tenant hereby acknowledges receipt of: a) the brochure entitled "Protect your Family From Lead in Your Home" published by the EPA, and b) the Minnesota Association of Realtors lead disclosure form for housing rental(#421). Understanding the potential dangers of lead poisoning and still wishing to rent these premises, tenant, his family, and his guests hereby agree to hold the Landlord harmless from any possible adverse effects of lead poisoning, or costs incurred in diagnosis and treatment of the same. Radon is a naturally occurring radioactive gas that, when it has accumulated in a residence in sufficient quantities, may present health risks to persons who are exposed to it over a period of time. Levels of radon that may exceed Federal and State guidelines have been found in residences in Minnesota. Tenants acknowledge the risk that radon may be present in the subject premises, and hereby agree to hold the Landlord harmless from any adverse effects of radon poisoning, or costs incurred in the diagnosis and treatment of same. Asbestos is a product commonly used for insulation in buildings constructed prior to 1981. It has been known to present health risks to persons who are exposed to it over a period of time. Tenants acknowledge the risk that asbestos may be present in or about the subject premises, and hereby agree to hold the Landlord harmless from any adverse effects of asbestos poisoning, or costs incurred in the diagnosis and treatment of same.

Additional Terms:

Tenant

Landlord/Lakes Area Home Buyers, Inc.

Tenant