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present time, reasonable wear and use alone excepted.

8. The Landlord shall have no responsibility with respect to the cost of any water, gas, electricity or any other utility bills for services furnished to the premises during the life of this Lease.

9. The Tenant agrees that the Tenant will indemnify the Landlord against all costs, expenses, damages or claims of any nature whatsoever, arising out of any injury or damage sustained by any persons or property of any character whatsoever arising out of the presence of such persons or property upon the premises or caused by any persons living or in possession of the within premises or by their invitees or representatives.

10. The Tenant will be responsible for all ad valorem property taxes. The Tenant shall pay a pro rata share of the ad valorem taxes for the calendar years 1981 and 1986. The Tenant shall obtain insurance in the amount of \$85,000.00 necessary to insure the premises against fire, windstorm and all acts of God. The Tenant shall pay the premium upon such insurance and furnish proof thereof to the Landlord. The Landlord and the Tenant shall be named as insureds as their interest may appear. In the event any damage occurs to the premises covered by proceeds of insurance prior to exercise of the option, then the Tenant may direct that such insurance proceeds be applied upon the purchase price under the option.

11. a. The property is encumbered by a mortgage from the Landlord to American Federal Savings & Loan Association

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