

# COMMERCIAL LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter "Agreement" and/or "Lease") made this \_\_\_\_ day of \_\_\_\_\_, 2005, by and between XXXXXXXXXXXXXXXXXXXXXXXXXXXX, a XXXXX (State) Corporation/Limited Liability Company/Limited Partnership located at XXXXXXXXXXXXXXXXXXXXXXXXXXXX (hereinafter "Lessor") and XXXXXXXXXXXXXXXXXXXX, a individual/XXXX (State) Corporation/Limited Liability Company/Limited Partnership, located at XXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX (hereinafter "Lessee").

## RECITALS

1. Lessor is the owner of a certain building located at XXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXX (hereinafter "Building"), including Unit # or Suite X thereof, consisting of approximately XXXXXXXX square feet (X,XXXXsqft) (hereinafter "Rental Unit" and/or "Premises").

2. Lessee desires to lease the Rental Unit of the Building, together with rights of ingress and egress to parking and use of the common areas.

3. The parties desire to set forth the terms of an agreement wherein the lease of the space may be accomplished.

NOW, THEREFORE, in consideration of the mutual covenants made herein, the parties agree as follows:

## SECTION ONE DEMISE OF PREMISES

Lessor hereby leases unto Lessee for the terms hereinafter stated the Rental Unit as described above, including use of the common entrance area, parking, and bathroom, etc.. to be shared use with other tenants, for use as a XXXXXXXXXXXXXXXXXXXX office and its related services. Occupancy of the Premises shall constitute Lessee's acceptance of said Premise's condition.

## SECTION TWO TERM OF LEASE

The term of this Lease shall be for five (5) years (60 months), commencing upon OPTIONS 1- Xx day of XXXXXXXX, YEAR; OPTION 2- completion of the Lessor improvements as set forth in SECTION FIVE below and on the attached Addendum "A"; OPTION 3- the completion of the construction for the Building and the Rental unit and the City of XXXXXXXX issuing its certificate of occupancy for the Building (hereinafter the "Commencement Date"). Lessor shall take all reasonable steps to deliver possession to Lessee at the beginning of the lease term. If a delay in delivery occurs, Lessee shall have no claim against Lessor, other than rent abatement for the period

of delay. On or before the Commencement Date, Lessee is responsible for changing the utilities (Gas, Power, Telephone, etc..) into Lessee's name as outlined in SECTION SIX, and provide evidence of Insurance, as outlined in SECTION NINE below.

### **SECTION THREE RENT AND SECURITY DEPOSIT**

Lessee agrees to pay monthly a rental price based on the following schedule: **XXXXXXXXXXXXXXXXXXXX (\$X,xxx.xx)** per month for **X,xxx** sqft, or **\$X.xx** per foot, fixed for the first year from the date of this Lease to **\_\_\_\_\_, YEAR**. After which, the rental price per month shall increase by **three percent (3%)** per year beginning on **\_\_\_\_\_, YEAR** and continue to increase on the annual renewal date of the Lease. The first rent payment shall be due and payable to Lessor or its agent at **\_\_\_\_\_** [Lessor's Designated Payment Address] **OPTION 1-** upon the execution of this Lease Agreement; **OPTION 2-** on **Xx**, of **XXXXXXXXXX, YEAR**; **OPTION 3-** beginning upon the Commencement Date as set forth in SECTION TWO above, with final rent payment due sixty (60) months from the Commencement Date of this Lease. Lessor reserves the right to give written notice to change the place wherein payment is to be made each month.

**[OPTIONAL-** Lessee agrees to pay a Security Deposit to Lessor in the amount of **XXXXXXXXXXXXXXXXXXXX (\$X,xxxx)** due and payable upon the execution of this Lease. The Security Deposit shall be held by Lessor without liability for interest and can be commingled with Lessor's other funds unless prohibited by law. If Lessor transfers his interest in Building during the Lease, Lessor may assign his interest in the Security Deposit to the transferee and thereafter shall have no liability in the return of the Security Deposit at the end of the Lease. The release of the Security Deposit upon the termination of this Lease shall be governed under the provisions set forth in SECTION ELEVEN below.]

**[OPTIONAL-** Lessee agrees to pay first and last month's rent upon the execution of this Lease agreement.]

**[OPTIONAL-** Upon the ending of the term of this Lease, Lessee shall have three (3) renewable 2-year term options to renew this Lease, exercisable upon giving sixty (60) days written notice prior to the expiration of the term. Upon renewal of each 2-year option, the Lease rental price shall increase one and one half percent (1.5%) per renewable term.]

Lessee must pay each month's rent no later than the first of each month in advance. After the 5th day of the month, the rent payment will be considered delinquent and be assessed a five percent (5%) penalty or late fee. Lessor shall have optional remedies in the case of non-payment of rent as set forth at SECTION FIFTEEN below.

### **SECTION FOUR**

## **COMMON AREAS AND COMMON COSTS**

During the term of this lease agreement, Lessee shall have the non-exclusive use of all common areas, including, but not limited to, parking lots and spaces, sidewalks, driveways and any other common areas, subject to any reasonable rules, regulations or restrictions imposed by Lessor. [OPTION 1] Lessor shall not provide any specific parking spaces to Lessee or its agents, employees or invitees, but shall provide a reasonable amount of unreserved parking on or around Building \_\_\_\_ with restrictions on public or private use \_\_\_\_ with no restrictions on public or private use. [OPTION 2] Lessor shall provide designated parking spaces for Lessee or its agents, employees or invitees on or around Building \_\_\_\_\_. [OPTION 3] Lessee shall rent \_\_\_\_ number of parking spaces designated as \_\_\_\_\_ and Lessee shall pay to Lessor on the first of each month XXXXXXXXXXXXXXXXXXXXXXXX dollars (\$Xxxx) for the use and reservation of such parking spaces. Failure to timely pay within 5 days shall result in a loss of the reserved parking spaces and forfeiture of parking priority should another tenant in Building desire such parking spaces.

Common Area Maintenance costs (hereinafter "CAM costs") shall be paid by the Lessor and a pro-rata portion charged back to Lessee based on Lessee's Rental Unit square footage compared to the square footage of the Building as a whole. This percentage or share of costs to be borne by Lessee is xxxxx percent (xx%). CAM costs are defined as the costs related to the operation, maintenance, and repair of the common areas inside the building and the outside common area, which expenses include, but are not limited to, utilities, garbage, sewer, water, janitorial costs, maintenance costs, repairs expenses, and supplies.

CAM costs shall be billed at the end of each month by Lessor to Lessee and shall be due and payable upon Lessee's next monthly rent payment. Costs for Insurance as set forth in SECTION NINE and Property Taxes as set forth in SECTION SEVENTEEN shall also be included with the monthly bill for CAM fees and shall be payable under the same terms.

## **SECTION FIVE IMPROVEMENTS, ALTERATIONS, AND ADDITIONS**

[OPTIONAL- As consideration for this Lease, and upon execution of this Lease Agreement. Lessor will provide various Lessor improvements to the Rental Unit and Building as described on Addendum "A".]

[OPTIONAL- No structural changes, alterations, or additions shall be made by Lessee to the demised premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Any structural change, alteration, or addition to or on the demised premises made with the written consent of Lessor shall remain for the benefit of and become the property of Lessor, unless otherwise set forth in the written consent. Lessee shall pay for any tenant improvements that Lessee may desire and must utilize quality materials and perform any and all improvements in a workmanlike manner.]

[OPTIONAL- Lessee, with written consent of the Lessor, may install personal property, equipment, fixtures and other temporary alterations and/or additions to the leased premises in the reasonable pursuit of Lessee's business. Such temporary additions or improvements shall remain the

personal property of Lessee, regardless of the date of acquisition, installation or removal, and shall remain such at the termination of the lease agreement. Lessee shall be responsible for repairs and/or any and all associated costs relating to any damage caused by such additions and/or improvements to the Building.]

Any improvements, alterations or additions, whether performed or instituted by Lessor or Lessee, shall comply with all applicable requirements, permits, inspections, certificates and/or any other authorizations of any governing bodies and shall keep the same in full force for the duration of the lease agreement. If Lessee undertakes any improvements, alterations or additions, with prior written consent of Lessor, Lessee shall pay for any contracts, permits, authorizations, certificates, inspections and/or related costs associated with entering into those contracts and making such improvements and shall keep them in full force and effect through the lease agreement. Any such contracts Lessee negotiates or enters into to have improvements, alterations or additions made to Building shall require the contracting party to guarantee performance and workmanship of the improvements, alterations or additions for a period of \_\_\_\_ year(s) following the date of completion of the project. During the process of construction, whether by Lessee or its contractors, Lessee shall be responsible to provide risk and liability insurance covering the construction of the improvements, alterations or additions and shall be responsible for any risk of loss or damage to Building or improvements during the course and scope of construction with proceeds from aforementioned insurance payable to Lessor. Lessee shall obtain, at the completion of construction instituted by Lessee, a valid occupancy permit and any and all other permits or licenses required to occupy and operate the improvements, additions or alterations.

Both parties shall serve a written notice on the other at least ten (10) days prior to permitting any work involving repairs, (except emergency items or minor repairs) improvements, construction, and the like to be commenced in or on the demised premises.

**[OPTIONAL]**- Lessee, with prior written consent of Lessor, has the right to erect and place signs on and/or around Building in the promotion of its business, subject to applicable zoning laws and private restrictions. Lessor reserves the right to use reasonable discretion in refusing to allow signs that are too large, unattractive or which inhibit or interfere with use of the Building. If no reasonable objection is made by Lessor, Lessor shall cooperate with governmental entities or other organizations in allowing signs to be placed on or around Building in Lessee's behalf. Lessee shall be responsible for any and all costs associated with the development, construction, licensing and erection of such signs, and removal of such signs at the end of the lease, including any damage to Building caused by signs and any other costs associated with restoring Building to its original state.]

## ***SECTION SIX***

### ***MAINTENANCE RESPONSIBILITIES AND UTILITIES***

Lessor's responsibility for maintenance includes garbage removal from the Building, exterior maintenance including roof, landscaping, common area janitorial services and both Rental Unit and common area heating and air condition equipment. The costs for the above maintenance and services, including utilities for the common areas, shall be charged to Lessee as CAM fees under SECTION FOUR above.

Lessee's responsibility for maintenance includes all interior maintenance of the Rental unit, including but not limited to janitorial, garbage removal to the dumpster, light bulbs, carpet cleaning, blinds, and any expense incurred under the normal use and wear of the Rental Unit. All utilities for the Rental Unit, including water, sewer, electricity, gas, telephone, etc.. are to be paid for by Lessee. If any of the aforementioned utility services are not individually metered, Lessor shall pay the monthly balance and shall issue an invoice to Lessee based on Lessee's percentage of use. Lessee shall reimburse Lessor within 15 days of receipt of invoice.

Lessor reserves the right to reasonably prohibit the use of any and all equipment or other devices used by Lessee which may use excessive energy, causing damage to the Building or to other Tenants.

## ***SECTION SEVEN DEFECTIVE CONDITIONS***

**[OPTIONAL-** Lessor shall be liable and responsible for any damage or injury to Lessee or Lessee's property occasioned by any defect of plumbing, heating, air cooling or air-conditioning equipment and ducts, electrical wiring or insulation thereof, gas pipes, or steam pipes, or from broken steps, or from the backing-up of any sewer pipe, or for any such damage or injury occasioned by water being on or coming through the roof, stairs, walks, or any other place on or near the demised premises, unless Lessee neglects or fails to make necessary repairs required of it to be made under SECTION EIGHT below.]

**[OPTIONAL-** Lessee shall be liable and responsible for any damage or injury to Lessor's property and/or Lessor and other tenants in and around the premises, due to any defects in Lessee's equipment or from the operations of its business.]

**[OPTIONAL-** Lessor shall not be responsible for any loss of or damage to Lessee, its agents, employees or invitees, or its property, except as such damage is caused by willful or wanton conduct on the part of Lessor, its agents, employees or principals. Lessor shall be responsible for any damage or loss to Lessee, its agents, employees or invitees, or its property, arising from a defect in the Building which the Lessee gave Lessor adequate written notice regarding and Lessor failed to correct in a timely manner in accordance with other provisions of this lease agreement.]

## ***SECTION EIGHT CASUALTY DAMAGE; REPAIR; ABATEMENT OF RENT***

1. **Use of Partially Damaged Rental Unit.** In the event of partial damage or destruction of the Premises, Lessee shall continue to utilize the Rental Unit for the operation of its business to the extent that it may be practicable to do so from the standpoint of good business.

2. **Right to Terminate on Destruction of Premises Where Damage Exceeds Two-Thirds of Reconstruction Cost.** Either party hereto shall have the right to terminate this Lease if, the Rental Unit is damaged to an extent exceeding two-thirds of the then reconstruction cost of such Rental Unit as a whole; provided that, in such an event, such termination of this Lease shall be affected by

written notice to that effect to the other party delivered within fifteen (15) days of the happening of such casualty causing the damage.

3. **Repairs by Lessor.** If the Rental Unit shall, during the term hereof, be damaged or destroyed by fire or by any other cause whatsoever beyond Lessee's control, Lessor, except as hereinafter otherwise provided, shall, immediately on receipt of insurance proceeds paid in connection with such casualty insurance, but in no event later than thirty (30) days after such damage has occurred, proceed to repair or rebuild the same, including any additions, or improvements made by Lessor or by Lessee with Lessor's consent, on the same plan and design as existed immediately before such damage or destruction occurred, subject to such delays as may be reasonably attributable to governmental restrictions or inability to obtain materials or labor, or other causes whether similar or dissimilar, beyond the control of Lessor. Materials used in repair shall be as nearly like original materials as may then be reasonably procured in regular channels of supply. Whenever a strike, act of God, or cause beyond the power of the party affected to control causes delay, the period of such delay so caused shall be added to the period limited in this lease for the completion of such work, reconstruction, or replacement.

4. **Repairs by Lessee.** Any damage to the Rental Unit or Building caused directly or indirectly by Lessee, its employees, customers, agents or assigns, or by Lessee's negligence shall be paid for and repaired by Lessee. Lessee, except as hereinafter otherwise provided, shall, immediately on receipt of insurance proceeds paid in connection with such casualty insurance, but in no event later than thirty (30) days after such damage has occurred, proceed to repair or rebuild the same, including any additions, or improvements made by Lessor or by Lessee with Lessor's consent, on the same plan and design as existed immediately before such damage or destruction occurred, subject to such delays as may be reasonably attributable to governmental restrictions or inability to obtain materials or labor, or other causes whether similar or dissimilar, beyond the control of Lessor. Materials used in repair shall be as nearly like original materials as may then be reasonably procured in regular channels of supply. Whenever a strike, act of God, or cause beyond the power of the party affected to control causes delay, the period of such delay so caused shall be added to the period limited in this lease for the completion of such work, reconstruction, or replacement.

5. **Reduction of Rent During Repairs.** If the repairs to the Premises are to be paid for by Lessor as set forth in sub-section 3 above, and Lessee continues to conduct its business during the making of repairs, the fixed minimum monthly rental will be equitably reduced in the proportion that the unusable part of the demised premises bears to the whole thereof. Under this same circumstance, no rent shall be payable while the demised premises is wholly unoccupied pending the repair of casualty damage. However, if the damage is caused by Lessee and the repair to be paid for by Lessee as set forth in sub-section 4 above, there shall be no rent abatement in any form or fashion.

6. **Repair or Replacement of Fixtures.** Lessee shall, as soon as reasonably possible, replace or repair all fixtures owned by Lessee in the demised premises which may be damaged or destroyed by fire or any other cause whatsoever.

7. **Lessor and Lessee's Notice of Work to be Performed.** Both parties shall serve a written notice on the other at least ten (10) days prior to permitting any work involving repairs, (except emergency items or minor repairs) improvements, construction, and the like to be commenced in or on the demised premises.

## **SECTION NINE INSURANCE**

1. **Insurance Companies.** All policies of insurance to be kept and maintained in force by the respective parties hereto shall be obtained from good and solvent insurance companies.

2. **Lessee to Obtain Liability Insurance.** Lessee shall, at its own expense, at all times during the term of this Lease, maintain in force a policy or policies of insurance, written by one or more responsible insurance carriers, which will insure Lessor against liability for injury to or death of persons or loss or damage to property occurring in or about the demised premises with a minimum liability coverage of \$1,000,000.

3. **Lessee to Obtain Workmen's Compensation Insurance.** Lessee shall maintain and keep in force all employees compensation insurance required under the laws of the State of **Xxxxxxxx**, and such other insurance as may be necessary to protect Lessor against any other liability to person or property arising hereunder by operation of law, whether such law is now in force or is adopted subsequent to the execution hereof.

4. **Lessor to Obtain Fire and Liability Insurance on Premises.** Lessor shall maintain in force, at all times during the term of this Lease, a policy or policies of general liability and fire insurance to the extent of the insurable replacement value of the demised premises, but not on contents or trade fixtures which shall be Lessee's responsibility to insure. Lessor is not required to maintain insurance policies protecting against thefts within the Building. The cost of this policy or any other insurance policies, instituted by Lessor for the benefit of Lessee or Building, shall be paid by the Lessor and a pro-rata portion charged back to Lessee based on Lessee's Rental Unit square footage compared to the square footage of the Building as a whole. This percentage or share of costs to be borne by Lessee is **xxxxx percent (xx%).**

This insurance cost shall be billed to Lessee on a monthly basis by Lessor with the CAM fees and shall be due and payable upon Lessee's next monthly rent payment as set forth under SECTION FOUR above.

5. **Lessee's Waiver of Casualty Insurance Proceeds.** In the event the demised premises shall be damaged or destroyed by fire, or other casualty so insured against, neither party shall have a claim against the other for any insurance settlement arising out of any such loss where premiums are paid by the other party.

6. **Lessee's Failure to Insure.** Should Lessee fail to keep in effect and pay for such insurance as it is in this section required to maintain, Lessor may do so, in which event the insurance



premiums paid by Lessor shall become due and payable forthwith and failure of Lessee to pay same on demand shall constitute a breach of this Lease.

7. **Damage Caused by Negligence of Lessee.** If any part and/or all of the Building is destroyed by fire or other casualty caused by or resulting from negligence or acts of Lessee, its agents, employees or invitees, Lessee shall be responsible for costs of repair not covered by insurance. Lessee is additionally responsible for timely payment of full rent in accordance with the lease agreement while the repairs to the Building are made.

## ***SECTION TEN TRANSFER OR PLEDGE OF LEASEHOLD INTEREST***

Lessee shall not assign this Lease or any interest therein, or sublet the demised premises or any part thereof, or license the use of all or any portion of the demised premises or business conducted thereon or therein, or encumber or hypothecate this lease, without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld; and any assignment, subletting, licensing, encumbering, or hypothecating of this Lease without such prior written consent shall, at the option of Lessor, terminate this Lease. If Lessee is a corporation or partnership any change in ownership of more than fifty percent (50%) during the term of this Lease shall constitute a prohibited assignment under this section.

## ***SECTION ELEVEN SURRENDER OF PREMISES***

Lessee shall, at the termination of this Lease, vacate the demised premises in as good condition as they were at the time of entry thereon by Lessee, except for reasonable use and wear thereof, acts of God, or damage by casualty beyond the control of Lessee, and on vacating shall leave the demised premises free and clear of all rubbish and debris. Lessee shall repair any damage occasioned by removal of equipment or trade fixtures. [OPTIONAL- If Lessee has paid a Security Deposit to Lessor, the following expenses shall be charged against the Security Deposit before any balance of said Deposit is returned to Lessee: (1) any costs incurred by Lessor in order to remove rubbish and debris from the premises, (2) costs to make repairs over and above the reasonable use and wear of the premises, and (3) any outstanding rent payments or late fees. Any remaining Security Deposit balance shall be returned to the Lessee within thirty (30) days upon the termination of this Lease or Lessee vacating the Rental Unit.]

## ***SECTION TWELVE INDEMNIFICATION OF LESSOR***

1. **Liens and Encumbrances.** Lessee shall indemnify Lessor and the premises herein demised and all improvements placed thereon against all claims, liens, claims of lien, demands,



charges, encumbrances, or litigation arising directly or indirectly out of or by reason of any work or activity of Lessee on the demised premises and shall forthwith and within fifteen (15) days after the filing of any lien of record fully pay and satisfy the same, and shall reimburse Lessor for all loss, damage, and expense, including reasonable attorney's fees, which it may suffer or be put to by reason of any such claims of lien, demands, charges, encumbrances, or litigation.

In the event Lessee shall fail to pay and fully discharge any claim, lien, claim of lien, demand, charge, encumbrance, or litigation, or should proceedings be instituted for the foreclosure of any lien or encumbrance, Lessor shall have the right, at its option, at any time after the expiration of such fifteen-day period, to pay the same or any portion thereof, with or without the costs and expenses claimed by such claimant, and in making such payment, Lessor shall be the sole judge of the legality thereof. All amounts so paid by Lessor shall be repaid by Lessee to Lessor on demand, together with interest thereon at the rate of eighteen percent (18%) per annum from the date of payment by Lessor until repayment is fully made. The rights conferred upon Lessor by this Section shall be exercised in a reasonable manner.

2. **Personal Injuries; Violation of Law.** Lessee shall indemnify Lessor and the demised premises against any cost, liability, or expense arising out of any claims of any person or persons whatsoever by reason of the use or misuse of the demised premises, parking area, or common facilities by Lessee or any person or persons holding under Lessee, and shall indemnify Lessor against any penalty, damage, or charge incurred or imposed by reason of any violation of law or ordinance by Lessee or any person or persons holding under Lessee, against any costs, damages, or expense arising out of the death of or injury to any person or persons holding under Lessee. Notwithstanding the above, Lessee shall not be responsible to indemnify Lessor, absent of showing of Lessee's negligence, or willful misconduct.

### ***SECTION THIRTEEN SUBORDINATION OF LEASE***

Lessee shall execute any instrument permitting any mortgage or deed of trust to be placed on the demised premises or any part thereof as security for any indebtedness, and subordinating this Lease to such first mortgage or trust deed, if required to do so by the secured party. Lessee shall from time to time be required to make recorded statements certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that modified Lease is in full force and effect), that rent payments to Lessor have regularly been made at the agreed upon amount stated in the Lease and any other requirements reasonably requested by Lessor. If Lessee fails to promptly cooperate in supplying any instrument required by Lessor, Lessor reserves the right to act as Lessee's attorney-in-fact to execute such instrument on behalf of Lessee.

### ***SECTION FOURTEEN LESSOR'S RIGHT OF INSPECTION***

Lessor shall have access to the demised premises, and each part thereof, during Lessee's regular business hours for the purpose of inspecting the same, making repairs, and posting notices which Lessor may deem to be for the protection of Lessor or the demised property, so long as Lessor does not unreasonably interfere with the management and productivity of Lessee's business.

## ***SECTION FIFTEEN LESSEE'S DEFAULT***

1. **Lessor's Right to Repossess, Operate, or Relet.** If the rent or other charges to be paid hereunder by Lessee, or any part thereof, are not paid when due and shall remain unpaid for a period of fifteen (15) days, or if Lessee shall fail to promptly perform any other covenant, condition, or provision by it to be performed hereunder and such failure shall continue for a period of thirty (30) days after notice in writing specifying the nature of such failure, or if Lessee abandons the demised premises, then, and in any such event, Lessee shall be deemed to be in default and Lessor, without further notice may, at its option in an effort to mitigate its damages, re-enter and take possession of the demised premises, including all improvements thereon and fixtures and equipment located at, in, or about the same, and take operate, or relet the same in whole or in part on the account of Lessee at such rental and on such agreement and conditions and to such tenant or tenants as Lessor in good faith may deem proper. Lessor shall receive all proceeds and rent accruing from such operation or reletting of the demised premises or fixtures and equipment and shall apply the same first to the payment of all costs and expenses incurred by Lessor in obtaining possession and in operation or reletting of the demised premises or fixtures and equipment, including reasonable attorney's fees, commissions, and collection fees, and any alterations or repairs reasonably necessary to enable Lessor to operate or relet the premises or fixtures and equipment and to the payment of all such amounts as may be due or become payable under the provisions of this Lease, and the balance remaining (after collection of rent from other tenants, if any) at the expiration of the full term of this Lease, or on the sooner termination thereof by written notice of termination given by Lessor to Lessee, shall be paid over to Lessee.

2. **Repossession or Reletting Not a Termination; Lessor's Right to Terminate Not Forfeited.** No re-entry, repossession, operation, or reletting of the demised premises or of fixtures and equipment shall be construed as an election by Lessor to terminate this Lease unless a written notice of such intention is given by Lessor to Lessee, and notwithstanding any such operation or reletting without terminating this Lease, Lessor may at any time thereafter elect to terminate this Lease in the event at such time Lessee remains in default hereunder.

3. **Lessee's Obligation to Pay Deficiencies.** In the event the proceeds or rentals received by Lessor under the provisions of this section are insufficient to pay all costs and expenses and all amounts due and becoming due hereunder, Lessee shall pay to Lessor on demand such deficiency as may from time to time occur or exist.

4. **Lessor's Right to Perform Lessee's Duties at Lessee's Cost.** Notwithstanding any provision as to notice contained in this Lease, if in the judgment of Lessor the continuance of any

action by Lessee that would, but for notice, be considered a default (other than for the payment of money) will jeopardize the premises or the rights of Lessor, Lessor may, without notice, elect to perform those acts in respect of which Lessee is in default, at the expense of Lessee, and Lessee shall thereupon reimburse Lessor, with interest at the rate of eighteen percent (18%) per annum, on ten days' notice by Lessor to Lessee.

5. **Lessor's Right to Terminate Lease.** In the event of Lessee's default as stated herein, Lessor may, at its option, without further notice, terminate this Lease and any and all interest of Lessee hereunder, and may thereupon immediately re-enter and take possession of the demised premises.

6. **Lessor's Right on Termination to Recover Amount Equal to Rent Reserves.** If this Lease is terminated by Lessor by reason of any default by Lessee, Lessor shall be entitled to recover from Lessee, at the time of such termination, the excess, if any, of the amount of rent reserved in this Lease for the balance of the term thereof over the then reasonable rental value of the premises for the same period. It is agreed that the "reasonable rental value" shall be the amount of rental which Lessor can obtain as rent for the remaining balance of the term to a tenant who is not affiliated with Lessor, based upon the appraised fair rental value.

7. **Lessor's Remedies Cumulative.** Each and all of the remedies given to Lessor in this Lease or by law shall be cumulative, and the exercise of one right or remedy by Lessor shall not impair its right to exercise any other right or remedy.

8. **Lessee's Waiver of Claims Against Lessor.** Lessee hereby waives all claim or demand for damages that may be caused by Lessor in re-entering and taking possession of the demised premises as hereinbefore provided, and all claim or demand for damages which may result from the destruction of or damage to the demised premises and all claim or demand for damages or loss of property belonging to Lessee or to any other person, firm, or corporation as may be in or on the premises at the time of such re-entry.

9. **Limitation of Notice Period by Governmental Order.** Notwithstanding any provision as to notice in this section, if Lessee is required to comply with any governmental regulation or order within a period of less than that to which Lessee would otherwise be entitled to notice, Lessee shall not be entitled to notice beyond the period within which such compliance may be required by such regulation or order.

## ***SECTION SIXTEEN QUIET ENJOYMENT***

Lessor covenants and agrees with Lessee that upon Lessee paying the rent and observing and performing all the terms, covenants, and conditions, on Lessee's part to be observed and performed, Lessee may peaceably and quietly enjoy the premises hereby demised.

## ***SECTION SEVENTEEN TAXES***

Lessor shall be responsible to pay all real property taxes and assessments assessed against the Building. The cost of for these taxes shall be paid by Lessor and a pro-rata portion charged back to Lessee based on Lessee's Rental Unit square footage compared to the square footage of the Building as a whole. This percentage or share of costs to be borne by Lessee is **xxxxxx percent (xx%)**.

This real property tax cost shall be billed to Lessee on a monthly basis by Lessor with the CAM fees and shall be due and payable upon Lessee's next monthly rent payment as set forth under SECTION FOUR above.

Lessee shall pay all personal property taxes associated with the premises. (However, a failure to pay shall not be a default.)

Lessee may, at its own cost, expense and initiation, in good faith through appropriate lawful proceedings, contest the assessed value of the Building for property tax purposes and may seek to reduce the assessed value for property tax purposes. Lessor may agree to join with Lessee, at Lessee's continued expense, in contesting the assessment of Building for property tax purposes, and may provide documentation necessary to contest such assessment. If Lessor agrees, Lessee may contest taxes and may withhold property tax payments to Lessor, if and only if an applicable statute permits withholding taxes while such tax protest is heard through appropriate legal proceedings.

## ***SECTION EIGHTEEN LESSOR'S DEFAULT***

In the event that Lessor shall default in its maintenance obligations, Lessee shall be entitled, upon the giving of thirty (30) days written notice to cure, to pay for curing the default, and charge the same back against the next available rental payment. If maintenance obligations are not met and the deficiency is reasonably causing an emergency situation to Lessee or its agents, employees or invitees, or if such deficiency is causing significant disruption of Lessee's business, Lessee may waive the 30 day waiting period and make such repairs, charging costs of such repairs back to Lessor. If Lessor contests its liability for such default, Lessor may seek judgment through any available means at law and shall bear costs associated with such measures. For any other default, Lessee shall have the remedies available at law.

## ***SECTION NINETEEN CONDEMNATION***

1. **Full Condemnation.** In the event that condemnation is taken by any governmental entity or any other entity having authority thereto under the laws of the State of **XXXXXXX**, this Lease Agreement shall be terminated on the date the governmental entity takes possession of the Building, an accounting shall be conducted and Lessor shall be entitled to 100% of the condemnation proceeds related to the building, excluding any moving expenses which may become payable to Lessee.

2. **Partial Taking**. In the event that there is a partial taking prior to the expiration of this Lease Agreement by any governing body with authority, and the taking consists of \_\_\_\_% or more of the Building or of such portion that significantly disrupts Lessee's business, Lessee shall have the option to terminate this Lease Agreement by giving Lessor written notice within \_\_\_\_ days after Lessee receives written notice of such taking. If the aforementioned conditions occur, an accounting shall be done and any money owed to Lessor or Lessee shall be paid at the termination of the lease agreement.

**SECTION TWENTY  
BROKERS**

**[OPTIONAL]**- Lessee represents that it did not receive any assistance from any Broker or other wise engage in any activity in relation to this Building that may entitle a Broker to a claim for real estate commission, fees or any other charges associated with this Lease.]

**[OPTIONAL]**- Lessor represents that a Broker was retained for the purpose of leasing the Property and shall be responsible for any fees to be paid to the Broker.]

**SECTION TWENTY-ONE  
WAIVER**

In the event of default of Lessor or Lessee, failure to take action by Lessor or Lessee to account for default shall not be interpreted as a waiver of such right to take later action if the default continues or repeats. One or more express waivers made by Lessor or Lessee shall not be construed to serve as a waiver for any other covenant, term or condition set forth in this Agreement.

**SECTION TWENTY-TWO  
COMPLIANCE WITH APPLICABLE LAWS**

Lessor and Lessee shall abide by any and all local, state and national laws, regulations, orders, ordinances and other requirements that are in effect or may be in effect in relation to the use and enjoyment of the Building.

**SECTION TWENTY-THREE  
NOTICE**

Notices required under this Agreement shall be sent as follows, until further written notice of change of address is given:

To Lessor:

XXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXX

To Lessee:

XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX

**SECTION TWENTY-FOUR  
MISCELLANEOUS**

1. **Headings**. Any and all headings in this Lease Agreement are for the ease and convenience of reading and organizing the Agreement and should not be used as methods of interpreting any provisions in the Lease Agreement.

2. **Successors**. The provisions, restrictions, guidelines and any and all terms of this Lease shall be binding on Lessor and Lessee and their respective agents, attorneys, assigns, successors and any other legal representatives.

3. **Final Agreement**. This written agreement serves as the final agreement between Lessor and Lessee regarding the Building and supersedes and terminates all prior oral and written discussions, agreements and other communications regarding the Building. Any future modifications shall be in writing and signed by both Lessor and Lessee to be binding and in effect.

4. **Invalidity of Portions of Lease Agreement**. If any term or provision of this lease agreement is found to be invalid, illegal or unenforceable, this shall have no effect on the remainder of this lease agreement, its applicability and enforceability.

5. **Expenses of Enforcement**. In the event of a dispute over the terms of this Lease or for enforcement of the payment of rent or other obligations, the prevailing party shall be entitled to its costs and expenses of the action, including reasonable attorney's fees.

6. **Governing Law**. This Lease shall be governed, construed, and interpreted by, through, and under the laws of the State of XXXXXX. Venue for any litigation shall be the Xx District Court in the County of XXXXXX.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be duly executed and sealed the day and year first written above.

LESSOR:

XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX, LLC/INC/LP

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By: xxxxxxxxxxxxxxxxxxxx  
Its: President/Manager/General Partner

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xxxxxxxxxxxxxxxxxxxxxx  
By: xxxxxxxxxxxxxxxxxxxx  
Its: President/Manager/General Partner

LESSEE:

XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX, LLC/INC/LP

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By: xxxxxxxxxxxxxxxxxxxx  
Its: President/Manager/General Partner

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XXXXXXXXXX, personally



### **ADDENDUM "A"**

In addition to the rights and duties of the parties, as set forth in the proceeding Lease, the parties further agree to the following terms.

Lessor agrees to complete the following improvements to the Rental Unit immediately upon execution of this Agreement:

- 1.

END.