



**OFFICE  
LEASE AGREEMENT**

This Lease Agreement (hereafter "the Lease") is made and entered into between Landlord and Tenant upon the terms and conditions contained herein.

**ARTICLE I  
FUNDAMENTAL LEASE PROVISIONS**

Lease Provision	Applicable Data	Lease Article
Agreement Date:	March 2007 <i>May 29, 2007</i>	
Landlord:	Office Court Development III, LLC (hereafter "Landlord")	
Tenant:	Santa Fe County Corrections Department (hereafter "Tenant")	
Description of Premises:	4001 Office Court Drive, Suites 905-907, Santa Fe, NM 87507 Containing Approximately Two Thousand Nine Hundred Thirty Three (2,933) Square Feet.	Article II
Commencement Date:	May 1, 2007	Article III
Base Term Expiration Date:	April 30, 2012	Article III
Date Rent Obligation Begins:	June 1, 2007 (if different than Commencement Date)	Article III
Base Term:	Five (5) Years	Article III
Option Periods (if any):	1 Periods of Five (5) years each	Article III
Option Notice Period:	180 Days prior to the expiration of the prior period	Article III
Base Rent: (Paid Monthly in Arrears)	Months 1-12 \$3,800.00 per month Months 13-24 \$3,990.00 per month Months 25-36 \$4,189.50 per month Months 37-48 \$4,398.98 per month Months 49-60 \$4,618.92 per month	Article IV
Annual Increase:	Five Percent (5%) as provided in the above schedule	Article IV
Expense Stop:	None	Article IV
Address for Notices and Payments:		
Landlord:	1850 Old Pecos Trail, Suite A, Santa Fe, NM 87505	Article XVI
Tenant:	To the Premises	Article XVI
Security Deposit:	Three Thousand Eight Hundred and no/100's Dollars (\$3,800.00)	Article IV
Use of Premises:	General Office	Article V
Additional Agreements:		
Guaranty Agreement:	No	
Option Agreement:	n/a	
Landlord's Broker	Office Court Companies, Inc. of Santa Fe	
Tenant's Broker	Victoria Stockton, Valdez and Associates	

The above Fundamental Lease Provisions include only some of the provisions of this Lease. This summary is not intended to replace or amend these other Provisions. References in this Article I to other Articles are for convenience and designate some of the other Articles where references to the particular Fundamental Lease Provisions appear. Each reference in this Lease to any of the Fundamental Lease Provisions contained in this Article I shall be construed to incorporate all of the terms provided under each such Fundamental Lease Provision. In the event of any conflict between any Fundamental Lease Provision and the balance of the Lease, the latter shall control.

**AN INDEX TO LEASE TERM HEADINGS IS AT THE END OF THIS LEASE.**

**COPY**

## ARTICLE II PREMISES

2.1 DESCRIPTION Landlord, for and in consideration of the covenants and agreements of Tenant herein contained and upon and subject to the terms, conditions and provisions herein set forth, hereby leases to Tenant, and Tenant leases and accepts, the Premises described in Article I hereof as the Description of Premises and as described on Exhibit A, which is attached hereto and incorporated herein by reference upon which the Landlord has constructed the Building (as defined below), (hereafter "the Premises").

2.2 CONDITION OF PREMISES Tenant's taking possession of the Premises shall be conclusive evidence against Tenant that the Premises were then in good order and satisfactory condition, with the exception of punch list items which shall be given to Landlord within two weeks of possession or the Lease Commencement Date, whichever comes first. No promises of Landlord to remodel, improve, decorate or clean the Premises have been made, and no representation respecting the condition of the Premises or the Building has been made to Tenant by or on behalf of Landlord except to the extent expressly set forth herein or in Exhibit "B" attached to this Lease.

### 2.3 DEFINITIONS

A. The term "Building" shall mean the entire development, including any and all structures, (whether reflected in Exhibit "A" or hereafter incorporated in the compound during the base term of this Lease or any extension thereof), parking facilities, common facilities and the like built on the property of the development, as the same may from time to time be changed or reduced, or as the same from time to time may be increased by the addition of other land, together with structures and the like thereon which may from time to time be included by Landlord in its sole discretion in the development.

B. The term "Common Areas" shall mean all areas within the exterior boundaries of the Building which are now or hereafter made available for the general use, convenience and benefit of Landlord and other persons entitled to occupy any part of the Building, including, but not limited to parking areas, driveways, entrances and exits, ramps, landscaped areas, exterior stairways, service roads, sidewalks and other areas constructed or to be constructed for use in common by the Tenant, other tenants in the Building and their employees and business invitees, subject, however, to the terms of this Agreement and reasonable rules and regulations prescribed from time to time by the Landlord. Landlord expressly reserves the right to change, alter or amend the common areas at any time, and from time to time, in its sole discretion.

## ARTICLE III TERM

3.1 BASE TERM The base term of this Lease and Tenant's obligation to pay rent hereunder shall commence on the date specified in Article I as the Commencement Date (hereafter "the Commencement Date") unless date rent obligation begins as set forth in Article I differs from the Commencement Date, and shall continue thereafter during the Base Term specified in Article I herein and shall end on the last day of the last lease year of that Base Term, as specified in Article I herein as Base Term Expiration Date, unless sooner terminated as hereinafter provided in this Lease.

3.2 LEASE YEAR The term "lease year" shall mean the twelve (12) month period beginning on the first day immediately following the commencement date referred to in Paragraph 3.1 above and each year of the Lease thereafter measured from such commencement date.

3.3 OPTION FOR EXTENSION OF LEASE Tenant may elect to extend this Lease for such additional periods and for such lengths as described in Article I hereof as Option Periods, beginning with the expiration of the base term. (If no periods are indicated in Article I, no options are being granted under this Lease.) Provided, however, that the said options may only be exercised if this Lease is in force and effect at the time of exercise and Tenant, on that date, shall have fully complied with all conditions and obligations contained herein. In the event that Tenant desires to exercise such election the Tenant shall give the Landlord notice in writing of such election at least the number of days prior to the expiration of the base term for the first option period and at least the number of days prior to the expiration of each subsequent option term for the next succeeded Option Period, as described in Article I hereof as the Option Notice Period. The Base Rent shall be subject to increase, but not decrease, at the beginning of each option period in accordance with the provisions for paragraph 4.2 hereof. Leasing of the Premises to Tenant for each of such option periods shall be upon and subject to the terms, conditions and provisions contained in this Lease. The Base Term plus exercised Option periods shall hereafter be the Lease Term.

3.4 POSSESSION Tenant understands that the Premises may be in the process of construction and that Landlord makes no representation or agreement that the Premises will be ready for occupancy on the Commencement Date. In the event the Premises shall not be completed and ready for occupancy on the Commencement Date, this Lease shall nevertheless continue in full force and effect and no liability shall arise against Landlord by reason of any such delay beyond the abatement of Base Rent until the Premises are ready for occupancy; provided, however, that there shall be no abatement of Base Rent if the Premises are not ready for occupancy because of the failure to complete the installation of special equipment, fixtures or materials ordered by Tenant. In the event of any disagreement concerning whether the Premises are ready for occupancy hereunder, the certification by Landlord's architect shall be binding upon all parties. Landlord may authorize Tenant to take possession of all or any part of the Premises prior to the Commencement Date. If Tenant does take possession pursuant to authority so given, all of the covenants and conditions of this Lease shall apply to and shall control such pre-Term occupancy. Rent for such pre-Term occupancy shall be paid upon occupancy and on

the first day of each calendar month thereafter at the rate set forth in Article IV. If the Premises are occupied for a fractional month, Rent shall be prorated on a per diem basis for such fractional month.

#### ARTICLE IV RENTS

4.1 **BASE RENT** The Tenant shall pay the Landlord as Base Rent for the Premises during the initial term the amount specified in Article I hereof, as Base Rent (hereafter Base Rent). The rent is due on the first of each calendar month payable at Landlord's address as indicated in Article I hereof, or at such other place as Landlord may designate from time to time, in equal monthly installments during each year, in advance. The obligation to pay rent shall begin on the date specified in Article I hereof as: Date Rent Obligation Begins. In the event the Tenant's obligation to pay rent does not begin on the first day of a month, then Tenant shall pay rent for the days from the date Tenant's obligation to pay rent begins to the first day of the next calendar month on a pro rata basis calculated on a thirty (30) day month, payable upon execution of the Lease. The Base Rent shall be increased as provided in Paragraph 4.2 below. All rent shall be payable in cash, in US currency and without the necessity of prior notice except as specifically provided herein, and without abatement, deduction, counterclaim or set-off.

4.2 **ADDITIONAL RENT** In addition to paying the Base Rent specified in Paragraph 4.1, Tenant shall pay to Landlord as additional monthly rent, beginning one year after the "Commencement Date," either 1.) the amount of the Monthly Base Rent for the preceding year times the percentage indicated in Article I hereof; or 2.) the amount of the Monthly Base Rent for the preceding year plus the per square foot increase indicated in Article I hereof as the "Annual Increase." Said Annual Increase shall continue annually for the Term. The rent increased by the Annual Percentage Increase shall become the Base Rent thereafter.

4.3 **UTILITIES** Tenant shall pay during the Lease Term for all separately metered utilities, such as gas, electrical power, and telephone, together with any taxes thereon. It shall be Tenant's responsibility to ensure that these utilities have been initiated, maintained, properly billed and paid. Once Landlord has supplied such utilities to the Premises, Landlord shall have no further responsibility to Tenant as to said utilities. Landlord shall be responsible for water and sewer service and shall pay for same, as provided in Paragraph 7.2 below.

4.4 **OPERATING EXPENSES AS ADDITIONAL RENT.** If amounts are indicated in Article I under Expense Stop, then in addition to all other payments required hereunder, Tenant shall pay to Landlord in each year or portion thereof subsequent to the first year of the Lease during the Term, or any renewal or extension thereof, as additional rent, the amount by which the annual Operating Expenses, as defined below, per square foot of Area, exceed the Expense Stop set forth in Article I multiplied by the square footage of the Premises as described in Article 1 ("Additional Rent").

Landlord shall provide to Tenant a statement of Tenant's projected Additional Rent for the next calendar year together with a statement of Tenant's actual Additional Rent due for the prior calendar year ("Reconciliation Statement") as soon as reasonably practicable following the end of each calendar year, and Tenant shall pay the entire amount due and owing as projected Additional Rent in 12 equal monthly installments together with the Base Rent payments, to Landlord. Landlord shall provide such Reconciliation Statement to Tenant no later than 120 days following the end of a calendar year. If Tenant's Additional Rent due for the prior year exceeds the aggregate of the projected Additional Rent actually collected by the Landlord from Tenant, Tenant shall pay to Landlord within 30 days following Tenant's receipt of the Reconciliation Statement, the amount of such excess. If Tenant's Additional Rent due for the prior year is less than the aggregate of the projected Additional Rent actually collected by Landlord from Tenant, Landlord shall pay to Tenant within 30 days after Tenant's receipt of the Reconciliation Statement, the amount of the overpayment. If the expiration or termination of this Lease occurs other than on the last day of a calendar year, the amount to be paid by Tenant or reimbursed to Tenant hereunder shall be a pro rata amount based on the ratio of the number of days of the Term of this Lease in such last calendar year to 365 days.

The obligation of Tenant for the payment of Base Rent and Additional Rent shall survive the expiration or termination of this Lease. Failure or delay of Landlord in connection with this paragraph shall not constitute a waiver or renunciation of its rights therein.

4.5 **OPERATING EXPENSE INCLUSIONS.** For the purpose of this Lease, "Operating Expenses" shall mean the total amounts incurred or paid by Landlord in connection with the ownership, management, maintenance, repair, replacement and operation of the Building. Such expenses shall include, but shall not be limited to: cleaning contracts for common areas; cleaning supplies and equipment for common areas, all reasonable management costs (comparable to other Class A buildings in the area); water and sewer for common areas; maintenance or repair of the exterior of the Building including the roof, and parking surface; insurance premiums; gardening and landscaping services; leasing or amortization of capital improvements made to the Building after the date of the execution of this Lease that reduce the operating or energy expenses, improve life safety, security or telecommunications systems, or are required under any governmental law or regulation that was not applicable at the time the Building were constructed (collectively, "Exempt Capital Improvements"), such costs to be amortized over such reasonable period as determined by Landlord's accountant (consistent with other Class A buildings in the area) together with interest on the unamortized balance at a rate equal to 10% per annum at the time such capital improvement is put into service; and taxes. Taxes, for the purposes of this paragraph, shall mean: personal property taxes on property and equipment used in the operation and maintenance of the Building; all real estate taxes including state equalization factor, if any, payable (adjusted after protest or litigation, if any) for any part of the Term of this Lease, exclusive of penalties or discounts, on the property; any taxes which shall be levied in lieu of any such taxes on the gross rentals of the Building; any special assessments against the Property which shall be required to be paid during the calendar year in respect to which taxes are being determined; and the expense of contesting the amount or validity of any such taxes, charges, or assessments, including tax consultant fees, such expense to be applicable to the period of the item contested. Owner will operate Building in a manner consistent with other Class A Building in the area.

4.6 OPERATING EXPENSE EXCLUSIONS. "Operating Expenses" shall not include (a) costs of work, including painting and decorating and tenant improvement work, which Landlord performs for any tenant in the Building which is not for the benefit of all or most tenants of the Building; (b) costs of repairs or other work occasioned by fire, windstorm or other insured casualty to the extent of insurance proceeds received by Landlord; (c) leasing commissions, advertising expenses, and other costs incurred in leasing space in the Building; (d) costs of repairs or rebuilding necessitated by condemnation; (e) any interest on borrowed money or debt amortization on Landlord's mortgages on the property; (f) depreciation on the Building; (g) wages, salaries, fees, and fringe benefits paid to individuals who are executive personnel or officers or partners of Landlord; (h) any charge for depreciation of the Building or equipment and any interest or other financing charge; (i) any charge for Landlord's income taxes, excess profit taxes, franchise taxes, or similar taxes on Landlord's business; (j) all costs for which Tenant or any other tenant in the Building is being charged other than pursuant to the Operating Expense Section; (k) the costs of correcting defects in the construction of the Building, or in the building's equipment, due to defective or illegal construction, except that conditions (not occasioned by construction defects) resulting from ordinary wear and tear will not be deemed defects for the purpose of this category; (l) the cost of any repairs made by Landlord because of the total or partial destruction of the Building, or the condemnation of a portion of the Building; (m) the cost of any items for which Landlord is reimbursed by insurance or otherwise compensated by parties other than tenants of the Building pursuant to clauses similar to this paragraph or the cost of any increase in insurance premiums to the extent that such increase is solely and directly attributable to the use, occupancy or activity of another tenant in the Building; (n) other than Exempt Capital Improvements the cost of any additions or capital improvements to the Building subsequent to the date of original construction; (o) any operating expense representing an amount paid to a related corporation, entity, or person which is in excess of the amount which would be paid in the absence of such relationship; (p) the cost of tools and equipment used initially in the construction of the Building; (q) the cost of overtime or other expense to Landlord in curing its defaults or performing work expressly provided in this Lease to be borne at Landlord's expense; (r) ground rent or similar payments to a ground lessor; and (s) late payments, charges and penalties.

Tenant shall have a right to review the calculation of Operating Expenses and Additional Rent under this Lease, including a reasonable right to inspect the underlying invoices and statements supporting the Operating Expense calculations. If Tenant disputes a Reconciliation Statement submitted by Landlord or a proposed increase or decrease in the projected payment, Tenant shall give Landlord notice of such dispute within 30 days after Tenant's receipt of the Reconciliation Statement. If Tenant does not give Landlord timely notice, Tenant waives its right to dispute the particular adjustment. If Tenant timely objects, Tenant may engage its own certified public accountants ("Tenant's Accountant") to verify the accuracy of the Reconciliation Statement complained of or the reasonableness of the estimated increase or decrease. If Tenant's Accountant determines that an error has been made, Landlord's Accountants and Tenant's Accountants shall endeavor to agree upon the disputed items, and failing to reach such agreement, shall submit the matter to an independent certified public accountant selected by Landlord's and Tenant's Accountants for a determination which will be conclusive and binding upon Landlord and Tenant. Notwithstanding the pendency of any dispute, Tenant shall continue to pay Landlord the amount of the projected Additional Rent set forth in the Reconciliation Statement until the adjustment has been determined to be incorrect. If it is determined that any portion of the Operating Expenses were not properly chargeable to Tenant, then Landlord shall promptly credit or refund the appropriate sum to Tenant, with interest at the rate of 10%. In addition, Landlord shall reimburse to Tenant the reasonable accountant's fees incurred by Tenant in conjunction with determining that the Reconciliation Statements were inaccurate, provided however the discrepancy discovered by Tenant's Accountant is greater than 5% of the total Operating Expenses for the period under review.

4.7 SECURITY DEPOSIT Landlord acknowledges that it has received from Tenant a deposit as security for compliance with the Lease (hereafter "Security Deposit") in the amount indicated in Article I hereof which amount shall remain on deposit with Landlord during the term of this Lease and any extensions as security for the payment of rent or damages to or cleaning of the property and the full and faithful performance by Tenant of the covenants and conditions of this Lease. In the event of any default, the sum shall be retained by Landlord and may be applied toward damages arising from such default. Said security deposit shall not be construed as liquidated damages or as a penalty and the retention of the Security Deposit by Landlord shall not be deemed a waiver of the right of Landlord to collect additional damages hereunder. Upon yielding of said Premises at the termination of this Lease, and provided no default has occurred, said sum, or the remainder thereof, shall be returned to the Tenant within a reasonable period of time. No interest shall be payable on the security deposit and the security deposit may be commingled with the funds of Landlord. It is understood that Landlord shall always have the right to apply said security deposit, or any portion thereof, to the curing of any default that may exist under this Lease. Should Landlord convey its interest under this Lease, the security deposit, or the part or portion thereof not previously applied, shall be turned over to Landlord's grantees or assignees; and Tenant hereby releases Landlord from any liability with respect to the security deposit and Tenant agrees to look solely to such grantee or assignee for return thereof and this provision shall also apply to subsequent grantees or assignees. Tenant agrees it will not assign, pledge, mortgage or otherwise hypothecate its interest in the security deposit. It is agreed that the sum is not made in payment of rent but is paid solely as security by Tenant for the full and faithful performance of the obligations and terms of the Lease. Should the entire security deposit, or any portion thereof, be appropriated and applied by Landlord for the payment of overdue rent or other sums due and payable to Landlord by Tenant, then Tenant shall, upon written demand by Landlord, remit to Landlord a sufficient amount in cash to restore said security to the original sum deposited, or a higher amount to equal one month's rent if rental has increased, and Tenant's failure to do so within five (5) days after receipt of such demand shall constitute a breach of this Lease.

4.8 CHARGE ON LATE PAYMENT Because the late payment of any rent due hereunder results in extraordinary expenses, Landlord reserves the right to charge a late payment charge equal to \$25.00 if any rent is not paid by the fifth (5th) day of any month of the Term and \$10.00 per day thereafter until paid. If any rent is not paid by the 15th day of each of two consecutive months of the Term, the security deposit required under this Lease shall be automatically doubled, or if this Lease does not require a security deposit, a security deposit in the amount of one month's rent shall be automatically required, and the Tenant shall deposit the additional security deposit required within five days after requested by the Landlord. This provision shall be deemed in addition to provisions of this Lease concerning interest on past due payments.

4.9 HOLDING OVER Tenant shall pay Landlord for each day Tenant retains possession of the Premises or any part thereof after the termination of this Lease for any reason, an amount which is double the amount of Rent per day, based on the annual rate of the Monthly Base Rent in effect at the time of such termination, and any applicable additional Rent for such day of the period in which such retention of possession occurs, and Tenant shall also pay all damages, consequential as well as direct, sustained by Landlord by reason of such retention. Nothing in this Section contained, however, shall be construed or operate as a waiver of Landlord's right of re-entry or any other right or remedy of Landlord.

## ARTICLE V USE OF PREMISES

5.1 TENANT USE The Premises shall be used and occupied by Tenant solely as for the purposes indicated in Article I, hereof and for no other purpose without Landlord's written consent. Tenant will not use or permit in the Premises anything that will increase the rate of fire insurance thereon or which would prevent Landlord from obtaining reduced rates for long term insurance policies, or maintain anything that may be dangerous to life or limb, or in any manner, deface, injure or commit waste in, on, or about said Building or any portion thereof, or overload the floors, or permit any objectionable noise or odor to escape or be emitted from said Premises, or permit anything to be done upon the Premises in any way tending to create a nuisance or to disturb any other tenants of the Building, or to injure the reputation of the Building or to use or permit the use of the Premises for lodging or sleeping purposes, or for any immoral or illegal purposes nor shall Tenant keep, store, produce or dispose of on, in or from the Premises or the Building or common areas any substance which may be deemed an infectious waste or hazardous substance under any applicable laws, except customary office and cleaning supplies. Tenant will comply, at Tenant's own cost and expense, with all orders, notices, regulations, policies, or requirements of any municipality, state or other governmental authority respecting the use of the Premises.

Tenant may not display or allow aerials, antennae, carts, portable signs, or any other objects to be stored or to remain outside the defined exterior walls or roof and permanent doorways of the Premises without first obtaining, in each instance, the written consent of Landlord. Any item so installed without such written consent shall be subject to removal by Landlord without notice at any time.

This Lease does not grant any rights to light or air over or above the real property of Landlord. Landlord specifically reserves to itself the use of any roofs, the exterior portions of the Premises, all rights to the land and improvements below the improved floor level of the Premises and to such areas within the Premises required for installation of utility lines and other installations required to serve any occupants of the Building and to maintain and repair same.

Tenant's use of electricity in the Premises shall be for the operation of building standard lighting, electrical fixtures, typewriters, personal computers and other small office machines and lamps and shall not at any time exceed the capacity of any of the electrical conductors and equipment in or serving the Premises.

In order to ensure that such capacity is not exceeded and to avert possible adverse effect on the Building's electrical service, Tenant shall not, without Landlord's prior written consent in each instance which consent shall not be unreasonably withheld, connect any additional fixtures, appliance or equipment (other than normal office electrical fixtures and lamps, including local area computer networks, phone systems, copiers, fax machines, typewriters, and similar small office machines) to the Building's electric system of the Premises existing at the commencement of the Term hereof. If Landlord grants such consent, the cost of all additional risers and other equipment required therefore shall be paid as Additional Rent by Tenant to Landlord upon demand. Furthermore, Tenant shall pay on demand as Additional Rent to Landlord the cost of any electric current or other energy used and consumed by Tenant for any other purpose, including, without limitation, the operation of heavy duty accounting equipment, copy equipment and computer equipment.

Tenant shall pay as Additional Rent, on demand, the cost of any metering which may be required by Landlord to measure any excess usage of electricity, water or other utility or energy.

5.2 SIGNS Tenant shall not place on any exterior door, wall or window of the Premises any sign or advertising matter which is not within the building standard for signs and without first obtaining the Landlord's written approval and consent which approval shall not be unreasonably withheld. Tenant agrees to maintain such signs or advertising matter as approved by Landlord in good condition and repair. All signs shall comply with applicable ordinances or other governmental restrictions and the determination of such requirements and the prompt compliance therewith shall be the responsibility of the Tenant.

5.3 FIRE EXTINGUISHERS Landlord shall provide fire extinguishers to the Premises at the Commencement Date. Tenant will be responsible for all servicing of said fire extinguishers and replacement during the Lease Term. If Tenant fails to comply with this provision Landlord may provide this service at Tenant's expense plus an additional charge of fifty dollars, which sums shall be additional rent due hereunder at the beginning of the next month following notice by Landlord to Tenant of the incurring of said expenditure.

5.4 QUIET ENJOYMENT Landlord agrees that, if the rent is being paid in the manner and at the time prescribed and the covenants and obligations of Tenant being all and singular kept, fulfilled and performed, Tenant shall lawfully and peaceably have, hold, possess, use, occupy and enjoy the Premises so long as this Lease remains in force, without hindrance, disturbance or molestation from Landlord, subject to the specific provisions of this Lease.

5.5 RULES AND REGULATIONS Tenant agrees to observe and not to interfere with the rights reserved to Landlord contained in Paragraph 7.3 hereof and elsewhere in this Lease, and agrees, for itself, its employees, agents, invitees, licensees and contractors, to comply with the rules and regulations set forth in Exhibit C attached to this Lease, and such other rules and regulations as shall be adopted by Landlord from time to time.

5.6 SURRENDER OF PREMISES At the termination of the Lease Term or any renewal term, the Tenant agrees to deliver the premises in as good repair as received by it on the Commencement Date, (subject, to the removals hereinafter required) reasonable wear and tear excepted, neat and broom clean, and shall surrender all keys for the premises to the Landlord at the place then fixed for the payment of rent and shall inform Landlord of all combinations of locks, safes and vaults, if any, in the premises. If Tenant is not then in default hereunder, Tenant, during the last thirty (30) days of such term, shall remove all its trade fixtures, and, to the extent required by the Landlord by written notice, shall remove any other installations, alterations or improvements made by Tenant provided herein, and shall repair any damage to the premises caused thereby. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the lease term. Any items remaining in the premises on the termination date of this Lease shall be deemed abandoned for all purposes and shall become the property of the Landlord and the latter may dispose of the same without liability of any type or nature.

## ARTICLE VI CONSTRUCTION, MAINTENANCE AND REPAIR

6.1 ALTERATIONS AND ADDITIONS Tenant shall not, without Landlord's prior written consent make any alterations, improvements, additions, or utility installations in, on or about the Premises, including, but not limited to floor coverings, window coverings, air lines, power panels, electrical distribution systems, communication or computer wires, cables and related devices, lighting fixtures, space heaters, air conditioning, plumbing, and fencing. Tenant shall promptly pay all costs and expenses associated with such alterations, improvements, additions or utility installations, including, but not limited to, all costs and expenses associated with compliance with any governmental statutes, ordinances, rules or regulations required by Tenant's alteration, improvement, addition or utility installation, including all handicapped access requirements and requirements under the Americans With Disabilities Act 42 U.S.C. § 12181, et. seq. Landlord may require Tenant to provide, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1 1/2) times the estimated cost of such alterations, improvements, additions or utility installations to insure Landlord against any liability for mechanic's and material men's liens and to insure completion of the work. Should Tenant make any alterations, improvements, additions or utility installations without the prior approval of Landlord, Landlord may require that Tenant remove any or all of the same.

Any alterations, improvements, additions or utility installations in, or about the Premises that Tenant shall desire to make and which require the prior written consent of the Landlord shall be presented to Landlord in written form, with proposed detailed plans. If Landlord shall give its written consent, its consent shall be deemed conditioned upon Tenant obtaining all necessary permits to do so from appropriate governmental agencies, the furnishing of copies thereof to Landlord prior to the commencement of the work and the compliance by Tenant of all conditions of such plan approval and permits in a prompt and expeditious manner.

Tenant shall perform all such work in a first class, workmanlike manner and in compliance with all applicable governmental statutes, ordinances, rules and regulations.

Tenant shall pay, when due, all claims for labor, and/or equipment and materials furnished or alleged to have been furnished to or for Tenant at or for its use in the Premises whether or not such claims may be secured by any mechanics' or material men's lien against the Premises or any interest therein. Tenant shall give Landlord not less than fifteen (15) days' notice prior to the commencement of any work in the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend itself and Landlord against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises, upon the condition that if Landlord shall so require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half (1 1/2) times the amount of such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's attorneys' fees and costs for Landlord's appearing in and in participating in such action if Landlord shall decide it is to its best interest to so appear and participate therein through its own counsel.

### 6.2 TENANT'S DUTY TO REPAIR During the term of this Lease and any extensions thereof, Tenant shall:

A. Keep and maintain in good order, condition and repair (including any replacement and restoration as is required for that purpose) the following: 1) All lights within the Premises, including all exit signs, emergency lighting and all light bulbs and ballasts; 2) All signage installed by Tenant; 3) All fixtures, improvements, alterations, additions, utility installations and personal property, installed by Tenant; 4) All stopped up or impeded plumbing within the Premises or from the Premises to the main sewer line; 5) All flooring and carpet within the Premises, including any damage to carpet caused by a lack of protective mats under desk chairs or equipment or any other abnormal puncture or wearing of carpet; 6) All damage to the Premises or the Building caused by the negligence or intentional acts of Tenant, its employees, agents, invitees, licensees or contractors, or strike involving the Tenant or its employees. Any charges to furnish service to the Premises made by any utility company or municipality shall be paid by the Tenant within the time limit specified by each utility company. Tenant shall also be responsible for repairing all damage to the Premises caused by or during the work described in this paragraph. If Tenant refuses or neglects to commence and to complete repairs promptly and adequately, Landlord may, but shall not be required to, make and complete said repairs and Tenant shall pay the cost

thereof to Landlord as additional rent. Demand, plus an overhead and service fee of fifteen percent (15%) of the amount paid by Landlord.

B. Tenant shall keep and maintain the Premises in a clean, sanitary and safe condition, provide all janitorial service, garbage removal from the Premises and window cleaning in accordance with all directions, rules and regulations of the proper officials of the governmental agencies having jurisdiction, at the sole cost and expense of Tenant, and Tenant shall comply with all requirements of law, by statute, ordinance or otherwise, affecting the Premises and all appurtenances thereto.

6.3 LANDLORD'S DUTY TO REPAIR Landlord shall keep and maintain in good order, condition and repair (including any replacement and restoration as is required for that purpose, all portions of the Premises, the Building or the Common Areas not otherwise required by Tenant to be repaired under Paragraph 6.2 above, except as may be provided in applicable condominium documents, except that Landlord shall not be called upon to make any such repairs occasioned by the act or neglect of Tenant, its agents, employees, invitees, licensees or contractors. Landlord shall not be called upon to make any other improvements or repairs of any kind upon the leased Premises and appurtenances. Any of the foregoing repairs required to be made by reason of the negligence of Tenant, its agents, employees, invitees, licensees or contractors as above described, shall be the responsibility of Tenant notwithstanding the provisions above contained in this paragraph.

6.4 ROOF Tenant will not cause or permit accumulation of any debris or extraneous matter on the roof of the Premises, will not in any manner cut or drive nails into or otherwise mutilate the roof of the Premises and will be responsible for any damage caused to the roof by any acts of the Tenant, its agents, servants, employees, or contractors of any type or nature. Tenant may not put compressors, antennae, microwave, television or other disks, or other such attachments on the roof without Landlord's prior written consent, which consent may be withheld within Landlord's discretion.

6.5 TRADE FIXTURES At the expiration of this Lease or renewal thereof, provided Tenant is not in default, Tenant shall have the right and obligation to promptly remove any trade fixtures installed by Tenant on the Premises, and shall repair any damage to the Premises caused by such removal. Notwithstanding the foregoing, Landlord shall have a lien upon said fixtures, or any additions thereto, during the term, as security for the faithful performance by Tenant of the conditions required of it.

6.6 NON TRADE FIXTURES All installations, additions, non trade fixtures and improvements, including floor treatments, whether placed there by Tenant or Landlord, except movable furniture and equipment belonging to Tenant, which Tenant shall promptly remove, shall be Landlord's property and shall remain upon the Premises upon expiration of the Term or sooner termination of this Lease or Tenant's possession hereunder, all without compensation, allowance or credit to Tenant; provided, however, that if prior to such expiration or termination or within ten (10) days thereafter Landlord so directs, Landlord, in its sole discretion, may demand, in writing to Tenant, that Tenant, at Tenant's sole cost and expense, shall promptly remove such of the installations, additions, non trade fixtures and improvements placed in the Premises by Tenant as are designated in such notice, and repair any damage to the Premises caused by such removal, failing which Landlord may remove the same and repair the Premises and Tenant shall pay the cost thereof to Landlord on written demand.

## **ARTICLE VII LANDLORD'S RIGHTS AND RESPONSIBILITIES AS TO THE OFFICE BUILDING AND PREMISES**

7.1 CONTROL OF COMMON AREAS All Common Areas shall at all times be subject to the exclusive control and management of Landlord, except as may be provided in applicable condominium documents, and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to use of all such Common Areas. Landlord shall have the right to operate and maintain the same in such manner as Landlord, in its sole discretion, shall determine from time to time, including without limitation the right to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of said Common Areas. Landlord shall have the exclusive right at any and all times to close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and may change the size, area or arrangement of the Building or parking areas or the lighting thereof within or adjacent to the existing areas and may enter into agreements with adjacent owners for cross easements for parking and ingress and egress, provided that such activities shall not unreasonably interfere with Tenant's operations. In the event that the lighting controls, ceiling or roof access for the Common Areas shall be located in the Premises, then Landlord in such event shall have the right to enter the Premises for the purpose of adjusting or otherwise dealing with the said controls and/or access as required.

7.2 SERVICES PROVIDED BY LANDLORD Landlord, as long as Tenant is not in default under any of the covenants of this Lease, shall furnish the following services at Landlord's expense:

(a) Air conditioning and heating units and electric current to the Premises, which shall be properly hooked up to utility services, and which shall be operable by Tenant. Tenant promptly shall pay directly to the utility companies all charges incurred in connection with the use of any such utilities or service. Tenant agrees that its use of electric current will not exceed the capacity of the feeders to the Building or the risers or wiring installed thereon. Tenant may not, at any time, reduce the heating to the Premises to create any risk that the pipes in and around the Premises would freeze.

(b) Domestic water and refuse service in common with other tenants. In the event that Tenant makes greater use of water service or refuse disposal service than the usual and ordinary office use of such service, then Landlord may bill Tenant for the additional cost of such increased use.

Failure by Tenant to promptly pay Landlord's proper charges for excess water or refuse services shall give Landlord, upon not less than ten (10) days notice, the right, in addition to any other remedies available to Landlord, to discontinue furnishing the services, and no such discontinuance shall be deemed an eviction or disturbance of Tenant's use of the Premises or render Landlord liable for damages or relieve Tenant from performance of Tenant's obligations under this Lease.

Tenant agrees that Landlord and its employees and agents shall not be liable in damages, by abatement of Rent or otherwise, for failure to furnish or for delay in furnishing any service or performing any other term of this Lease when such failure or delay is occasioned, in whole or in part, by repairs, renewals or improvements, or by any cause beyond the reasonable control of Landlord.

**7.3 RIGHTS RESERVED TO LANDLORD** Landlord reserves the following rights, exercisable without notice and without any liability to Tenant whatsoever, and without effecting any eviction or disturbance of Tenant's use or possession, or giving rise to any claim for set-off or abatement of Rent, or affecting any of Tenant's obligations under this Lease:

- (a) To change the name or street address of the Building.
- (b) To install and maintain signs on the exterior and interior of the Building.
- (c) To prescribe the location and style of the suite number and identification sign or lettering for the Premises.
- (d) To retain at all times, and to use in appropriate instances, pass keys to the Premises.
- (e) To grant to anyone the right to conduct any business or render any service in the Building or Project, whether or not it is the same as or similar to the use expressly permitted to Tenant by Article V.
- (f) To exhibit the Premises at reasonable hours, and to decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy at any time after Tenant vacates or abandons the Premises.
- (g) Provided that reasonable access to the Premises shall be maintained and the business of Tenant shall not be interfered with materially and unreasonably, to make repairs and alterations, structural or otherwise, in or to the Building, including the Premises, and any part of the Project, and may for such purposes erect scaffolding and other structures reasonably required, and during such operations may enter upon the Premises and interrupt or temporarily suspend any services or facilities agreed to be furnished by Landlord, all without the same causing an eviction of Tenant in whole or in part, and without abatement of Rent by reason of loss or interruption of the business of Tenant or otherwise.
- (h) Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of parcel maps and covenants and restrictions, so long as such easements, rights, dedications, maps, covenants and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant shall sign any of the aforementioned documents upon request of Landlord and failure to do so shall constitute a material breach of this Lease.

**7.4 LANDLORD'S RIGHT OF ENTRY** Landlord reserves the right at all reasonable times during the term of this Lease for Landlord or Landlord's agents to enter the Premises for the purpose of inspecting and examining the same, and to show the same to prospective purchasers or tenants, and to make such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable. During the one hundred twenty (120) days prior to the expiration of the term of this Lease or any renewal term, Landlord may exhibit the Premises to prospective tenants or purchasers, and place upon the Premises the usual notices advertising the Premises for sale or lease, as the case may be, which notices Tenant shall permit to remain thereon without molestation. If Tenant shall not be personally present to open and permit an entry into said Premises and Landlord has tried to contact Tenant, Landlord, or Landlord's agent, may at any time, when for any reason an entry therein shall be necessary or permissible, enter the same by a master key, or may forcibly enter the same, without rendering Landlord or such agents liable therefore, and without in any manner affecting the obligations and covenants of this Lease. If Landlord was unable to contact Tenant, Landlord shall secure the Premises until Tenant or its agent arrives. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the building or any part thereof, except as otherwise herein specifically provided. In order to secure Landlord's right of entry hereunder, Tenant agrees to make no changes in the locks of the Premises and shall not re-key the present locks without Landlord's prior written consent.

**7.5 SECURITY MEASURES** Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or any other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of Tenant, its agents and invitees from acts of third parties.

## ARTICLE VIII INDEMNITY AND INSURANCE

### 8.1 INDEMNITY OF LANDLORD INTENTIONALLY DELETED



8.2 NOTICE OF CLAIM CUIT Tenant agrees to promptly notify Landlord of any known claim, action, proceeding or suit instituted or threatened against the Landlord. In the event Landlord is made a party to any action for damages which Tenant has herewith indemnified Landlord against, then Tenant shall pay all costs and shall provide effective counsel in such litigation or shall pay, at Landlord's option, the reasonable attorney fees and costs incurred in connection with said litigation by Landlord.

8.3 TENANT'S INSURANCE During the Lease term and any renewals thereof Tenant agrees to maintain, at its expense, at all times the following insurance coverage:

A. Public liability insurance with the broad form comprehensive general liability endorsement coverage and with such increases in limits as Landlord may, from time to time reasonably require, properly protecting and indemnifying Landlord and Landlord's agent in an amount not less than \$1,000,000.00 combined single limit for injuries or damages to persons, or such greater limits as the Landlord may reasonably require during the term of this Lease.

B. "All risk" physical damage insurance including fire, sprinkler leakage, vandalism and extended coverage for the full replacement cost of all additions, improvements and alterations to the Premises (except to the extent the same are part of building standard work performed by Landlord pursuant to Exhibit "A," if any, attached hereto) and of all office furniture, trade fixtures, office equipment, merchandise and all other items of Tenant's property on the Premises;

C. Worker's Compensation and Employer's Liability insurance, in form and amount required by law; and

D. Any other form or forms of insurance as Landlord or Landlord's mortgagees may reasonably require from time to time in form, in amounts, and for insurance risks against which a prudent landlord of a comparable size and in a comparable business would protect itself.

8.4 TENANT'S INSURANCE POLICIES Insurance required hereunder shall be as may be required by a mortgage lender having a lien on the Premises, as set forth in the most current issue of "Best's Insurance Guide." Tenant shall deliver to Landlord prior to occupancy an insurance binder on the Premises for the coverage provided herein and shall deliver to Landlord or Landlord's agent prior to occupancy. Tenant shall, thereafter, promptly deliver to Landlord true copies of all such policies of insurance as required by this Article, certified by the insurer. No such policy shall be cancelable or subject to reduction of coverage or other modification except after at least thirty (30) days' prior written notice to Landlord. Tenant shall, at least thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals or renewal "binders" thereof. Tenant shall not do or permit to be done anything, which shall invalidate any of such insurance policies. Insurance required under Paragraph 8.3 A and D shall name Landlord (and Landlord's lender, if requested by Landlord) and Landlord's property manager as an additional named insured.

8.5 FAILURE TO PROCURE INSURANCE In the event Tenant shall fail to procure insurance required under this Article and fail to maintain the same in force continuously during the term, Landlord may procure the same and Tenant shall immediately reimburse Landlord for such premium expense, plus a service charge of fifteen percent (15%) of the amount paid by Landlord, which amount shall be payable as additional rent hereunder upon demand by Landlord.

8.6 INCREASE IN FIRE INSURANCE PREMIUM Tenant agrees not to keep upon the Premises any articles or goods that may be prohibited by the standard form of fire insurance policy. It is agreed between the parties that in the event the insurance rates applicable to fire and extended coverage insurance covering the Premises shall be increased by reason of any use of the Premises made by the Tenant, then Tenant shall pay to Landlord such increase in insurance as shall be occasioned by said use, as additional rent hereunder, due upon demand by Landlord.

8.7 PROPERTY OF TENANT Tenant agrees that all property owned by it, on or about the Premises shall be maintained at the sole risk and hazard of the Tenant. Landlord shall not be liable or responsible for any loss or damage to Tenant, or anyone claiming under or through Tenant, or otherwise, whether caused by or resulting from a peril required to be insured hereunder, or from water, steam, gas, leakage, plumbing, electricity or electrical apparatus, pipe or apparatus of any kind, the elements or other similar or dissimilar causes, and whether or not originating in the original Premises or elsewhere, provided such damage or loss is not the result of negligence or an intentional or willful act of Landlord, its agents, employees or contractors.

8.8 WAIVER OF SUBROGATION INTENTIONALLY DELETED

#### ARTICLE IX DESTRUCTION OR DAMAGED PREMISES

9.1 PARTIAL DESTRUCTION In the event the Premises becomes partially destroyed by fire or other casualty to the extent that the cost of restoration or repair is less than one-third (1/3) of the total reasonable costs of replacement of all improvements included in the Premises (as reasonably estimated by Landlord), then Landlord shall have the option (which option shall be exercised in writing within ten (10) days of the date of loss) to terminate this Lease and all further obligations of either party hereunder or, within forty-five (45) days of such loss or damage, to commence repairs of the damage and restore that part of the Premises owned by the Landlord. If Landlord elects to terminate this Lease, all obligations hereunder, including rent, shall cease as of the date of partial destruction, but shall not affect obligations prior to partial destruction. If Landlord elects to repair, the rental hereunder shall abate as hereinafter provided until such time as that part of the Premises are restored to substantially their previous condition. If the damage or destruction of such improvements on said Premises is of such nature that the same can, allowing for all reasonable contingencies, be repaired or restored to substantially its former condition within one hundred twenty (120) days after such loss or damage, Landlord

shall promptly proceed to have said repairs made and said Premises so restored at its own expense, and this Lease shall remain in full force and effect subject only to a proportionate reduction of the Minimum Rent during the period prior to such restoration based upon the percentage of that portion of the original Premises damaged or destroyed (as reasonably determined by the Landlord). Tenant shall be responsible, at its own expense to do such work as may be necessary to place that portion of the Premises not so damaged or destroyed in a condition to permit Tenant to continue to carry on the approved use as of the date of damage or destruction and Tenant shall continue that use to the extent possible. Tenant shall not be entitled to any additional abatement or deduction of rent from any business interruption caused by such damage or destruction or by the necessity for Tenant to do work on the portion of the Premises not damaged.

**9.2 TOTAL OR EXTENSIVE DAMAGE** If the Premises are partially or totally destroyed, to the extent that the cost of restoration or repair would exceed one-third (1/3) of the total reasonable cost of replacement (as reasonably estimated by the Landlord) of all the improvements on the Premises, then the Landlord may elect either to restore or not to restore the Premises, and shall notify the Tenant in writing of its election within thirty (30) days from the date of damage, injury or destruction whether or not it will restore or repair that portion of the Premises owned by Landlord. In the event the Landlord elects not to restore or repair the improvements, then this lease shall terminate, Landlord shall have no further liability to Tenant under This Lease and all rental due shall terminate as of the date of the damage, injury or destruction. Any prepaid rental (including the security deposit) shall be rebated to Tenant within thirty (30) days from date of Landlord's notice of election provided Tenant is otherwise in compliance with the terms of this Lease. In the event the Landlord elects to restore or repair the Premises, the same shall be commenced within forty-five (45) days of damage, injury or destruction and shall be completed with due diligence. The Base Rent hereunder will abate until the Premises are restored to substantially their previous condition by the percentage of that portion of the original Premises damaged or destroyed (as reasonably determined by the Landlord). Tenant shall be responsible, at its own expense to do such work as may be necessary to place that portion of the Premises not so damaged or destroyed in a condition to permit Tenant to continue to carry on the approved use as of the date of taking and Tenant shall continue that use to the extent possible. Tenant shall not be entitled to any additional abatement or deduction of rent from any business interruption caused by such damage or destruction or by the necessity for Tenant to do work on the portion of the Premises not damaged. Provided, however, in the event the repairs or restoration shall take more than one hundred twenty (120) days from date of start of construction, then Tenant may elect to terminate this lease by delivering to Landlord, in writing, a notice of such election within thirty (30) days of the date of destruction or damage.

**9.3 NO COMPENSATION TO TENANT** In the event of Partial or Total Damage or Destruction as provided above Tenant shall not be entitled to obtain a share in any fire or extended coverage insurance proceeds on property owned by Landlord in any manner, but all such proceeds shall be payable to Landlord or Landlord's mortgagee as they shall agree between them.

## **ARTICLE X EMINENT DOMAIN**

**10.1 DEFINITIONS** For purposes of this paragraph, the following terms shall have the following meanings:

A. A "taking" shall mean a taking by eminent domain which is either permanent or for a duration of more than three (3) months;

B. "Substantially all the Premises" shall mean a taking, or a sale under threat of eminent domain, of such portion of the Premises or a restriction placed on the Premises by other governmental actions such that the portion not so taken or sold or affected is not reasonably usable by the Tenant for the uses permitted by this Lease as of the date of taking; and

C. "Date of taking" shall mean the date legal title to, or the right to possess, the Premises or substantially all the Premises is vested in the condemning authority.

**10.2 TOTAL OR SUBSTANTIAL TAKING** If all or substantially all the Premises are taken or sold or affected under threat of eminent domain or other governmental action during the term of this Lease or any renewal thereof, this Lease will terminate on the date of taking without further liability of Landlord to Tenant under the Lease and accrual of rent hereunder shall cease on the date of taking. Any prepaid rental or security deposit shall be rebated to Tenant within thirty (30) days from Landlord's notice of election provided Tenant is otherwise in compliance with the terms of this Lease.

**10.3 PARTIAL TAKING** If less than substantially all the Premises is taken or sold under threat of eminent domain or other governmental action during the term of this Lease or any renewal hereof, this Lease shall nonetheless continue in force and effect except as to the portion of the Premises so taken or sold, and the amount of Base Rent payable hereunder from and after the date of such partial taking shall be reduced by the percentage of that portion of the original Premises covered by this Lease which was so partially taken or sold (as reasonably determined by Landlord). Tenant shall be responsible, at its own expense, to do such work as may be necessary to place that portion of the Premises not so partially taken or sold in a condition to permit Tenant to continue to carry on the approved use as of the date of taking. Tenant shall not be entitled to any additional abatement or deduction of rent for any business interruption caused by such partial taking or sale or by the necessity for Tenant to do work on the portion of the Premises not so partially taken or sold.

**10.4 NOTICE OF TENANT** If and when Landlord learns of a threat of a taking or partial taking, Landlord will immediately notify Tenant of such threat.

10.5 NO COMPENSATION TO TENANT In the event of any taking or partial taking during the term of this Lease or any renewal thereof, Tenant shall not be entitled to obtain or share in any condemnation award or proceeds of sale under threat of condemnation, whether or not such taking results in a full or partial termination of this Lease or the leasehold estate created hereunder.

## ARTICLE XI COMPLIANCE WITH HAZARDOUS MATERIALS LAW

11.1 HAZARDOUS MATERIALS Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials on or about the Premises. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Premises, any such materials or substances except to use in the ordinary course of Tenant's business. Without limitation, hazardous substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq., any applicable state or local laws and the regulations adopted under these acts. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any escape, disposal or release of hazardous substances or materials, then the reasonable costs thereof shall be reimbursed by Tenant to Landlord upon demand as additional rent if such requirement applies to the Premises. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence, escape, disposal or release of hazardous substances or materials on the Premises. The within covenants shall survive the expiration or any earlier termination of the term of this Lease.

## ARTICLE XII TRANSFERS OF INTEREST

12.1 RESTRICTION ON TRANSFER It is agreed that Tenant shall not have the right to sublease, assign, transfer, mortgage or encumber any part of Tenant's interest in this Lease without the prior written approval of Landlord, which said approval shall not be unreasonably withheld. Landlord shall consider factors including the proposed use, parking requirements and financial strength of the sublessee or assignee in determining whether to approve a sublease or assignment. Any attempted or purported change of Tenant's interest without Landlord's prior written consent shall be void and shall confer no rights upon any third party. Nothing herein contained shall relieve Tenant or any Guarantor from its covenants and obligations under this Lease. Tenant agrees to reimburse Landlord for Landlord's reasonable attorneys' fees, costs and expenses incurred in conjunction with the processing and documentation of any such requested change of Tenant's interest.

12.2 FORM OF TRANSFER Each change of Tenant's interest to which there has been consent shall be by an instrument in writing in form satisfactory to Landlord, and shall be executed by the transferor, assignor, sublessor, licensor, concessionaire, hypothecator or mortgagor and the transferee, assignee, sublessee, licensee, concessionaire or mortgagee shall agree in writing for the benefit of the Landlord herein to assume, to be bound by, and to perform the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant, including the payment of all amounts due or to become due under this Lease directly to Landlord. One executed copy of such written instrument shall be delivered to Landlord. Failure to first obtain in writing Landlord's consent or failure to comply with the provisions of this Article shall operate to prevent any such change of Tenant's interest from becoming effective. Consent by Landlord to one change of Tenant's interest shall not constitute a waiver of Landlord's right to consent to subsequent changes of Tenant's interest.

12.3 RENT UPON TRANSFER In the event Tenant shall assign its interest in this Lease, or sublet the Premises, then the Base Rent specified in Article I shall be increased, effective as of the date of such assignment or subletting, to the highest of (i) the rentals payable by any such assignee or sublessee pursuant to such assignment or sublease, or (ii) an amount equal to the total of the Base Rent required to be paid by Tenant pursuant to this Lease during the twelve (12) month period immediately preceding such assignment or subletting, or (iii) the Base Rent specified in Article I, adjusted in accordance with the provisions of Paragraph 4.2 of this Lease. In no event shall the Minimum annual Rent, after such assignment or subletting, be less than the Base Rent specified in Article I.

12.4 TRANSFER OF STOCK INTEREST If Tenant hereunder is a corporation which, under the then current laws of the State of New Mexico, is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning and provisions of this Article.

12.5 BANKRUPTCY Neither this Lease, nor any interest therein, nor any estate created hereby, shall pass to any trustee or receiver in bankruptcy, or to any other receiver or assignee for the benefit of creditors or otherwise by operation of law. In the event of bankruptcy or assignment for the benefit of creditors, Landlord shall be entitled to retain the security deposit and shall be deemed a secured creditor as to the next six months' rental to the extent permitted by the applicable federal or state laws unless a tenant paying at least the amount due from Tenant shall be procured in said period in which case the actual rent collected during that six (6) month period shall reduce the amount of secured debt. As to any additional loss of rent, Landlord shall be entitled to file as a general creditor. The rights herein are cumulative of and in addition to any other rights provided by law.

12.6 SALE OF PREMISES BY LANDLORD In the event of any sale or exchange of the Premises by Landlord and assignment by Landlord of this Lease, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the

Premises or this Lease occurring at the consummation of such sale or exchange and assignment, provided such purchaser or assignee shall expressly assume said covenants and obligations of Landlord.

### ARTICLE XIII DEFAULT

13.1 LANDLORD'S ELECTIONS UPON DEFAULT Should Tenant at any time be in default with respect to any rental payments or other charges payable by Tenant, and should such default continue for a period of five (5) days after written notice from Landlord to Tenant; or should Tenant be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained and should such default or breach of performance continue for a period of twenty (20) days after written notice thereof from Landlord to Tenant specifying the particulars of such default or breach of performance, (Provided, however, if Landlord is required to send more than two (2) written notices of default of any kind in any lease year, then Tenant shall be in default under this Lease notwithstanding any attempts to cure after the third failure by Tenant to timely perform) or should Tenant vacate or abandon the Premises; then Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this Lease, and in addition to any or all other rights or remedies of Landlord and by law provided, it shall be, at the option of Landlord, without further notice or demand of any kind to Tenant or any other person:

(a) The right of Landlord to declare the term hereof ended, to terminate this Lease and to reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder; or

(b) The right of Landlord without declaring this Lease ended to reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and to collect any unpaid rentals and other charges, which have become payable, or which may thereafter become payable; or

(c) The right of Landlord, even though it may have reentered the Premises, to thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

13.2 ELECTION TO REENTER Should Landlord have reentered the Premises under the provisions of subparagraph (b) above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any rental or other charges thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease, and Tenant further covenants that the service by Landlord of any notice of unlawful detainer and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease. In the event of any entry or taking possession of the Premises as aforesaid, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at a public warehouse at the expense and risk of Tenant.

13.3 ELECTION TO TERMINATE Should Landlord elect to terminate this Lease pursuant to the provisions of subparagraph (a) or (c) above, Landlord may recover from Tenant as damages, the following:

(i) The worth at the time of award of any unpaid rental which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rental for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to any costs or expenses incurred by Landlord in (a) in retaking possession of the Premises, including reasonable attorney's fees therefore, (b) maintaining or preserving the Premises after such default, (c) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (d) leasing commissions, or (e) any other costs necessary or appropriate to relet the Premises; plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable laws.

As used in subparagraphs (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the rate of twelve percent (12%) per annum. As used in subparagraph (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank at the time of the award, plus one percent (1%).

For all purposes of this Article XIII, the term "rental" shall be deemed to be the Base Rental and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All such sums, other than the Base Rent, shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute such rental before such a sixty (60) month period has occurred then such rental shall be computed on the basis of the average monthly amount hereof accruing during such shorter period.

13.4 USE OF TENANT'S PROPERTY In the event of default, and in addition to other rights of Landlord hereunder, all of Tenant's fixtures, furniture, equipment, improvements, additions, alterations, and other personal property shall remain on the Premises

and in that event, and continuing during the length of said default, Landlord shall have the right to take the exclusive possession of same and to use same, rent or charge free, until all defaults are cured or, at its option, at any time during the term of this Lease, to require Tenant to forthwith remove same.

**13.5 NONMONETARY DEFAULT PERIOD FOR REMEDY** Notwithstanding any other provisions of this Article, Landlord agrees that if the default complained of, other than for the payment of monies, is of such a nature that the same cannot be rectified or cured within the period requiring such rectification or curing as specified in the written notice relating thereto, then such default shall be deemed to be rectified or cured if Tenant within such period shall have commenced the rectification and curing thereof and shall continue thereafter with all due diligence to cause such rectification and curing and does so complete the same with the use of such diligence as aforesaid.

**13.6 SUPPLEMENTAL REMEDIES** The remedies given to Landlord in this Article shall be in addition and supplemental to all other rights or remedies which Landlord may have under laws then in force.

**13.7 NON-WAIVER BY LANDLORD** The failure by Landlord to enforce any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rental hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rental. No covenant, term, or condition of this lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord.

**13.8 RELETTING THE PREMISES** Upon entering and taking possession of the Premises without terminating the Lease and, without prejudice or waiver of its rights to sue and collect unpaid rent and any other damages from Tenant, Landlord may relet the Premises in the name of Landlord and for such term and on such conditions and provisions as Landlord shall determine in its discretion (including the granting of reasonable amounts of free rent and other concessions reasonably required to effect such reletting) and may collect and receive the rents from such reletting. Such reletting may be for a term greater than the term then remaining under this Lease but in any event shall operate to preempt Tenant from any right to repossess the Premises. Landlord shall also not be liable or responsible to Tenant for any failure to collect rent payable upon reletting by Landlord. The proceeds of any such reletting, less all costs and expenses of reletting (including any attorneys' fees) shall be applied to unpaid rents, damages and other sums due and payable by Tenant to Landlord for Tenant's breaches of Lease and other wrongful conduct.

**13.9 LANDLORD'S OPTION TO REMEDY** Landlord at its option may, but in no event shall be obligated to, advance and pay any sums and do such other things, which may include entering into the Premises to do such other things, which may be necessary to cure, discharge or satisfy any monetary or nonmonetary defaults of Tenant under this Lease. Should Landlord elect to do so, all sums advanced and paid by Landlord in connection therewith (including attorneys' fees), together with interest thereon until repaid to Landlord at the rate of twelve percent (12%) per annum, shall be considered as additional rent payable hereunder and shall be due and payable by Tenant upon demand of Landlord to Tenant.

**13.10 OPTIONAL MEDIATION** In the event of any dispute between the parties hereto as to any matter in controversy under the Lease the Landlord shall have the option (but not the obligation) to submit the dispute to binding mediation by delivering to Tenant a written demand therefore. Said mediation shall take place before a mediator chosen by the parties, or if they are unable to agree within fifteen (15) days of the date of the written demand for mediation, by a judge of the state district court for the district in which the Premises are located. The cost of the mediator shall be split evenly by the parties. The mediation shall take place within sixty (60) days of the date of the written demand therefore except that the mediator may grant minimal continuances as justice requires. There shall be only such discovery allowed by the mediator, which would not postpone the date of mediation.

**13.11 ALLOCATION OF PAYMENTS** Any payment received from Tenant may be applied by Landlord at any time against any obligation due and owing by Tenant under this Lease, notwithstanding any statement appearing on or referred to in any remittance from Tenant or any prior application of such payment.

**13.12 DEFAULT UNDER OTHER LEASES** If the term of any Lease or Tenant's possession under any Lease heretofore or hereafter made by Tenant for any space in the Building, other than this Lease, shall be terminated or terminable after the making of this Lease because of any default by Tenant under such other Lease, such fact shall be a Default hereunder and shall empower Landlord, at Landlord's sole option, to terminate this Lease by written notice to Tenant or to exercise any of the rights or remedies set forth in Article XIII.

**13.13 LANDLORD DEFAULT.** In the event of any alleged default on the part of Landlord, Tenant shall give written notice to Landlord and afford Landlord a reasonable opportunity to cure such default. Such notice shall be ineffective unless a copy is simultaneously also delivered in the manner required in this Lease to any holder of a mortgage and/or deed of trust affecting all or any portion of the Building (collectively "Mortgagee"), provided that prior to such notice Tenant has been notified (by way of notice of Assignment of Rents and Lease, or otherwise), of the address of a Mortgagee. If Landlord fails to cure such default within a reasonable time period, then Mortgagee shall have an additional 30 days following a second notice from Tenant or, if such default cannot be cured within that time, such additional time as may be necessary provided within such 30 days, Mortgagee commences and diligently pursues a cure (including commencement of foreclosure proceedings if necessary to effect such cure). Tenant's sole remedy will be equitable relief or actual damages but in no event is Landlord or any Mortgagee responsible for consequential damages or lost profit incurred by Tenant as a result of any default by Landlord. If a Mortgagee, or transferee under such Mortgage (hereafter defined), succeeds to Landlord's interest

as a result of foreclosure or otherwise. Each party shall not be: (a) liable for any default, nor subject to any setoff or defenses that Tenant may have against Landlord; (b) bound by any amendment (including an agreement for early termination) without its consent made at any time after notice to Tenant that such Mortgage requires such consent; and (c) bound by payment of Rent in advance of more than 30 days. Tenant agrees to pay rent (and will receive credit under this Lease) as directed in any Mortgagee's notice of Landlord's default under the Mortgage reciting that Mortgagee is entitled to collect Rent.

#### ARTICLE XIV SECURITY FOR TENANT'S PERFORMANCE

INTENTIONALLY DELETED

#### ARTICLE XV SUBORDINATION & ESTOPPEL

15.1 SUBORDINATION. Once Tenant has received written notice identifying the name and address of any lender (a "Lender") holding a mortgage or deed of trust (a "Mortgage") on the Property of which these premises form a part (the "Property"), Tenant agrees to notify such Lender by certified mail, return receipt requested, with postage prepaid, of any default on the part of Landlord under this Lease, and Tenant further agrees that, notwithstanding any provisions of this Lease, no cancellation or termination of this Lease and no abatement or reduction of the rent payable hereunder shall be effective unless the Lender has received notice of the same and have failed within (30) days after the time when it shall have become entitled under the Mortgage to remedy the same, to commence to cure such default, and thereafter diligently prosecute such cure to completion, provided that such period may be extended, if the Lender needs to obtain possession of the property to cure such default, to allow the Lender to obtain possession of the Property provided the Lender commences judicial or non-judicial proceedings to obtain possession within such period and thereafter diligently prosecutes such efforts and cure to completion. It is understood that the Lender shall have the right, but not the obligation, to cure any default on the part of the Landlord.

Tenant agrees that if a Lender shall succeed to the interest of Landlord under this Lease, neither the Lender nor its successors or assigned shall be liable for any prior act or omission of Landlord: subject to any claims, offsets, credits or defenses which Tenant might have against any landlord prior landlord (including Landlord); or bound by any assignment (except as otherwise expressly permitted hereunder), surrender, release, waiver, amendment or modification of the Lease made without such Lender's prior written consent; or obligated to make any payment to Tenant or liable for refund of all or any part of any security deposit or other prepaid charge to Tenant held by Landlord for any purpose unless the Lender shall have come into exclusive possession of such deposit or charge. In addition, if a Lender shall succeed to the interest of Landlord under this Lease, the Lender shall have no obligation, not incur any liability, beyond its then equity interest, if any, in the Property.

In the event that a Lender (or any person or entity to who the Mortgage may subsequently be assigned) notifies Tenant of a default under the Mortgage and demands that Tenant pay its rent and all other sums due under this Lease to the Lender, Tenant shall honor such demand without inquiry and pay its rent and all other sums due under this Lease directly to the Lender or as otherwise required pursuant to such notice and shall not thereby incur any obligation or liability to Landlord.

Tenant agrees and acknowledges that this Lease is subordinate to the lien of any Mortgage, but that, at the Lender's election, this Lease may be made prior to the lien of any mortgage, and in the event a Lender succeeds to the interest of the Landlord under this Lease, then at the Lender's election (A) Tenant shall be bound to the Lender under all of the terms, covenants and conditions of this Lease for the remaining balance of the term hereof, with the same force and effect as is the Lender were the lesser hereunder, and Tenant does hereby agree to attorn to the Lender as its lesser without requiring the execution of any further instruments immediately upon the Lender succeeding to the interest of Landlord under this Lease; provided, however, that Tenant agrees to execute and deliver to the Lender any instrument reasonably requested by it to evidence such attornment; and (B) subject to the observance and performance by Tenant of all the terms, covenants and conditions of this Lease on the part of Tenant to be observed and performed, the Lender shall recognize the leasehold estate of tenant under all of the terms and conditions of this Lease for the remaining balance of the term with the same force and effect as if the Lender were the lessor under the Lease.

Tenant agrees, at any time and from time to time, as requested by Landlord or any Lender, upon not less than ten (10) days' prior notice, to execute and deliver without cost or expense to the Landlord or such Lender an estoppel certificate certifying that this Lease is unmodified and in full force and effect (or if there have been modifications), certifying the dates to which all fixed or base rent and any additional rent have been paid, and stating whether or not, to the best knowledge of Tenant, Landlord is in the default in the performance of any of its obligations under this Lease, and, if so, specifying each such default of which Tenant may have Knowledge, it being intended that any such statement delivered pursuant thereto may be relied upon by any other person either whom Landlord or such Lender may be dealing.

15.2 ESTOPPEL CERTIFICATE. Tenant shall at any time upon not less than ten (10) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such

statement may be conclusively relied on by any prospective purchaser of or existing or prospective lender on the security of the Premises.

At Landlord's option, Tenant's failure to deliver such statement within such time shall be a material breach of this Lease or shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and (iii) that no rent has been paid in advance except as may be represented by Landlord.

If Landlord desires to finance, refinance, or sell the Premises, or any part thereof, Tenant hereby agrees to deliver to any prospective lender or purchaser designated by Landlord such financial statements of Tenant as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Tenant. Such financial statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. All such financial statements shall be received by Landlord and such prospective lender or purchaser in confidence and shall be used only for the purposes herein set forth.

#### ARTICLE XVI GENERAL PROVISIONS

**16.1 TIME IS OF THE ESSENCE** Time is of the essence in respect to the performance by Tenant of all its monetary and non-monetary obligations hereunder and also in respect to Tenant's exercise of any options or rights granted to Tenant hereunder, including but not limited to options and rights to renew or to terminate this Lease.

**16.2 NOTICES** All notices by either party to the other shall be made to the locations indicated in Article I hereof or at such other address as the party may from time to time designate in writing to the other Party to this Lease, by depositing such notices in the certified mail of the United States of America, and such notice shall be deemed to have been served on the date of such depositing in the certified mail unless otherwise provided.

**16.3 ATTORNEYS' FEES** In the event that during the term of this Lease or any renewal hereof Tenant shall request Landlord's written approval or consent to a matter requiring its written approval or consent, shall request Landlord to execute any instrument pertaining to this Lease, whether or not required to be executed by Landlord hereunder or raises any question concerning the operation of this lease which in Landlord's discretion requires an opinion of counsel, Tenant agrees to reimburse Landlord, upon demand by Landlord, for such reasonable attorneys' fees and other out-of-pocket expenses and disbursements which Landlord may incur in processing and acting upon such request or requests of Tenant. In the event of any litigation between the parties, the prevailing party shall be entitled to attorneys' fees, costs and expenses.

**16.4 NO PARTNERSHIP** It is understood that Landlord does not in any way or purpose become a partner or joint venturer with Tenant in the conduct of Tenant's business.

**16.5 AUTHORITY** If Tenant is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Tenant is a corporation, trust or partnership, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord evidence of such authority.

**16.6 INTEREST ON AMOUNTS DUE** Unless otherwise specifically provided, all amounts owed by Tenant to Landlord pursuant to any provision of this Lease shall bear interest from the date due until paid at the annual rate equal to three percentage points in excess of the rate of interest announced from time to time by the First National Bank of Chicago at Chicago, Illinois, or any successor thereto, as its corporate base rate, changing as and when said corporate base rate changes, unless a lesser rate shall then be the maximum rate permissible by law with respect thereto, in which event said lesser rate shall be charged.

**16.7 PARTIAL INVALIDITY** If any term or condition of this Lease or the application thereof to any person or events shall to any extent be invalid and unenforceable, the remainder of this Lease or the application of such term, covenant or condition to persons or events other than those to which it is held invalid or unenforceable, shall not be affected and each term, covenant and condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**16.8 SUCCESSORS** The provisions, covenants and conditions of this Lease shall bind and inure to the benefit of the legal representatives, successors and assigns of each of the parties, except that no assignment or subletting by Tenant without the written consent of Landlord shall vest any right in the assignee or sublessee of Tenant.

**16.9 ENTIRE AGREEMENT - AMENDMENT** This agreement constitutes the entire agreement between the parties. Oral agreements in conflict with any of the terms of this Lease shall be without force and effect, all amendments to be in writing, executed by the parties or their respective successors in interest.

**16.10 DEFINITION OF LANDLORD.** The term "Landlord" as used in this Lease, so far as covenants or agreements on the part of the Landlord are concerned, shall be limited to mean and include only the owner or owners of the Landlord's interest in this Lease at the time in question, and in the event of any transfer or transfers of such interest, the Landlord herein named (and in case of any subsequent transfer, then transferor) shall be automatically freed and relieved from and after the date of such transfer of all liability as respects the performance of any covenants or agreements on the part of the Landlord contained in this Lease thereafter to be performed

provided that Landlord has transferred the new owner the Tenant's Security Deposit and an unpaid Rent.

16.11 BROKERS. Landlord and Tenant represent and warrant to each other that no broker or agent negotiated or was instrumental in the negotiation or consummation of this Lease, except Landlord's Broker and any Tenant's Broker specified in the Fundamental Lease Provisions above, if any. Landlord shall, at its sole cost and expense, pay to Landlord's Broker and Tenant's Broker a commission pursuant to separate written agreements between Landlord and Landlord's Broker and Landlord and Tenant's Broker. Landlord and Tenant agree to indemnify and hold each other harmless from and against any and all commissions, fees, and expenses and all claims therefore, by any broker, salesperson or other party in connection with or arising out of the parties' entering into this Lease, claiming by, through or under the indemnifying party, except for the commissions of Landlord's Broker and Tenant's Broker, which commissions Landlord shall be obligated to pay.

16.12 NO MERGER. The termination or mutual cancellation of this Lease will not work a merger, and such termination or cancellation will at the option of Landlord either terminate all subleases or operate as an automatic assignment to Landlord of such subleases.

16.13 INDEPENDENT COVENANTS. This Lease is to be construed as though the covenants between Landlord and Tenant are independent and not dependent and Tenant is not entitled to any setoff of the Rent against Landlord if Landlord fails to perform its obligations; provided, however, the foregoing does not impair Tenant's right to commence a separate suit against Landlord for any default by Landlord so long as Tenant complies with Section 22.

16.14 CONSTRUCTION. The parties waive any rule of construction that ambiguities are to be resolved against the drafting party. Any words following the words "include," "including," "such as," "for example," or similar words or phrases shall be illustrative only and are not intended to be exclusive, whether or not language of non-limitation is used.

16.15 SEVERABILITY. If there is more than one party, which is the Tenant, the obligations imposed upon Tenant are joint and several.

16.16 LENDER'S REQUIREMENTS. The Terms and Conditions of this Lease are subject to the approval of Landlord's Lender and this Lease shall not become effective until such Lender or Lenders have approved such terms and provisions. Tenant will make such modifications to this Lease as may hereafter be required to conform to any Lender's requirements, so long as such modifications do not increase Tenant's obligations or materially alter its rights.

16.17 EFFECTIVENESS. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option to lease and it is not effective unless and until execution and delivery by both Landlord and Tenant.

16.18 NON-RELIANCE. Tenant confirms it has not relied on any statements, representations, or warranties by Landlord or its representatives except as set forth herein.

16.19 RECORDING OF LEASE. This Lease shall not be recorded by either Landlord or Tenant without the prior written consent of the other.

16.20 EXCULPATION. Notwithstanding anything to the contrary contained herein, Landlord's liability under this Lease shall be limited strictly to its interest in the Building.

#### 16.21 MISCELLANEOUS

A. If the Tenant is more than one person, the obligations of Tenant shall be joint and several obligations of such persons.

B. In construing this Lease, "Landlord" and "Tenant" shall include the plural as well as singular, and the neuter gender shall include the masculine and/or feminine, when the context so requires.

C. Each party agrees to execute and deliver any instruments in writing, which may be necessary and appropriate to carry out the terms, conditions, provisions and purposes of this Lease when requested by the other party.

D. The paragraph and sub-paragraph headings contained in this Lease are for convenience only and shall not be relied on in construing this Lease.

E. This Lease shall be construed and enforced in accordance with the laws of the state where the Premises are located.


F. Any rights, reserved or granted to Landlord hereunder may be exercised by Landlord, or the manager or agent for the Project or their respective agents, employees, contractors or designees.

G. This Lease, the Guaranty and all exhibits attached hereto are hereby incorporated herein by reference and shall be construed together.

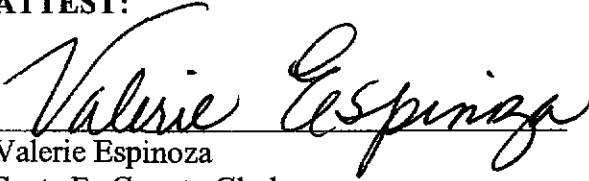


IN WITNESS WHEREOF, the parties have executed this Lease Agreement as of the date first written above.

**SANTA FE COUNTY**


  
Virginia Vigil, Chairperson  
Santa Fe Board of County Commissioners

**ATTEST:**

  
Valerie Espinoza  
Santa Fe County Clerk



**APPROVED AS TO FORM:**

  
Stephen C. Ross  
Santa Fe County Attorney

5-2-07  
Date

**FINANCE DEPARTMENT APPROVAL:**

  
Teresa Martinez  
Santa Fe County Deputy Finance Director

5-8-07  
Date

**OFFICE COURT COMPANIES III, LLC:**

  
FEDERAL TAX I.D. NUMBER  
  
\_\_\_\_\_

5-8-07  
Date

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

This Lease consisting of 25 pages, including the page on which these signatures appear, the Guaranty and Exhibit(s) A, B and C attached hereto, are entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_.

LANDLORD:

By: [Signature]  
Its: Remise

TENANT:

By: \_\_\_\_\_

Its: \_\_\_\_\_

[Signature]

PERSONAL GUARANTY OF LEASE

To induce Landlord above-named, to enter into the foregoing Lease Agreement ("the Lease") with Tenant above-named, and for other good and valuable consideration, the undersigned individual(s) \_\_\_\_\_ ("Guarantor(s)") hereby unconditionally and irrevocably personally guarantees to Landlord:

- (1) \_\_\_\_\_ Payment in full, when due, of all rent and all other sums which may become payable to Landlord under the Lease; and
- (2) \_\_\_\_\_ Performance, when due, of all other monetary and non-monetary duties, obligations and liabilities of Tenant under the Lease.

The undersigned Guarantor(s) hereby consents to all of the following, none of which shall affect, change, impair or discharge the obligations of undersigned as personal Guarantor(s) hereunder: (i) any extension or renewal of the Lease; (ii) any change in the terms, conditions or provisions of the Lease, including any increase in the rent payable thereunder, resulting either from operation of the terms of the Lease or by subsequent mutual agreement of Landlord and Tenant; (iii) any consensual or non-consensual termination of the Lease at a time when Tenant is in default thereunder; (iv) any consensual or non-consensual surrender of possession of the premises at a time when Tenant is in default under the Lease; and (v) any release or relinquishment to Tenant by Landlord of any security hereafter held by Landlord for the payment or performance of any monetary or non-monetary duties, obligations or liabilities of Tenant under the Lease.

The undersigned Guarantor(s) expressly waives all of the following: (i) notice of the acceptance of this Personal Guaranty by Landlord or any of its successors in interest; (ii) notice of the amount of any indebtedness or liability hereafter payable or owing by Tenant to Landlord under this lease; (iii) demand by Landlord for payment or performance of the undersigned Guarantor's obligations under this Personal Guaranty; (iv) notice of the Tenant's default under any of the terms of the Lease; (v) diligence by Landlord in the collection of any indebtedness of Tenant to Landlord under the Lease; (vi) any other demands or notices which the undersigned Guarantor(s) otherwise might be entitled to receive in connection with the Lease or this Personal Guaranty; and (vii) any right to require Landlord, as a condition precedent to or concurrent with enforcement of this Personal Guaranty, to exhaust any security for payment or performance of the Lease or to pursue any other rights or remedies which Landlord may have under the Lease or applicable law, against Tenant, it being agreed that this Personal Guaranty is an absolute guaranty of payment and performance and that Landlord's failure to exercise or pursue any such rights or remedies shall in no way impair the obligations of the undersigned Guarantor(s) under this Personal Guaranty and that the personal liability of the undersigned Guarantor(s) hereunder to Landlord is and shall be direct and unconditional.

The undersigned Guarantor(s) further agrees to all the following: (i) in the event legal action is commenced to enforce this Personal Guaranty, the undersigned Guarantor(s) agrees to pay Landlord's reasonable attorneys' fees, costs of suit and litigation expense incurred therein, in a sum to be fixed by the Court; (ii) this Personal Guaranty shall inure to the benefit of Landlord and Landlord's successors in interest, and notice of assignment or transfer of this Personal Guaranty, whether consensually or by operation of law, is hereby waived by the undersigned Guarantor(s); (iii) this Personal Guaranty shall not be discharged or affected by death, but it shall bind and its benefits shall accrue to, the respective heirs, executors, administrators, legal representatives, assigns and successors of the parties; and (iv) if the undersigned Guarantor(s) shall be more than one person, the obligations and liabilities hereunder to Landlord of all such persons shall be joint and several.

The undersigned Guarantor(s) shall have no right of subrogation, and the undersigned Guarantor(s) waives the right to enforce any remedy which Landlord now or hereafter has against Tenant and waives any benefit of any right to participate in any securities for Tenant's payment or performance of its obligations under the Lease, until such time as all duties, obligations and liabilities of Tenant to Landlord under the Lease have been paid, performed and discharged in full.

The undersigned Guarantor(s) acknowledges that he is familiar with and has independent knowledge of the financial condition of Tenant and its ability to perform Tenant's monetary and non-monetary obligations under the Lease, and the undersigned Guarantor(s) waives any defense that undersigned Guarantor(s) otherwise might have relating to the financial condition, financial ability and/or creditworthiness of Tenant relative to its present and future monetary and non-monetary obligations under the Lease.

This Personal Guaranty shall be assignable by Landlord. This Personal Guaranty shall continue in full force and effect until all duties, obligations and liabilities of Tenant to Landlord under the Lease have been fully paid, performed and discharged.

IN WITNESS WHEREOF, this Personal Guaranty of Lease has been executed individually by the undersigned Guarantor(s) as of the same date that the Lease is dated.

\_\_\_\_\_  
GUARANTOR

\_\_\_\_\_  
GUARANTOR

\_\_\_\_\_  
GUARANTOR

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EXHIBIT A

DESCRIPTION OF PREMISES

4001 Office Court

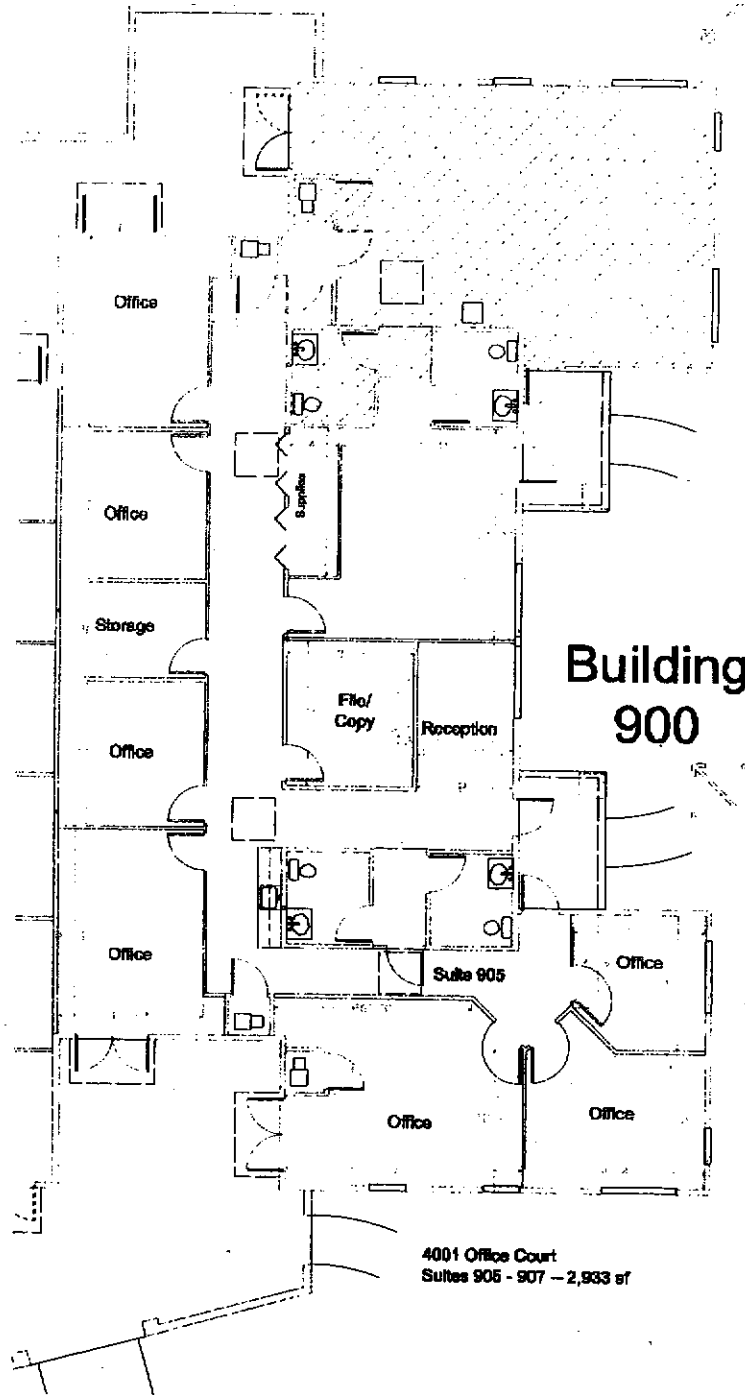
4001 Office Court Drive, Suites 905-907

Santa Fe, NM 87507

Containing Approximately Two Thousand Nine Hundred Thirty Three (2,933) Square Feet

EXHIBIT B

Floor Plan  
(Not to Scale)



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**RULES AND REGULATIONS**

**1. Building Directory:** The directory of the Building shall display Tenant's name, which shall fit on one line of the directory and will be provided at the expense of Landlord. Any additional names other than Tenant's name requested by Tenant to be displayed in the directory must be approved by Landlord in writing, and, if so approved, will be provided at the sole expense of the Tenant.

**2. Signs:** Tenant shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Building, or any part of the outside of the Premises, or on any part of the inside of the Premises which can be seen from the outside of the Premises, without the prior written consent of Landlord, and then only such name or names or content and in such color, size, style, character, material and manner of affixing as may be first approved by Landlord in writing. Landlord reserves the right to remove at Tenant's expense all sign matter not consented to or approved by Landlord.

**3. Compliance with Laws:** Tenant shall comply with all applicable laws, ordinances, governmental orders and regulations and applicable orders and directions from any public office or body having jurisdiction, with respect to the Premises or the Building and the use or occupancy thereof. Tenant shall not make or permit any use of the Premises or the Building which directly or indirectly is forbidden by law, ordinance, governmental regulation or order or direction of applicable public authority, or which may be dangerous to person or property.

**4. Hazardous Materials:** Tenant shall not use or permit to be brought into the Premise or the Building any flammable oils or fluids, or any explosive or other articles deemed hazardous to persons or property, or do or permit to be done anything in or upon the Premises, or bring or keep anything herein, which shall not comply with all rules, orders, regulations or requirements of any organization, bureau, department, or body having jurisdiction with respect thereto (and Tenant shall at all times comply with all such rules, orders, regulations or requirements), or which shall invalidate or increase the rate of insurance on the Building, its appurtenances, contents or operation.

**5. Defacing and Altering Premises and Overloading:** Tenant shall not place anything or allow anything to be placed in the Premises near the glass of any door, partition, wall or window which may be unsightly from outside the Premises, and Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the outside of the exterior walls of the Premises or the Building. Shades, awnings or other forms of outside window ventilators or similar devices, shall not be placed in or about the outside windows in the Premises. No blinds, shades, draperies or other forms of inside window covering other than those accepted by Landlord may be installed in the Premises. Tenant shall not deface any part of the Premises or Building. Tenant shall not overload any floor or part thereof in the Premises in excess of the live load therefore.

**6. Obstruction of Public Areas:** Tenant shall not, whether temporarily, accidentally or otherwise, allow anything to remain in, place or store anything, in, or obstruct in any way, any sidewalk, court, passageway, entrance, exit, loading or shipping area. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition, and move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all such items and waste that are at any time being taken from the Premises directly to the areas designated for disposal. All courts, passageways, entrances, exits, loading or shipping areas, and roofs are not for the use general public and Landlord shall in all cases retain the right to control and prevent access thereto by all



persons whose presence in the judgment of Landlord shall be prejudicial to the safety or security of the Building or its occupants. No tenant and no employee, agent, licensee, invitee or contractor of Tenant shall enter into areas reserved for the exclusive use of Landlord or its agents, employees, licensees or invitees.

**7. Keys and Additional Locks:** Tenant shall not attach or permit to be attached locks or similar devices to any door or window, or change existing locks or the mechanisms thereof. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys to the Premises and all keys for offices which have been furnished to Tenant or which Tenant shall have made, and in the event of loss of any keys so furnished, Tenant shall pay Landlord therefore.

**8. Toilet Rooms:** The toilet rooms, urinals, wash bowls and the other bathroom apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever including paper towels or sanitary napkins shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees, agents, licensees, invitees or contractors, shall have caused it.

**9. Nuisances and Certain Other Prohibited Uses:** Tenant shall not (i) install or operate any internal combustion engine, boiler, or machinery, in or about the Premises; (ii) sell any article, thing or service except those ordinarily embraced within the permitted use of the premises specified in Section 4; (iii) use the Premises for housing, lodging or sleeping purposes; (iv) place any radio or television antennae on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises; (v) operate any electrical device from which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Building or elsewhere; (vi) bring or permit to be in the Building any dog (except in the company of a blind or deaf person) or other animal or bird; (vii) make or permit any objectionable noise or odor to emanate from the Premises; (viii) disturb, solicit or canvass any occupant of the Building.

**10. Freeze Up:** Tenant shall at all times, whether or not it is currently using the Premises, leave its heating system on at a temperature sufficient to prevent freeze up of any water pipes in the Premises or the walls or ceiling space near the Premises.

**11. Vermin:** If the Premises demised to Tenant becomes infested with vermin, Tenant, at its sole cost and expense shall cause the Leased Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such exterminators as shall be approved by Landlord.

**12. Non-Smoking Building:** The Buildings are non-smoking Buildings and no smoking shall be permitted within the Buildings or at any time. The expense of any cleaning, ventilation, carpeting, painting or other refurbishment to the Buildings or Premises due to smoking by Tenant or Tenant's employees or visitors shall be borne by Tenant.

**13. Amendments:** Landlord reserves the right to make reasonable amendments, modifications, and additions to the rules and regulations heretofore set forth, and to make additional reasonable rules and regulations, as in Landlords' sole judgment may from time to time be needed for the safety, care, cleanliness, and preservation of good order of the Buildings.