

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made and entered into by and between SAYLOR Family Trust, LLC (the "Landlord") and Christine Duncan Heritage Academy a Public Charter School (the "Tenant").

FUNDAMENTAL LEASE PROVISIONS

Section 1.01. Summary and Reference.

Landlord: Saylor Family Trust, LLC
Tenant: Christine Duncan Heritage Academy
Tenant's Trade Name: Christine Duncan Heritage Academy
GRADES Pre K-8th Grade

Location and Description of Premise:

The Portion of 1900 Atrisco Rd. N.W. Albuquerque, N.M. 87120 on attached Exhibit "A".

Lease Term: July 1, 2020 to June 30, 2021 with renewal option*.

Fixed Minimum Rent:

<u>Full Lease Year</u>	<u>Monthly Rent</u>
Year 2019-2020	\$39,500.00

Section 1.02. Conflicts. This Article I is designed to summarize and reference, for the purposes of convenience, certain other articles and sections of this Lease which contain certain fundamental provisions. If any conflict exists between the summary provided above and the actual language provided in the referenced article or section, or provided elsewhere in this Lease, the actual language will control.

EXHIBITS

Section 2.01. Exhibits. The following items are attached as exhibits and are made a part of this Lease by this reference.

Exhibit "A" – Site Plan

PREMISES

Section 3.01. Premises. In consideration of the rents and agreements as provided in this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, certain land, buildings and other improvements. The Site Plans are attached and the land under Tenant's Buildings, which area is shown on Exhibit "A" (the "Premises"). The Premises are located at 1900 Atrisco Rd. N.W. 87120 in the City of Albuquerque, County of Bernalillo, State of New Mexico. The buildings on the Premises will be used by Tenant as a school and for no other purpose.

TERM AND RENT

Section 4.01. Commencement Date. This Lease will begin upon the date of this Lease, the "Commencement Date". The obligations of Tenant to pay rent as provided in this Lease will begin on July 1, 2020.

Section 4.03.1. Length of Term. The term of this Lease will be for a period from the commencement date of this Lease to June 30, 2021 subject to the provisions of Section 4.05. Tenant is hereby granted an option to lease the premise for an additional year subject to an increase in payments based upon proportional increased enrollment. Landlord and Tenant shall negotiate in good faith to agree upon the lease rate and projected enrollment funding for Lease Year 2020 through 2021 and Tenant shall provide notice to Landlord of Tenant's intention to extend the lease term 120 days prior to the end of the 2020 to 2021 lease year.

Section 4.03.2. Lease Year Defined. The term "Lease Year" as used in this Lease will mean a period of twelve full consecutive calendar months. The first Lease Year will begin on July 1, 2020.

Section 4.04. Tenant's Certificate. From time to time during the term of this Lease upon written request by Landlord, Tenant will execute and, within fifteen days following the request, deliver to Landlord a written certificate: (1) ratifying this

Lease; (2) expressing the Commencement Date and termination date of this Lease; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, or amended (except by such writings as will be described); (4) stating that all conditions provided in this Lease to be performed by Landlord have been so performed or have been waived by Tenant (or stating which conditions remain unsatisfied); (5) stating that no defenses or offsets exist against the enforcement of this Lease by Landlord, or stating the defenses or offsets against the enforcement of this Lease by Landlord, or stating the defenses and offsets as are then claimed by Tenant; (6) stating the amount of any advance rentals then paid by Tenant; (7) stating the date to which rentals have been paid; (8) providing the amount of any security deposit then held by Landlord; and (9) providing such other information as Landlord may reasonably request. Landlord, the mortgage lenders of Landlord and any purchasers of the Premises will be entitled to rely upon the certificate.

Section 4.05. Fixed Rent-Termination.

(a) Beginning on July 1, 2020 Tenant will pay to Landlord at the address of Landlord or at such place as Landlord may designate, without prior demand for payment and without any deduction or set off, as fixed minimum rent, the aggregate rent provided in Sections 4.01 thru 4.05 of this Lease, due and payable in advance on the first day of each calendar month during the term of this Lease.

(b) Rentals for any partial month occurring during the term of this Lease or for any month in which an increase or decrease in rent occurs will be prorated on a per diem basis in accordance with monthly rental rates then in effect. In the event the Charter that funds the school is not renewed by the State of New Mexico, or the District, Tenant shall so inform Landlord within 15 days after notification of non-renewal and this lease shall terminate on the date the Charter expires. In the event that adequate funding from the Department of Education is not sufficient to pay the lease increase or if enrollment declines significantly such that the lease payments cannot be sustained by the Charter School for the next year, then in that event, Tenant and Landlord will use best efforts to renegotiate the lease to a rate that will accommodate the revised budget of the school based upon funding and/or enrollment. In the event Tenant and Landlord cannot agree upon an acceptable revised

lease arrangement, either party can give 180 day written notice prior to the end of the lease year of their intent to terminate this lease and the lease can be terminated effective June 30th of the lease year in which termination notice is delivered.

NET LEASE; ADDITIONAL CHARGES

Section 5.01.1. Additional Rent. The fixed minimum rent provided in this Lease will be absolutely net to Landlord throughout the term of this Lease. All costs, expenses and obligations of every kind relating to the Premises which may arise or become due during the term of this Lease will be paid by Tenant. Tenant will pay as additional rent, without demand for payment and without set off or deduction, the expenses and charges described in Sections 5.02, 5.03, 5.04, 5.05 and 5.06. Tenant shall pay for any and all repairs caused by malicious mischief committed by students or invitees, vandals or those granted use of the premise by Tenant.

Section 5.01.2. Payment by Landlord. If Tenant fails to timely pay any of the sums described below which are due to third parties, or to perform any non-monetary obligations described below, Landlord may elect to pay the sums or perform the obligations on behalf of Tenant and demand (and be entitled to receive) immediate reimbursement from Tenant for the costs and expenses so incurred, together with a reasonable sum for overhead, in which event, the amount of the reimbursement will be deemed to be additional rent as provided in this Lease.

Section 5.02. Property Taxes. Property Taxes Exempt.

Section 5.03. Building Repairs. Tenant will perform those repair and maintenance obligations with respect to Tenant's Buildings as are described herein.

Section 5.04. Common Area Expenses, janitorial, landscaping weed and trash accumulation will all be maintained by Tenant.

Section 5.05. Insurance. Tenant will procure and pay for the cost of insurance as is described in Sections 17.01, 17.02 and 17.03. If Tenant fails to procure the insurance, or at any time fails to keep the insurance in effect as required, Landlord will have the right to procure the insurance in the name of Landlord or in the name of Tenant and will be entitled to reimbursement from Tenant for the cost of the insurance, and such amount will constitute additional rent as provided in this Lease. Tenant will pay the cost of liability insurance of

Tenant. Tenant will also pay the cost of Fire and Extended Coverage insurance maintained by Tenant and covering Tenant's Buildings as provided in Section 17.01.

Section 5.06. Utilities. Tenant will pay all charges for electricity (including exterior building lighting), gas, heat, sewage disposal, air conditioning, telephone, computer service, water and sewer services, garbage disposal, Pest Control or any other utility or service supplied to the Premises beginning on the date Tenant first enters upon the Premises and continuing throughout the term of this Lease. Landlord will not be liable or responsible to Tenant if any interruption occurs in the supply or any loss of capacity of any utility services to the Premises or Tenant's Buildings. Tenant Agrees to register all utilities for water, sewer, electricity, gas and any other services in Tenants name and Tenant shall be responsible for all payments thereto.

INSTALLATION OF TENANT'S BUILDINGS AND DEVELOPMENT OF PREMISES

Section 6.01. Landlord's Work. Landlord has previously erected or installed Buildings and infrastructure and developed the Premises in accordance with the Plans and Specifications on attached Exhibit "A". The Cargo Containers installed by Landlord for storage use by Tenant on the east side of the playground, shall remain the property of Landlord.

Section 6.03. Tenant's Fixturing. Tenant will fixture Tenant's Buildings as a complete, public, charter school, installing, at the expense of Tenant, all necessary equipment, furniture, furnishings and trade fixtures for operation of the school. All playground equipment, play structures, basketball court equipment, and shade structures, whether paid for by previous Tenants or Landlord, or Tenant shall be maintained by Tenant. All playground equipment permanently installed upon the premise shall remain upon the premise during the lease term or after expiration of the lease term.

OWNERSHIP AND RIGHT TO POSSESSION

Section 7.01. Ownership of Improvements. All structures, buildings, fixtures and other improvements erected by Landlord on the Premises and becoming a permanent part of the Premises will be, become and remain the property of Landlord. Any removable fixtures, not permanently attached to the premise, and paid for by Tenant, shall remain the property of Tenant.

Section 7.02. Right to Possession. At the end of the term of this Lease, or at the earlier termination for any reason, Landlord will have the right to take possession of the Premises, or any structures, buildings and other improvements erected (not including any trade fixtures), and Tenant will surrender the Premises and improvements to Landlord in as good condition as when the improvements were completed, reasonable wear and tear excepted. Tenant will repair, at the expense of Tenant, any damage done to such structures, buildings and improvements occasioned at any time by the trade fixtures of Tenant or the removal of the trade fixtures of Tenant.

USE OF PREMISES

Section 8.01. Business Use. Tenant will use and occupy the Premises solely for the purpose of conducting the business of Tenant, which is specifically described as a public, charter school. The business will be operated only under the trade name and signage of: Christine Duncan Heritage Academy. Tenant will not use or permit the Premises to be used for any other purpose or purposes except with the prior written consent of Landlord, which approval will not be unreasonably withheld.

Section 8.02. Lighting. Tenant will keep the exterior of Tenant's Buildings and the signs of Tenant well lighted during the hours of darkness when the Premises are open for business. Tenant will also maintain sufficient security lights in operation during the hours of darkness when the Premises are closed to allow the improvements on the Premises to be seen by security guards, Fire Department, Police and members of the public using adjacent streets. Tenant shall be responsible for replacement of all removable light bulbs, ballasts, florescent bulbs and any other lighting components that may need replacement due to normal operation of a school

Section 9.01. Laws, Waste, Nuisance. Tenant (a) will comply with all governmental laws, ordinances, regulations, and requirements, now in force or which may later be in force, of any lawful governmental body or authority having jurisdiction over the Premises; (b) will keep the Premises and every part of the Premises in a clean, neat and orderly condition, free of refuse and litter, objectionable noise, odors, or nuisances, and will in all respects and at all times fully comply with all health and safety regulations; (c) will not suffer, permit or cause any waste to occur within the Premises, and (d) will not cause or permit any hazardous material to be brought upon, kept or used in or about the Premises. As used in this Lease, the term "hazardous material" is defined as any hazardous or toxic substance, material or waste which is now or becomes regulated or restricted by any local governmental authority, the State of New Mexico, or the United States Government. The term "hazardous material" includes, without limitation, any petroleum products or byproducts, asbestos (in any form), chemicals, gases or any other material or substance which upon exposure or ingestion may reasonably be anticipated to pose a hazard to the health or safety of the anticipated occupants of, or visitors to the Premises or adjacent property. If Tenant, in the normal course of operation of the business of Tenant in the Premises, as stated in Section 8.01, is required to use certain substances which may be considered hazardous material as provided in this Lease, Tenant may, in such event and despite the foregoing provisions, use the substances in the business operations of Tenant provided, however, Tenant will be solely responsible for the proper use and disposal of the substances in accordance with all applicable laws and Tenant will indemnify Landlord and the Premises with respect to the use and disposal of the substances (both during and after the term of this Lease) and will provide Landlord with sufficient evidence of the compliance of Tenant with the foregoing.

Section 10.01. Signs. Tenant will submit to the Landlord drawings of all proposed exterior signs indicating the size, type, coloring and location of the signs, and will not install any sign unless and until the sign is approved by all governmental entities having jurisdiction and by Landlord, which approval will not be unreasonably withheld. Approval of the design, function or location of any sign which is required to be obtained from a governmental agency will be obtained at the sole cost and expense of Tenant. For all purposes under this Lease, the term "sign" or "signs" includes any lettering, symbol, logo, trademark, poster, decoration, advertising matter or similar

item used to attract public attention, placed upon the outside of Tenant's Buildings or on the glass of windows or doors, awnings, canopies, or any similar item so as to be visible from the outside of Tenant's Buildings. Tenant shall allow signs advertising the adjacent school or directional signs for the adjacent school Albuquerque Talent Development Academy.

BUILDING MAINTENANCE AND REPAIR

Section 11.01. Maintenance and Repairs to Tenant's Buildings. Tenant, at the sole cost and expense of Tenant, will at all times keep the exterior and interior of Tenant's Buildings, including any trash enclosures, sidewalks, porches, curbing, landscaping and any equipment immediately adjacent to Tenant's Buildings free of litter and waste. Landlord shall maintain all exterior entrances, all glass, all door and window moldings, floor, window and wall coverings, and all partitions, doors, fixtures, equipment, and appurtenances to Tenant's Buildings, including lighting and plumbing fixtures, fire sprinkler lines and devices, sewage facilities, roofs, electric motors, heating, ventilating and air conditioning systems, and exterior and interior walls, columns, floor slabs, floors, roof supports, in good order, condition, and repair, including the replacement thereof when and if necessary. The repairs and replacements, interior as well as exterior required due to damage, vandalism of students, staff or invitees of Tenant ordinary as well as extraordinary, will be made promptly by Tenant as and when necessary. All repairs and replacements will be of a quality and class of workmanship at least equal to the original work. All fire sprinkler work will be performed by a licensed fire sprinkler contractor acceptable to Landlord and paid for by Tenant. Annual inspection tags for fire extinguishers, fire sprinkler systems, ansul systems, back flow preventions systems or any other inspections as required by Fire Departments or the Public Education Department shall be the responsibility of Tenant. If repairs to the sprinkler riser or fire sprinkler systems are required, not caused by damage by students, staff or invitees, Landlord shall pay for those repairs.

Section 11.02. Maintenance by Landlord. Landlord will have maintenance obligation with respect to Tenant's Buildings including replacement of mechanical equipment when required, including compressors, roof and structural repairs, Electrical

including major component repairs, Mechanical Equipment repairs or replacement. Any major repairs caused by negligent abuse of the facility by students, others, or invitees of Tenant or staff of Tenant shall be paid for by Tenant. Tenant shall provide and contract for a maintenance contract on mechanical equipment including replacement of filters and standard scheduled maintenance. Any mechanical component or entire mechanical units replacement shall be paid for by Landlord. Landlord may make repairs and shall be reimbursed by Tenant upon request if such repairs were needed due to negligent abuse of Tenant, students or invitees of Tenant. External sewer lines, water lines and utility stubs shall all be maintained by Landlord.

Section 11.03. Landlord's Right to Cure. If Tenant refuses or neglects to repair or maintain the Premises as required by this Lease to the reasonable satisfaction of Landlord as soon as is reasonably possible after written demand by Landlord, Landlord may make the repairs without liability on the part of Landlord to Tenant for any loss or damage that may accrue to the merchandise, fixtures or other property of Tenant or to the business of Tenant by reason of the repairs, and upon completion of the repairs, Tenant will pay the cost of Landlord for making the repairs plus fifteen percent for overhead, immediately upon presentation of a bill for the repairs. Failure of Tenant to pay the amount within five days of receipt of the bill will constitute a material default by Tenant as provided in this Lease.

CHANGES AND ALTERATIONS

Section 12.01. Changes and Alterations by Tenant. Tenant will have the right during the term of this Lease upon written approval from Landlord, which approval will not be unreasonably withheld, to make changes, alterations, or improvements, structural or otherwise, to Tenant's Buildings, which will be at the expense of Tenant, provided that no change or alteration will weaken, either temporarily or permanently, the structure of Tenant's Buildings or be of such a character as to (1) affect adversely the value of the Premises, (2) reduce the cubic content of Tenant's Buildings, (3) diminish the general utility of the Premises for the use required by Article VIII, (4) alter the exterior appearance of Tenant's Buildings, (5) increase the square foot floor area of Tenant's Buildings, or (6) increase the height of Tenant's Buildings. Subject to the leasehold estate of Tenant created by this Lease, all improvements, changes or alterations made to Tenant's Buildings (other than trade fixtures) will become, immediately upon completion or installation of the improvements, changes or alterations, the

property of Landlord without payment for the improvements by Landlord. Tenant will require course of construction insurance and a labor and materials payment bond and a performance bond from the contractor(s) who perform any improvements, changes or alterations to Tenant's Buildings.

Section 12.02. Avoidance of Labor Disputes. During the period of any construction by Tenant on or within the Premises, Tenant will conduct the labor relations of Tenant so as to avoid strikes, picketing and boycotts which would delay completion of the work of Tenant. Tenant will include within any construction contract Tenant may execute, language to the effect that the general contractor agrees that if a labor dispute occurs, the general contractor will either find alternative labor to complete the project on schedule, or terminate the construction contract and cease the activities of general contractor as general contractor on the Premises.

MECHANIC'S LIENS

Section 13.01. Tenant to Discharge Liens. If any mechanic's, materialman's or other lien is filed against the Premises or any part of the Premises by reason of any later alterations, additions, improvements or installations of Tenant's Buildings performed by Tenant or Tenant's agents because of the acts or omissions of Tenant or because of a claim against Tenant, Tenant will promptly cause the same to be canceled and discharged of record. If Tenant desires to contest any claim of lien, Tenant will furnish Landlord with a bond of a responsible corporate surety containing such terms and having a face amount sufficient to discharge the lien, including interest and costs, or, if requested by Landlord, having a face amount sufficient to induce a responsible title insurance company to insure title to the Premises without showing the lien as an exception to title. If a final judgment establishing the validity or existence of any contested lien is entered, Tenant will pay and satisfy the judgment at once.

Section 13.02. Indemnity. Tenant will indemnify, hold Landlord harmless from, and defend Landlord against any liability, loss, damage, cost, attorneys' fees and all related expenses arising out of mechanics' liens or related claims of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant at the request of Tenant, or persons claiming under Tenant, or to the Premises in

the course of any work undertaken by Tenant as provided in this Lease. Tenant shall be responsible for any and all brokerage fees to any real estate commissions which may be earned or may be required to be paid for any representation of Christine Duncan Heritage Academy and shall indemnify and hold harmless Landlord therefrom.

ASSIGNMENT AND SUBLETTING

Section 14.01. Assignment, Subletting or Other Transfers. Tenant may not assign or in any manner transfer, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Premises by licensees or concessionaires or other persons other than Tenant and the employees of Tenant, or sublet the Premises, or any part of the Premises, without the prior written consent of the Landlord in each instance. The prohibition against assigning or subletting will include any assignment, subletting or transfer by operation of law. Any transfer of this Lease by Tenant through merger, consolidation, transfer of assets, or liquidation will constitute a prohibited assignment for purposes of this Section. If Tenant is a corporation, an unincorporated association, or a partnership, the transfer, assignment, or hypothecation of any stock or ownership interest in the corporation, association, or partnership in the aggregate over forty-nine percent will be deemed a prohibited assignment within the meaning of this Section.

Section 14.02. Consent Required. Any attempted assignment, subletting, mortgage, hypothecation, change of ownership, license or concessionaire agreement, or other "transfer of interest" without the consent of Landlord will be void, will confer no benefit on any third party, and will constitute a default as provided in this Lease which, at the option of Landlord, will result in the termination of this Lease or the exercise by Landlord of any of the other remedies of Landlord as provided in this Lease. Consent to any such transfer of interest will not operate as a waiver of the necessity for consent to any later transfer of interest, and the terms of the consent will be binding upon any person holding by, under, or through Tenant. The consent of Landlord will not be unreasonably withheld, but without limiting the ability of Landlord to refuse to consent to a proposed transfer of interest for some other reason, Landlord may not give such consent because the proposed transferee may have a financial net worth, merchandising capability, customer drawing power, managerial skill or operational and business history which is inferior to

that of Tenant or because the character and reputation of the proposed transferee is not satisfactory to Landlord; or because the proposed transferee is not sufficiently experienced in the use permitted by Section 8.01. Landlord may condition the consent of Landlord to any transfer of interest to any transferee on the transferee entering into a new lease directly with Landlord, or on reasonable modifications to the Lease which the circumstances may then require.

Section 14.03. Landlord's Rights in Event of Assignment or Sublease. If this Lease is assigned or if the Premises or any portion of the Premises are sublet or occupied by any person other than Tenant, with or without the consent of Landlord, Landlord may, if a default by Tenant occurs as provided in this Lease, collect rent and other charges from the assignee, sublessee or other person, and apply the amount collected to the rent and other charges due from Tenant as provided in this Lease, but the collection will not constitute a consent or waiver of the need to obtain consent to the assignment, subletting, or other transfer of interest, nor will the collection constitute the recognition of the assignee, sublessee, or other person as the Tenant as provided in this Lease or a release of Tenant from the further performance of any of the agreements and obligations of Tenant as provided in this Lease. If Landlord consents to a transfer of interest as provided in Sections 14.01 and 14.02, the instrument used to document the transfer will include language in which the transferee acknowledges the rights of Landlord described in this Section 14.03. If Landlord consents to a transfer of interest, Tenant will pay to Landlord the reasonable fees, not to exceed Five Hundred and No/100 Dollars, incurred in preparing and processing the instruments necessary to document the consent.

ALL COMMON AREAS WILL BE MAINTAINED BY TENANT

INDEMNITY AND RELEASE

Section 16.01. Assumption of Risk; Release. Tenant and all those claiming through or under Tenant will store their property in and will occupy and use the Premises solely at their own risk. Tenant and all those claiming through or under Tenant release Landlord, and the respective affiliates, employees and agents of Landlord, from all claims of every kind, including loss of life, personal or bodily injury, damage to merchandise, equipment, fixtures or other property, or damage to business (including business interruption) arising, directly or

indirectly, out of or from or on account of such occupancy and use or resulting from any present or future condition or state of repair thereof, except to the extent the claims are directly caused by the negligence of Landlord and are not covered by insurance required to be carried by Tenant as provided in this Lease. Landlord, and the respective affiliates, employees and agents of Landlord, will not be responsible or liable for damages to Tenant, or to those claiming through or under Tenant for any loss of life, bodily or personal injury, or damage to property or business that may be occasioned by or through the acts, omissions or negligence of any other person including, without limitation, other tenants, occupants, customers or students of any portion of Tenant's Buildings. Moreover, except to the extent directly caused by the negligence of Landlord (or the respective affiliates, employees or agents of Landlord) and not covered by insurance required to be carried by Tenant as provided in this Lease, Landlord will not be responsible or liable for damages at any time for loss of life, or injury or damage to any person or to any property or to the business of Tenant, or those claiming through or under Tenant, caused by or resulting from (i) the bursting, breaking, leaking, overflowing or backing up of utility lines; (ii) water, steam, gas, sewage, snow or ice in any part of the Premises; (iii) so called acts of God or the elements; or (iv) any defect or negligence in the construction, operation or use of any buildings or improvements on the Premises, or any of the equipment, fixtures, machinery, appliances or apparatus in the Premises.

Section 16.02. Tenant's Indemnity. Except to the extent directly caused by the negligence of Landlord, Tenant will defend, pay, indemnify and hold Landlord (and the respective affiliates, employees and agents of Landlord) harmless from and against any and all claims, demands, fines, suits, actions, proceedings, orders, decrees, judgments and liabilities of every kind, and all reasonable expenses incurred in investigating and resisting the same (including reasonable attorneys' fees), resulting from or with respect to loss of life, bodily or personal injury or property damage (i) arising out of or on account of any occurrence in or on the Premises or (ii) occasioned wholly or in part through the use and occupancy of the Premises or any improvements in the Premises or appurtenances to the Premises, or (iii) occasioned by any act or omission or negligence of Tenant or any assignee, subtenant, concessionaire or licensee of Tenant, or their respective employees, agents or contractors in the Premises or in the doorways of the Premises or on the sidewalks adjacent to the Premises. However, to the extent, if at all, Section 5671 NMSA

1978 is applicable to this Lease, this Section will not extend to liability, claims, damages, losses or expenses, including fees of lawyers, relating to the construction, installation, alteration, modification, repair, maintenance, servicing, demolition, excavation, drilling, reworking, grading, paving, clearing, site preparation or development of any real property or any improvement of any kind on, above or under real property and arising out of (1) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications by Landlord, or the agents or employees of Landlord, or (2) the giving of or the failure to give directions or instructions by Landlord, or the agents or employees of Landlord, where the giving or failure to give directions or instructions is the primary cause of bodily injury to persons or damage to property.

Section 16.05. Limitations. Landlord (and the respective affiliates, employees and agents of Landlord) will not be liable or responsible for loss of life, bodily or personal injury or property damage arising out of any breach of any obligation of Landlord as provided in this Lease or out of the acts or omissions of Landlord (or the respective affiliates, employees and agents of Landlord) if the injury or property damage is, or would have been, covered by the insurance required to be carried by Tenant as provided in this Lease, whether or not any portion of the coverage of Tenant is provided through a program of self-insurance.

Section 16.06. Time of Commencement. Landlord and Tenant expressly acknowledge that all of the foregoing provisions will apply and become effective from and after the date Tenant first enters upon the Premises.

ARTICLE XVII

INSURANCE

Section 17.01. Fire and Casualty Insurance. Tenant will at all times during the term of this Lease, maintain in effect a policy or policies of insurance covering Tenant's Buildings and all other improvements on the Premises, providing protection against any peril generally included within the classification

"Fire and Extended Coverage," together with insurance against vandalism and malicious mischief. The obligation of Tenant to carry the insurance as provided in this Lease may be brought within the coverage of any so called "blanket policy" or policies of insurance carried and maintained by Tenant, provided that the coverage afforded will not be reduced or diminished by reason of the use of the blanket policy of insurance. The proceeds of the insurance in case of loss or damage to the Premises will be paid jointly to Tenant and Landlord to be applied on account of the obligations of Tenant to repair or rebuild the Premises as provided herein.

Section 17.02. Insurance on Fixtures and Contents. At all times during the term of this Lease, Tenant will keep in force at the sole cost and expense of Tenant, fire and Special Form property insurance, with appropriate endorsements so as to provide coverage against sprinkler damage and against vandalism, malicious mischief and theft, which insurance will be provided by companies acceptable to Landlord and in amounts equal to the replacement cost, from time to time, of the improvements and betterments, trade fixtures, furnishings, equipment, playground equipment, inventory and contents of Tenant within Tenant's Buildings. Tenant will also obtain broad form boiler and machinery insurance on all air conditioning equipment, transformers, miscellaneous electrical apparatus, and boilers and other pressure vessels or systems, whether fired or unfired, installed within the Premises. The boiler and machinery insurance will cover the replacement value of the items and any injury or damage which may be caused by the items. Tenant will also obtain plate glass insurance covering all plate and window glass in the Premises, unless Tenant elects to self insure with respect to the plate and window glass responsibility.

Section 17.03. Tenant's Liability Insurance. Tenant will secure and keep in force throughout the Lease Term, at the cost and expense of Tenant, Commercial General Liability insurance covering Tenant and Landlord against death, injury and property damage in the combined single limit amount per occurrence, and in the aggregate in the amounts provided in the NMPSIA Summary of Limits attached as Exhibit "D", and as these limits may be revised from time to time by NMPSIA. The insurance coverage will include products liability and completed operations coverage and include a contractual liability endorsement covering the indemnity against injury to persons and damage to property as provided in Article XVI, including a personal injury endorsement covering such wrongful acts as false arrest, false imprisonment,

malicious prosecution and libel and slander. Tenant will also secure and keep in force worker's compensation or similar insurance to the extent required by law.

Section 17.04. Insurance Policy Requirements. All insurance provided for in this Lease will be effected under enforceable policies issued by insurers which are qualified to do business in New Mexico and are either (i) approved by Landlord, or (ii) have a policy holders' rating of "B+" or above and a financial category rating of "Class X" or above in the most recent edition of "Best's Key Rating Guide" or are underwritten by NMPSIA. A copy of the policy or a certificate of insurance will be delivered to Landlord on or before the Commencement Date of this Lease. Each policy will provide by the terms of the policy that the policy is non cancellable and cannot be materially altered except upon thirty days' prior written notice to Landlord. At least thirty days before the expiration date of any policy, the original renewal policy, a binder for the insurance, or an effective certificate of insurance, will be delivered by Tenant to Landlord evidencing compliance with the provisions of this Article. All policies will name Landlord, any person, firm or corporation designated by Landlord and Tenant as insureds. All policies will be written as primary policies, not contributing with and not in excess of any coverage which Landlord may carry. All such insurance will provide that the coverage afforded will not be affected by the performance of any construction work in or about the Premises.

Section 17.05. Subrogation. Despite any other provision as provided in this Lease, Landlord and Tenant each waive any rights Landlord or Tenant may have against the other party on account of any loss or damage to the property of Landlord or Tenant (including the Premises) which arise from any risk generally covered by the insurance required to be carried as provided in this Lease, whether or not such other party may have been negligent or at fault in causing the loss or damage. Landlord and Tenant will each obtain a clause or endorsement in the policies of insurance which each party obtains with respect to the Premises or the Center to the effect that the insurer waives, or will otherwise be denied, the right of subrogation against the party for loss covered by the insurance. The subrogation waivers may be operative only as long as the waivers are available in New Mexico and do not invalidate the policies. If such subrogation waivers are allegedly not operative in New Mexico, notice of that fact will be promptly given by the party obtaining insurance to the other party.

Section 17.06. Lenders and Subsequent Owners. Any mortgage lender interested in any part of the Premises may, at the option of Landlord, be afforded coverage under any policy required to be secured by Tenant as provided in this Lease, by use of a named mortgagee's endorsement to the policy concerned. In the event that Landlord sells all or a fractional interest in and to the real property and improvements referenced herein, All of Landlord's obligations under this Lease shall be strictly observed by Landlord's successor in interest.

Section 17.07. Deductibles. None of the insurance policies required to be carried by Tenant as provided in this Lease will contain any deductible or retention provisions over \$2,500 without the prior written consent of Landlord. If the insurance policies of Tenant contain deductible or retention provisions, Tenant will be responsible to pay the amount of the deductible or retention if any loss is covered by such policies.

Section 17.08. Blanket Policy. If Tenant provides any insurance required by this Lease in the form of a blanket policy, Tenant will furnish satisfactory proof that the blanket policy complies in all respects with the provisions of this Lease, and that the coverage as provided in the blanket policy is at least equal to the coverage which would be provided under a separate policy obtained to comply with the provisions of this Lease.

DAMAGE OR DESTRUCTION

Section 18.01. Repair or Restoration. If Tenant's Buildings or other improvements on the Premises will be destroyed or damaged by fire, the elements or other casualty, Landlord will promptly rebuild or repair the Tenant's Buildings or other improvements to their former condition. Despite the foregoing, if the Premises by reason of any such casualty are damaged to the extent of fifty percent or more of the then replacement value during the last eighteen months of the term then in effect, then and in any such event Tenant may elect to either repair the damage or cancel this Lease by notice of cancellation given within thirty days after the date of the damage and thirty days after the notice of cancellation is given

this Lease will terminate, and neither Landlord nor Tenant will have any further obligation to the other as provided in this Lease, and the amount of insurance proceeds attributable to Tenant's Buildings or other improvements will be paid over to, and will become the absolute property of Landlord, free and clear of any claim of Tenant. In such event, Tenant will surrender possession of the Premises to Landlord within thirty days from the date of the election. If Tenant fails to make an election as provided in this Lease, the failure to act will conclusively constitute an election to restore Tenant's Buildings or other improvements.

Section 18.02. Cost of Repair or Rebuilding. If Tenant is required or elects to rebuild or repair any building or structure destroyed or damaged, or to replace the damaged or destroyed building or structure with new buildings of a different type or structure, Tenant will, after having secured prior approval by Landlord of such different structure, proceed immediately with the building, rebuilding or repair work. If the insurance proceeds are not sufficient to pay the costs and expense of the building or repair work, Tenant will pay promptly the deficiency from the funds of Tenant. The new, rebuilt or repaired building or structure will in all respects comply with all rules, regulations, and ordinances of appropriate municipal authority, will be substantial, will meet reasonable standard architectural and fire underwriters' requirements, and will be of the same, or higher, value as the building or improvements upon the Premises before the damage or destruction. If Tenant is required or elects to rebuild or repair the building or other improvements on the Premises, Tenant, acting as trustee for Tenant and for Landlord, will hold and disburse the amount of insurance proceeds received or to be received by Tenant in payment of the cost of the repair or rebuilding.

Section 18.03. No Rent Abatement. If Tenant is required or elects to rebuild or repair the buildings or improvements as is described above, the obligation of Tenant to pay monthly installments of rent will continue without interruption, whether or not all or a portion of the Premises are rendered untenable.

CONDEMNATION

Section 19.01. Events Resulting in Termination. If the whole of the Premises is acquired or taken by condemnation or other related governmental or quasi governmental proceedings, or transfer instead of condemnation, this Lease will terminate as

of the date Tenant loses possession of the Premises. If any part of the Premises will be acquired or taken by the proceedings, or transfer instead of condemnation, and the partial taking is sufficiently extensive to render the remaining Premises unsuitable for the business operations of Tenant (assuming that repairs will be made to restore the remaining Premises to a complete architectural unit), then this Lease will terminate as of the date Tenant loses possession of the part of the Premises so taken. If termination occurs, rent and other charges for the last period of the occupancy of Tenant will be prorated and Landlord will refund any advance payments made by Tenant which were for periods beyond the date of termination.

Section 19.02. Events Where Lease Continues. If a partial taking occurs as described above but which is not sufficiently extensive to render the remaining Premises unsuitable for the business operations of Tenant, this Lease will continue except that the fixed rent in Section 4.05 will be reduced by multiplying such amounts by the ratio obtained by dividing the yearly fair market rental value of the Premises following the taking (and any restoration work) by the average annual fixed rent paid by Tenant to Landlord during the three full calendar years (as defined in Section 4.05) immediately preceding the taking, or if the taking occurs during the three first calendar years, then by dividing by the fair market rental value of the Premises immediately before the taking. If the fair market rental values described in this Lease cannot be agreed to by Landlord and Tenant, the values will be determined by appraisal, and if Landlord and Tenant cannot agree on the manner of determining the appraisal the matter will be resolved by arbitration in accordance with the rules of the American Arbitration Association.

Section 19.03. Award, Restoration. Landlord will be entitled to any proceeds or award resulting from any taking of the Premises, whether in whole or in part and whether for diminution in value of the leasehold or the fee, or transfer instead, and Tenant, if necessary, will execute upon demand a quit claim or other instrument transferring the then interest of Tenant in the Premises or part of the Premises so taken, to Landlord. Tenant, however, will have the right to pursue a claim in any condemnation proceeding against the condemning authority (but not against Landlord) for compensation for any resulting damages to the business, trade fixtures and personal property of Tenant (but not for any diminution or loss of the leasehold estate of Tenant). If this Lease is not terminated, Landlord will make all necessary repairs or alterations to the

Premises as are necessary to restore the Premises (as far as is reasonably possible to a complete architectural unit of like quality and character as existed before the taking, provided, however, Landlord will not be obligated to spend in the restoration work more than the amount received from the taking which is attributable to the Premises. Following the restoration, Tenant will repair and restore the trade fixtures and other contents within the Premises but in so doing will not be obligated to spend more than the amount received for damage to the trade fixtures and other contents from the condemning authority.

Section 19.04. Landlord's Option to Terminate. Despite anything provided in this Lease, if more than twenty percent of the floor areas of Tenant's Buildings will be taken by condemnation, or by transfer instead of condemnation, Landlord may, by written notice to Tenant, terminate this Lease as of the date possession is so taken by the public authority. If this Lease is terminated as provided in this subsection, rent will be paid up to the day that possession is so taken by public authority and Landlord will make an equitable refund of any rent paid by Tenant for periods after the termination date. If termination occurs, Landlord will pay to Tenant out of the proceeds received by Landlord, the unamortized book value of the improvements on the Premises which were paid for by Tenant, based on a straight line depreciation.

Section 19.05. Definitions; Effect of Temporary Taking. As used in this Article, the phrases "condemnation proceeding" or "taking" mean any action or proceeding in which any interest in the Premises is taken for any public or quasi public permanent purpose by any lawful authority through exercise of the power of eminent domain or right of condemnation or by purchase, sale, exchange or other transfer under threat of (but instead of) the condemnation action. Any "condemnation proceeding" resulting in a temporary taking will not cause this Lease to terminate or rent to be abated or otherwise adjusted, but Tenant will be entitled to the entire award or proceeds resulting from the temporary taking to the extent the period of the taking is wholly contained within the term of this Lease.

BANKRUPTCY; INSOLVENCY

Section 21.01. Immediate Default. Tenant will be deemed to be in default as provided in this Lease (without Landlord giving any notice declaring the default), if all or substantially all of the assets of Tenant are placed in the hands of a receiver or trustee, or if Tenant files a voluntary petition in bankruptcy, makes an assignment for the benefit of creditors, admits in writing that Tenant cannot pay the debts of Tenant as the debts become due, or is finally adjudicated a bankrupt, or if Tenant petitions or institutes any proceedings under the Federal Bankruptcy Code or under any other state or federal act or law relating to the subject of bankruptcy wherein Tenant seeks to be adjudicated a bankrupt, or to be discharged of the debts of Tenant, or to effect a plan of liquidation, readjustment, composition, arrangement, or reorganization, or if an involuntary proceeding equivalent or similar to any of the foregoing is filed against Tenant under any such bankruptcy laws, and is not discharged within sixty days thereafter. The provisions of this Section will also apply to each guarantor of this Lease to the same extent as if the word "Tenant" were replaced by the name of the guarantor throughout this Section, except that the first word of this Section will remain "Tenant." However, Tenant may within ninety days after the occurrence of an event of default by an individual guarantor, replace the guarantor with a new guarantor acceptable to Landlord.

Section 21.02. Need for Adequate Assurances. If a receiver, trustee or debtor in possession seeks to assume this Lease under the provisions of the Federal Bankruptcy Code (the "Code") or under some similar bankruptcy or insolvency statute, then this Lease or any interest in and to the Premises will not become an asset in any of the proceedings, will not be assumed and will not be assignable by the receiver, trustee or debtor in possession, unless the receiver, trustee or debtor in possession, within the time provided under the Code or statute cures all outstanding defaults and gives adequate assurances of future performance, including without limitation, assurances with respect to (i) the source of future fixed rent and additional rent (as described in Article V), (ii) the performance of the other provisions of this Lease, including, without limitation, the use and operation provisions as provided in Article VIII. In any such event as provided in this Lease in which the cures are not made or the adequate assurances are not given within the time provided, this Lease will be deemed rejected and Landlord may, in addition to any and all rights or remedies of Landlord as provided in this Lease or at law, reenter the Premises and take possession of the Premises and

remove all persons and contents from the Premises and neither Tenant, nor any guarantor of this Lease, nor any such receiver, trustee, debtor in possession, committee of creditors or other legal entity created by such bankruptcy laws will have further claim as provided in this Lease or any further interest in the Premises.

Section 21.03. Interpretation. This Article is intended to be compatible with the Code, as amended, and will be construed so as to not conflict with the Code. As used in this Lease, the phrase "adequate assurances" means (to the extent such does not conflict with the Code), such evidence as would be sufficient to satisfy a reasonable and objective owner of the Center that the Tenant obligations as provided in this Lease and as provided in the Code are likely to be timely performed during the entire remaining balance of the term of this Lease and the person or entity which is to render the performance has demonstrated to the satisfaction of Landlord substantial education experience (for the use permitted in this Lease), has specifically assumed the obligations of Tenant as provided in this Lease, and is contractually bound directly to Landlord, and has provided an adequate (depending upon degree of creditworthiness) security deposit. Whenever a source of funds or financial condition is to be evidenced as provided in this Lease or under the Code, such will be evidenced through acceptable audited financial statements of the successor tenant and the guarantor(s) of the successor tenant (as necessary to establish sufficient creditworthiness) prepared by an independent accountant approved by Landlord.

EVENTS OF DEFAULT; REMEDIES

Section 22.01.1. Default by Tenant. Upon the occurrence of any of the following events, Tenant will be deemed to be in default as provided in this Lease. Landlord may treat any such occurrence as a breach of this Lease and Landlord will have the remedies provided in Section 22.02:

- (a) Tenant fails to pay when due any rental or any other sum required to be paid as provided in this Lease and the failure is not cured within ten days following notice from Landlord to Tenant of the failure;
- (b) Tenant or the agent of Tenant falsifies any report, statement or instrument required to be furnished to Landlord as provided in this Lease, or submits a

report, statement or instrument which is materially incorrect;

- (c) Tenant violates either Section 8.01 (Business Use), Section 8.02 (Continuous Operation), (Mechanic's Lien) or (Assignment and Subletting); or any event occurs which is described in (Bankruptcy; Insolvency); or Tenant causes, or gives cause for, the institution of any bankruptcy or receivership proceedings as are described herein or becomes unable, or admits in writing the inability of Tenant to pay the debts of Tenant as the debts become due or suffers this Lease to be taken under a writ of execution; or Tenant abandons or vacates the Premises;
- (d) Tenant fails to perform or violates any other term, condition, or covenant required to be performed by Tenant as provided in this Lease and the failure is not cured within fifteen days after written notice of such failure is given to Tenant by Landlord; or if the failure cannot reasonably be cured within fifteen days, if Tenant fails to begin the cure within the fifteen days, or later fails to diligently prosecute the cure to completion; or
- (e) Tenant, by word or action, indicates a clear intent not to continue with performance of this Lease or gives the appearance of the inability of Tenant to perform as provided in this Lease and does not, within five days following demand for performance by Landlord, give Landlord reasonable assurances of the intent or ability to perform as provided in this Lease.

Section 22.01.2. (Intentionally omitted.)

Section 22.02. Landlord's Remedies. Upon the occurrence of any of the events provided in Section 22.01, Landlord will have the option to take any or all of the following actions, without further notice or demand of any kind to Tenant, or to any guarantor of this Lease, or to any other person:

- (a) Landlord may immediately reenter and remove all persons and property from the Premises, storing the property in a public place, warehouse, or elsewhere for the account of, and at the risk of Tenant, all without serving of notice or resort to legal process (unless required by law) and without being deemed guilty of, or liable in,

trespass, forcible entry or in damages resulting from the reentry and removal. No such reentry or taking possession of the Premises by Landlord will be construed as an election on the part of Landlord to terminate this Lease unless a written notice of the election is given by Landlord to Tenant. All property of Tenant which is stored by Landlord as provided in this Lease may be redeemed by Tenant within thirty to forty-five days after Landlord takes possession of the property upon payment to Landlord in full of all obligations then due from Tenant to Landlord as provided in this Lease and of all costs incurred by Landlord in moving the property and providing the storage. If Tenant fails to redeem the property within the thirty to forty-five day period, Landlord may sell the property in any reasonable manner and will apply the proceeds of the sale actually collected first against the costs of moving, storage, and sale and then against any other obligation due from Tenant as provided in this Lease with any remaining surplus being remitted to Tenant.

- (b) Landlord may relet the Premises or any portion of the Premises at any time or from time to time and for such term or terms and upon such conditions and at such rental as Landlord, in the sole discretion of Landlord, considers advisable. Whether or not the Premises, or any portion of the Premises, are relet by Landlord, Tenant will pay to Landlord all amounts required to be paid by Tenant as provided in this Lease up to the date that Landlord removes Tenant from the Premises, and later Tenant will pay to Landlord, until the end of the term, the amount of fixed minimum rent and other amounts required to be paid by Tenant as provided in this Lease. The payments by Tenant will be due at such times as are provided elsewhere in this Lease, and Landlord need not wait until the termination of this Lease, through end of the term or otherwise, to recover the payments by legal action or in any other manner. If Landlord relets the Premises, or any portion of the Premises, the reletting will not relieve Tenant of any obligation as provided in this Lease, except that Landlord will apply the rent or other proceeds actually collected by Landlord as a result of the reletting (i) against the costs of removing Tenant and the property of Tenant, (ii) against the costs of reletting including the cost of cleanup, repair or modification

of the Premises and the fee of any realtor, (iii) against any amount due from Tenant as provided in this Lease to the extent that the rent or other proceeds compensate Landlord for the nonperformance of any obligation of Tenant as provided in this Lease and (iv) any residue will be held by Landlord and applied in payment of future rent as future rent may become due and payable as provided in this Lease. Landlord may execute any lease made as provided in this Lease in its own name, and Tenant will be under no obligation to control or monitor the application by Landlord of any rent or other proceeds paid to Landlord as provided in this Lease nor will Tenant have any right to collect any portion of the rent or other proceeds nor be entitled to regain possession of the Premises. Landlord will not by any reentry or other act be deemed to have accepted any surrender by Tenant of the Premises, or any portion of the Premises or the interest of Tenant in the Premises, or be deemed to have otherwise terminated this Lease, or to have relieved Tenant of any obligation as provided in this Lease, unless Landlord will have given Tenant express written notice of the election of Landlord to do so. Despite any such reletting without termination, Landlord may at any later time elect to terminate this Lease for any previous breach by Tenant.

- (c) Landlord may collect by suit or otherwise, without reletting the Premises, each installment of rent or other sum as the rent or other sum becomes due as provided in this Lease, or enforce, by suit or otherwise, any other agreement or obligation which is required to be performed by Tenant. Landlord may also elect to cure any default on behalf of Tenant and, in such event, Tenant will immediately reimburse Landlord for the costs so incurred.

- (d) Landlord may terminate this Lease by written notice to Tenant. If termination occurs, Tenant will immediately surrender possession of the Premises. The termination will not relieve Tenant of any obligation as provided in this Lease which has accrued before the date of the termination and Landlord may recover from Tenant all damages Landlord has incurred by reason of a breach by Tenant, including the cost of recovering the Premises, reasonable attorneys' fees, and the worth (or present value) at the time of the termination, of the excess,

if any, of the amount of rent and charges equivalent to rent reserved as provided in this Lease for the remainder of the stated term over the then rental value of the Premises for the remainder of the stated term, all of which amounts will be immediately due and payable from Tenant to Landlord. The "worth or present value" will be determined by using an interest rate of ten percent a year or the highest rate permitted by law, whichever is lower. In determining the amount of rent reserved as provided in this Lease after the termination, the rent which would have been paid for each year of the unexpired term will be deemed to equal the average yearly fixed minimum and additional rents paid by Tenant as provided in this Lease from the Commencement Date to the time of default, or during the preceding three full calendar years, whichever period is shorter.

- (e) The remedies given to Landlord herein will be cumulative and will be in addition and supplemental to all other rights or remedies which Landlord may have at equity or under the laws then in force.

Section 22.03. Recovery of Refurbishing Costs. Landlord may recover from Tenant, and Tenant will pay to Landlord upon demand, such expenses as Landlord may incur in recovering possession of the Premises, or any portion of the Premises, placing the Premises in good order and condition and altering or repairing the Premises for reletting, as well as all other expenses, commissions and charges incurred by Landlord in exercising any remedy provided in this Lease or as a result of any default by Tenant as provided in this Lease.

Section 22.04. Waiver of Right of Redemption. Tenant waives any right of redemption or right to relief from forfeiture which Tenant may have under any present or future law or regulation which would allow Tenant to reinstate this Lease or be reinstated in the Premises following an eviction of Tenant by Landlord, or the retaking of possession of the Premises by Landlord, as is permitted in this Lease because of a default by Tenant.

Section 22.05. Strict Performance. The failure of Landlord to insist upon the strict performance by Tenant of any of the terms, conditions and agreements as provided in this Lease will not be deemed a waiver of any rights or remedies that Landlord may have, and will not be deemed a waiver of any later breach or

default by Tenant in performing the terms, conditions and agreements as provided in this Lease.

Section 22.06. Default by Landlord. If Landlord fails to perform any of the terms, conditions or agreements provided in this Lease which are to be performed by Landlord and if the failure is not remedied within fifteen days after written notice of the failure is given by Tenant to Landlord (or if more than fifteen days will be reasonably required to cure the failure, if Landlord does not begin to remedy the failure within the fifteen days or later does not proceed diligently to cure the failure), then in such event Landlord will be deemed to be in default and will be responsible to Tenant for any and all damages sustained by Tenant as a result of the breach of Landlord.

If the Premises or any part of the Premises are at any time subject to a mortgage or a deed of trust, Tenant will also comply with the provisions of (Mortgagee Protection Clause). If, after compliance with this clause, neither Landlord nor any mortgagee or trust deed holder has cured the default, Tenant will have the right to cure any such default at the expense of Landlord including in such expenditure all costs and attorneys' fees and, thereafter, bill the costs and attorneys' fees to Landlord and demand immediate payment of the costs and attorney's fees. Tenant will have no right to terminate this Lease, however, unless Landlord violates (Quiet Enjoyment) or under termination provisions in this agreement.

TAXES

Section 23.01. Real Estate Taxes - Exempt.

- (a) Tenant will pay to Landlord, in the manner specified in subsection (c) below, all "Real Estate Taxes" levied or assessed by lawful taxing authorities against all land, buildings and improvements comprising the Premises.
- (b) "Real Estate Taxes" means all taxes, assessments, levies, water and sewer charges, and any other governmental charges, whether special or general, ordinary or extraordinary, foreseen or unforeseen, of any kind or nature (other than income taxes), which may be levied, assessed against, or otherwise charged with respect to the ownership of:

- (i) land,
 - (ii) all buildings, structures and other improvements on the land,
 - (iii) rents or rental income derived from the land and improvements, and
 - (iv) any other taxes or assessments levied instead of the foregoing or charged for public improvements deemed to benefit the land and improvements.
- (c) Tenant will pay one twelfth of the Real Estate Taxes levied against all land, buildings, and improvements comprising the Premises, which sum will be paid each month in advance on the first day of each month with the payment by Tenant of fixed minimum monthly rental. The amount of Real Estate Taxes upon which each monthly payment is made will be based upon the most current notice(s) of assessment or tax bill(s) with respect to the Premises or, if none exist, upon such amount as Landlord may reasonably estimate. If the taxing authorities include in the Real Estate Taxes the value of any interior trade fixtures installed by Tenant within Tenant's Buildings, or include machinery, equipment or inventory of Tenant, then Tenant will also pay the entire amount of the Real Estate Taxes for those items.
- (d) Within fifteen days after the receipt by Landlord of any tax bill or assessment ("Tax Bill") for Real Estate Taxes levied against the Premises, Landlord will deliver a copy of the Tax Bill to Tenant upon request by Tenant. Within fifteen days after the receipt by Tenant from Landlord of a copy of the Tax Bill, Tenant will pay to Landlord an amount equal to the difference between the Real Estate Taxes actually due for such year, and the amount paid by Tenant as provided in Section 23.01(c). If the Real Estate Taxes actually due for such year is less than the amount paid by Tenant under Section 23.01(c), the Landlord will refund the difference to Tenant.
- (e) Tenant will also be solely responsible for and will pay before delinquency all municipal, county, state or federal taxes assessed during the term of this Lease

against any personal property of any kind, owned by or placed in, upon, or around the Premises by Tenant.

- (f) Tenant will have the right, provided Tenant does so with due diligence and dispatch, to contest by appropriate legal proceedings, without cost or expense to Landlord, the amount or validity of any imposition of tax or assessment, but Tenant will not be relieved of the obligation of Tenant ultimately to pay the imposition as required by this Section 23.01, following a determination of the amount of the imposition.
- (g) If any special assessment included within Real Estate Taxes is payable in installments, Tenant will pay only the share of Tenant of the installments which are attributable to the term of this Lease, together with interest levied or due on the installment and all interest accrued on any unpaid balance to the date of termination. Any such installment or other Real Estate Tax payable by Tenant as provided in this Section 23.01 which would not otherwise be due until after the date of termination of this Lease, but which relates to any period of the term of this Lease, will be paid by Tenant to Landlord upon the termination date. Any Real Estate Tax or installment of Real Estate Tax which relates to a time period which is not wholly contained within the term of this Lease will be prorated between Landlord and Tenant so that Tenant pays only the portion relating to the term.

ACCESS TO PREMISES

Section 24.01. Access to Premises. Tenant will permit Landlord or the authorized representatives of Landlord, or both, to enter the Premises at all times during usual business hours for the purpose of inspecting the Premises. Landlord, or any person authorized by Landlord, may go upon the Premises and make any necessary repairs or maintenance to the Premises and perform any work in the Premises: (i) which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, insurance agency or any similar body; (ii) which Landlord may deem necessary to prevent waste or deterioration with respect to the Premises if Tenant does not make those repairs which are the responsibility of Tenant as provided in this Lease following written demand from Landlord; or (iii) which may be necessary in an emergency situation. Nothing

provided in this Lease will imply any duty on the part of Landlord to do any work which, under any provision of this Lease, Tenant may be required to do, nor constitute a waiver of any Tenant default in failing to do the same. No exercise by Landlord of any rights reserved in this Lease will entitle Tenant to any damages for any injury or inconvenience occasioned by the exercises of rights by Landlord nor to any abatement of rent.

ATTORNMEN

Section 25.01. Attornment. If a sale or assignment of the interest of Landlord in the Premises occurs, or if any proceedings are brought for the foreclosure of, or if exercise of the power of sale under, any mortgage or other security instrument given by Landlord covering the Premises occurs, Tenant will attorn to the assignee or purchaser and recognize the purchaser as Landlord as provided in this Lease.

QUIET ENJOYMENT; TITLE

Section 26.01. Quiet Enjoyment; Title. Tenant, upon paying the rents and observing and performing all of the terms, conditions and agreements on the part of Tenant to be performed as provided in this Lease, will have the "quiet enjoyment" (as defined by law) of the Premises, including all improvements on the Premises, for the term of this Lease. However, this Lease is subject to all easements, mortgages, restrictions and other matters of record on the date of this Lease (none of which will prevent Tenant from using the Premises for the purposes provided in Section 8.01).

SURRENDER OF PREMISES

Section 27.01. Surrender of Premises. At the end of the Lease Term or earlier termination of this Lease, Tenant will surrender the Premises in the same condition as existed on the Commencement Date of this Lease, reasonable wear and tear excepted. Before surrendering the Premises, Tenant will remove all of the personal property and trade fixtures of Tenant and such alterations or additions to the Premises made by Tenant as may be specified for removal by Landlord, and will repair any damage to Tenant's Buildings and to the alterations, additions or other permanent improvements remaining, caused by such property or the removal of the property and will leave the Premises in a clean, orderly and swept condition. If Tenant fails to remove the personal property and fixtures of Tenant on or before the ending date of this Lease, Landlord may either (i) deem such to be abandoned in which case the property will become the property of Landlord or (ii) remove and dispose of the property at the expense of Tenant. All alterations and additions not specified for removal by Landlord will belong exclusively to Landlord upon the end or termination of this

Lease (without Tenant having any rights in the alterations or additions).

Section 27.02. Keys. On or before the ending date of this Lease, Tenant will surrender to Landlord all keys to the Premises and all keys to interior locks within the Premises. Landlord will, at the expense of Tenant, cause a locksmith to make appropriate tumbler changes and rekey all exterior locks on the Premises.

HOLDING OVER

Section 28.01. Holding Over. Any holding over after the end of the term of this Lease or the end of any renewal term will be construed to be a tenancy from month to month at (i) the then fair market rental value of the Premises or (ii) two hundred percent of the fixed rental rate then in effect on the ending date, whichever is higher, and on the other terms and conditions provided in this Lease except for those terms which are inconsistent with a month to month tenancy. The fixed rental rate, as adjusted, will be paid on a monthly basis and appropriately prorated for any partial month during the period of the holdover. The fair market rental value of the Premises will be determined by independent MAI appraisal.

ATTORNEYS' FEES

Section 29.01. Attorneys' Fees. If Landlord or Tenant is required to initiate or defend litigation or other legal action in any way with respect to this Lease, the prevailing party in the litigation or action, in addition to any other relief which may be granted, whether legal or equitable, will be entitled to reasonable attorneys' fees. If Landlord or Tenant is required to initiate or defend litigation with a third party because of the violation by the other party of any term, provision or obligation as provided in this Lease, then the party so litigating will be entitled to reasonable attorneys' fees from the other party. Attorneys' fees will include attorneys' fees on any appeal, and, in addition, a party entitled to attorneys' fees will also be reimbursed for all other reasonable costs for investigating the action, taking depositions, conducting other discovery, travel, and all other necessary costs incurred in the litigation. All fees due as provided in this Lease will be paid whether or not the litigation is prosecuted to judgment.

PAST DUE SUMS

Section 30.01. Past Due Sums; Failure to Provide Certificates or Reports.

- (a) If Tenant fails to pay, when due and payable, any fixed rent, additional rent, or any sum required to be paid by Tenant as provided in this Lease, the unpaid amount will bear interest from the due date of the payment to the date of payment at the rate of one percent per month, or the highest rate permitted by law, whichever is lower. In addition, each installment of fixed rent, percentage rent, or additional rent not paid when due will be subject to a onetime late payment fee of One Hundred and No/100 Dollars to compensate Landlord for the costs of Landlord of notification and collection. If any sums due from Tenant are tendered by a check which is returned to Landlord (for insufficient funds or other reason), Tenant will pay to Landlord a Fifty and No/100 Dollars returned check charge immediately upon demand.

- (b) If Tenant fails to furnish Landlord, when due, with any copy or certificate of insurance which is required as provided in Section 17.04, then Landlord will have the right to assess, and Tenant will pay, a late fee of Twenty and No/100 Dollars per day until the required copy or certificate is so furnished, from and after the tenth day following written notice to Tenant of the failure.

MORTGAGEE PROTECTION CLAUSE

Section 31.01. Mortgagee Protection Clause. Tenant will give any mortgagees or deed of trust holders of Landlord, by registered mail, a copy of any notice of default served by Tenant upon the Landlord, provided that before the notice, Tenant has been notified, in writing (by way of a Notice of Assignment of Rents and Leases or otherwise), of the addresses of the mortgagees or deed of trust holders. If Landlord fails to cure the default within the time provided in this Lease, then the mortgagees or deed of trust holders will have an additional thirty days within which to cure the default or if the default cannot be cured within that time, then such additional time as may be necessary, if within the thirty days, the mortgagee or deed of trust holder has begun and is diligently pursuing the

remedies necessary to cure the default (including but not limited to commencement of foreclosure proceedings, if necessary to effect the cure), in which event this Lease will not be terminated while the remedies are being so diligently pursued.

INTERPRETATION OF LEASE

Section 32.01. Governing Law; Venue. This Lease is executed in Albuquerque, New Mexico, County of Bernalillo and the laws of New Mexico will govern the validity, performance and enforcement of any obligation as provided in this Lease. If either Landlord or Tenant institutes an action to enforce any obligation as provided in this Lease, the venue of the action will be in the County of Bernalillo, State of New Mexico.

Section 32.02. Captions. The captions, as used in this Lease, are used for convenience and reference purposes only and in no way define, limit or describe the scope or intent of this Lease or in no way affect the interpretation of this Lease.

Section 32.03. Tenant Defined; Use of Pronouns. The word "Tenant" will mean each and every person or party executing this document as a Tenant in this Lease. If more than one Tenant exists, any notice required or permitted by the terms of this Lease may be given by or to any one of them, and will have the same force and effect as if given to all such Tenants. The use of the neuter singular pronoun to refer to Landlord or Tenant will be deemed a proper reference even though Landlord or Tenant may be an individual, a partnership, a corporation or a group of two or more individuals or entities. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where more than one person or entity comprises Landlord or Tenant and to corporations, associations, partnerships, or individuals, males or females, will in all instances be assumed as though in each case fully expressed. Each provision to be performed by Tenant will be construed to be both a covenant and a condition and if more than one Tenant exists, they will all be bound, jointly and severally, by the provision.

Section 32.04. Time of the Essence. Time is and will be of the essence of each term, provision, covenant and condition of this Lease.

FINANCING

Section 33.01. Financing. Landlord may finance or refinance construction costs of Tenant's Buildings. This Lease will be subordinate to any mortgage or trust deeds placed by Landlord on the Premises and to any and all advances later made as provided in the mortgage or trust deeds and to the interest on the advances, and all renewals, replacements and extensions of the advances, provided that the mortgagee or trustee (beneficiary) agrees (by a non disturbance agreement reasonably satisfactory to Tenant) to recognize the rights of Tenant as provided in this Lease as long as Tenant is not in default as provided in this Lease. Tenant will promptly execute and deliver whatever instruments may be reasonably required for the above purposes, including without limitation any subordination or attornment agreements reasonably required by a lender.

Section 33.02. Amendment. From time to time Tenant will, if so requested by Landlord and if doing so will not materially and adversely affect the economic interests of Tenant as provided in this Lease or the use by Tenant of the Premises, join with Landlord in amending the terms of this Lease so as to meet the reasonable needs or requirements of any lender who is considering furnishing, or who has furnished, any financing which is, or will be, secured by the land or buildings comprising the Premises.

SECURITY

Section 34.01. Security Deposit. Any lease deposit not credited to rental payments will be returned to Tenant after the end of the term of this Lease and delivery of possession of the Premises to Landlord if, at the time, Tenant has fully performed all such terms, conditions and agreements. Before the time when Tenant is entitled to the return of the security deposit, Landlord will be entitled to intermingle the deposit with the funds of Landlord and to use the sum in curing any breach by Tenant of the obligations of Tenant as provided in this Lease. Tenant will not be entitled to any interest on the security deposit. If Landlord uses all or any portion of the deposit in curing any breach by Tenant as provided in this Lease, Tenant will immediately, upon demand, restore the deposit to the original sum provided above.

Section 34.02. Default. If Tenant defaults in performing any of the obligations of Tenant as provided in this Lease, including, but not limited to, the failure to pay rent or additional rent, or the failure to surrender the Premises in the

condition required as provided in , Landlord may, in addition to any other right or remedy available to Landlord as provided in this Lease, use, apply, or retain all or any part of the security deposit for the payment of any unpaid rent or additional rent, or for any other amount which Landlord may be required to expend by reason of the default of Tenant, including any damages or deficiency in the reletting of the Premises or any attorneys' fees with respect to the reletting, whether or not the accrual of the damages or deficiency occurs before or after an eviction. If a portion of the security deposit is used or applied by Landlord during the term of the Lease, Tenant will, upon fifteen days' written demand, deposit cash with Landlord in an amount sufficient to restore the security deposit to the original amount of the deposit. The failure of Tenant to do so will constitute a material default as provided in this Lease.

Section 34.03. Sale of Premises. If Landlord assigns the interest of the Landlord in the Premises, Landlord will have the right to transfer the security deposit to the assignee of Landlord and, upon notice of the transfer to Tenant, Landlord will thereupon be released from all liability for the return of the deposit. Tenant will not assign or encumber the money deposited as security, and neither Landlord nor the successor or assigns of Landlord will be bound by any such assignment or encumbrance by Tenant.

MISCELLANEOUS PROVISIONS

Section 36.01. No Partnership. Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of the business of Tenant or otherwise.

Section 36.02. Force Majeure. Either Landlord or Tenant will be excused for the period of any delay in the performance of any of the obligations of Landlord or Tenant as provided in this Lease, when prevented from so doing by cause or causes beyond the control of Landlord or Tenant, including without limitation, strikes and labor disputes; civil commotion; war; governmental regulations or controls; fire or other casualty; inability to obtain any material (or reasonable substitute therefor); labor or service; so called acts of God; or failure or slowness of governmental entities to take action.

Section 36.03. No Waiver. No provision of this Lease will be deemed to have been waived by Landlord unless the waiver is in writing and is signed by Landlord.

Section 36.04. Notices. Any instrument, statement, demand, request, or other notice which may be, or is required to be, given as provided in this Lease will be delivered in person or sent by United States mail, postage prepaid, and will be addressed (i) if to Landlord, at the principal place of business of Landlord, or (ii) if to Tenant, at the current business address for Tenant and if the address is not known to Landlord, then the notice will be delivered to the Premises. Either Landlord or Tenant may change its respective address by written notice to the other party. Any instrument, statement, demand, request or other notice will be deemed given on the date personally delivered, or on the date deposited in the United States mail if properly addressed and stamped. On the Commencement Date of this Lease, the addresses for notice are as set forth below:

LANDLORD:

SAYLOR FAMILY TRUST, LLC
5565 Eakes Rd. NW
Los Ranchos de Albuquerque,
New Mexico 87107
Telephone: 505-343-9651
Fax 505-343-9306

TENANT:

Christine Duncan Heritage
Academy
1900 Atrisco Rd. N.W.
Albuquerque, N.M. NW
87120
Telephone: 505-839-4971
Fax 505-831-9027

Section 36.05. Recording. This Lease will not be recorded. Landlord and Tenant, however, may agree to record a memorandum of this Lease.

Section 36.06. Partial Invalidity. If any provision of this Lease or the application of this Lease to any person or circumstance is invalid to any extent, the remainder of this Lease or the application of the provision to persons or circumstances other than those as to which the provision is held invalid will not be affected by the invalid provision and each provision of this Lease will be valid and enforced to the fullest extent permitted by law.

Section 36.07. Broker's Commissions. Landlord and Tenant represent and warrants that the parties have paid or made arrangement to pay all broker's commissions, that no claims exist for brokerage commissions or finder's fees with respect to this Lease and will indemnify Tenant against, and hold Tenant harmless from, all liabilities arising from the claims, including any attorneys' fees with respect to the claims.

Section 36.08. Successors and Assigns. Subject to the provisions provided in Article XIV, this Lease will be binding upon and will inure to the benefit of Landlord and Tenant, their legal representatives, heirs, successors and assigns. If any sale or assignment occurs (except for purposes of security or collateral) Landlord, from and after the date of the sale or assignment (irrespective of when the sale or assignment occurs), will be entirely relieved of all of the obligations of Landlord as provided in this Lease which accrue or occur after the consummation of the sale or assignment, which obligations will automatically pass to the successor in interest of Landlord.

Section 36.09. Entire Agreement. This Lease and the Exhibits, Riders or Addenda, if any, attached to this Lease, provide the entire agreement between Landlord and Tenant. All Exhibits, Riders or Addenda mentioned in this Lease are incorporated in this Lease by reference. Any prior conversations, understandings or writings are merged in this Lease and are extinguished. No later amendment to this Lease will be binding upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Premises and becomes effective as a Lease only upon execution and delivery of the Lease by Landlord to Tenant. If any provision contained in a Rider or Addendum is inconsistent with a provision in the body of this Lease, the provision contained in the Rider or Addendum will control. No representations or promises by either Landlord and Tenant to the other exist except as are specifically provided in this Lease. This Lease supersedes and revokes all previous conversations, negotiations, arrangements, letters of intent, writings, brochures, understandings and information conveyed, whether oral or in writing, between the Landlord and Tenant or their respective representatives or any agents of any of them. The captions and section numbers appearing in this Lease are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any section or paragraph.

Section 36.10. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of any amount less than is due as provided in this Lease will be deemed to be other than payment toward or on account of the earliest portion of the amount then due, nor will any endorsement or statement on any check or payment (or any letter accompanying any check or payment) be deemed an "accord and satisfaction" (or payment in full), and Landlord may accept the check or payment without prejudice to the right of Landlord to recover the balance of the amount of or pursue any other remedy provided in this Lease.

Section 36.11. Security. Subject and subordinate to any liens created by Tenant as security for leasehold financing or financing secured by furniture, and equipment installed in the Premises, to further secure the performance by Tenant of the obligation to pay rent and other charges required to be paid as provided in this Lease and to further secure the performance by Tenant of the other terms and conditions as provided in this Lease, Tenant hereby grants to Landlord a security interest in all goods now or later owned or acquired by Tenant which are or become so attached or related to the Premises as to become fixtures under the laws of New Mexico and in equipment, personal property, accounts, goods, contract rights, and inventory or stock in trade of Tenant maintained from time to time by Tenant within the Premises or derived by Tenant from the activities of Tenant from the Premises and in the proceeds derived from any of the foregoing (collectively, the "Collateral"). If Tenant defaults, Landlord may, without further notice to Tenant or any guarantor of this Lease, exercise any rights and remedies of a secured party granted by the New Mexico Uniform Commercial Code, including, without limitation, the right to take possession of the Collateral, and for that purpose Landlord may enter upon the Premises and take an inventory of, or remove, or both, the Collateral or otherwise secure the Premises so as to gain control of, or prevent the loss of the Collateral, and sell the Collateral in any public or private sale after having given the Tenant at least five days' written notice of the time and place of the sale. Contemporaneously with the execution of this Lease, Tenant will sign a standard UCC1 Financing Statement to reflect, and give notice of, the security agreement provided in this Section 36.11. Tenant will execute, from time to time, such additional Financing Statements and other instruments which may be necessary for Landlord to give notice of, or otherwise perfect, the security interests of Landlord as provided in this Lease and Landlord may file the Financing Statements or other instruments with the clerk or recorder of Bernalillo County, or with the Secretary of State of New Mexico, or with any other appropriate filing officer.

Section 36.12. Landlord's Approval. Whenever the consent or approval of Landlord is expressly or impliedly required by any provision of this Lease, the consent or approval may be granted or withheld arbitrarily in the sole discretion of Landlord unless otherwise specifically stated in the provision. Despite anything to the contrary provided in this Lease, if any provision of this Lease expressly or impliedly obligates Landlord not to unreasonably withhold the consent or approval of Landlord, if the refusal of Landlord was not willful or malicious, an action for declaratory judgment or specific

performance will be the sole right and remedy of Tenant in any dispute as to whether Landlord has breached the obligation.

DATED _____ April 2020. LANDLORD:

SAYLOR FAMILY TRUST, LLC

By
Richard B. Saylor

TENANT:

CHRISTINE DUNCAN HERITAGE ACADEMY

A Public Charter School

Authorized Board Representative

PLANS AND SPECIFICATIONS

Site Plan EXHIBIT A

The Plans and Specifications, once approved by Landlord and Tenant, will be deemed to be made a part of this Lease.

Approved by Landlord: _____ Date:

Approved by Tenant: _____ Date: