

COMMERCIAL LEASE

Date: June 16, 2017

Between: Pendleton School District 16R
107 NW 10th Street
Pendleton, Oregon 97801
("Landlord")

And: Umatilla-Morrow Head Start, Inc.
110 NE 4th Street
Hermiston, OR 97838
("Tenant")

Landlord leases to Tenant and Tenant leases from Landlord the following described property (the "Premises") on the terms and conditions stated below:

Pendleton Early Learning Center – Room 173

Tenant shall also have the right to use the hallways, restroom, and grounds of the Pendleton Early Learning Center.

Section 1 Occupancy

- 1.1 Term.** The term of this lease shall commence July 1, 2018, and continue through June 30, 2021, unless sooner terminated as hereinafter provided.
- 1.2 Possession.** Tenant's right to possession and obligations under the lease shall commence on October 1, 2016. Landlord shall have no liability for damage for delays in delivery of possession.
- 1.3 Scheduling of Certain Common Areas.** Tenant may use the Conference Room and the Community Room only with advance scheduling and a reservation. If use of either room is desired, Tenant shall contact the Pendleton Early Learning Center Director. Generally, reservations shall be given on a first come first served basis, however, Landlord reserves the right to make equitable adjustments in its discretion.

Section 2 Rent

- 2.1 Base Rent.** During the first year of the term, Tenant shall pay the Landlord as follows \$1,038 per month. Rent shall be payable on the first day of each month in advance at such place as may be designated by Landlord. The rent stated above shall be adjusted for each lease year after the first year by a percentage equal to 100% of the percentage change in the Consumer Price Index published by the United States Bureau of Labor Statistics of the United States Department of Labor. Comparisons shall be made using the index entitled All Urban Consumers (CPI-U) for All Items (April), or the nearest comparable data on changes in the cost of living if such index is no longer published. The change shall be determined by comparison of the figure for July 1 of the preceding lease year to that of the year in

question, and such comparison shall be done for each lease year following the first lease year. However, in no event shall base rent be reduced below that payable during the first year of this lease.

2.2 Additional Rent. All taxes, insurance costs, utility charges that Tenant is required to pay by this lease, and any other sum that Tenant is required to pay Landlord or third parties shall be additional rent.

Section 3 Use of the Premises.

3.1 Permitted Use. The premises shall be used for educational purposes, and for no other purpose without the consent of the Landlord, which consent shall not be withheld unreasonably. If this use is now or hereafter prohibited by law or governmental regulation, this shall terminate.

3.2 Restrictions on Use. In connection with the use of the Premises, Tenant shall:

1. Conform to all applicable laws and regulations of any public authorities affecting the premises and the use, and correct at Tenant's own expense any failure of compliance created through Tenant's fault or by reason of Tenant's use, but Tenant shall not be required to make any structural changes to effect such compliance.
2. Refrain from any activity that would make it impossible to insure the Premises against casualty, or would increase the insurance rate unless Tenant pays the additional cost of the insurance.
3. Refrain from any use that would be reasonable offensive to other tenants or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the premises.
4. Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Landlord.
5. Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent of the Landlord.

3.3 Hazardous Substances. Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise related on or under the Premises. Tenant may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold in the prudent and safe operation of the business specified in section 3.1. Tenant may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. On the expiration or termination of the Lease, Tenant shall remove all Hazardous Substances from the Premises. The term Environmental Law shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety, or the environment. The term Hazardous Substance shall mean any hazardous toxic, infectious, or radioactive substance, waste, and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.

3.4 Asbestos. The Premises have just been completely renovated and all asbestos-containing materials and presumed asbestos-containing materials have been removed from the Premises.

Section 4 Repairs and Maintenance

- 4.1 Landlord's Obligations.** The following shall be the responsibility of Landlord: All repairs and maintenance of the Premises not required of Tenant to make.
- 4.2 Tenant's Obligations.** The following shall be the responsibility of the Tenant: All repairs occasioned by reason of the actions of Tenant, or Tenant's employees, agents, patrons, guests, licensees, or invitees, whether such actions negligent or not, except for ordinary wear and tear.
- 4.3 Reimbursement for Repairs Assumed.** If either party fails or refuses to make repairs that are required by this Section 4, the other party may make the repairs and charge the actual costs of the repair to the first party. Such expenditures by Landlord shall be reimbursed by Tenant on demand together with interest at the rate of 18% per annum from the date of expenditure by Landlord. Such expenditures by Tenant may be deducted from rent and other payments subsequently becoming due. Except in an emergency creating an immediate risk of personal injury or property damage, neither party may perform repairs that are the obligation of the other party and charge the other party for the resulting expense unless notice is given at least 14 days before work is commenced, and the defaulting party is given notice in writing outlining with reasonable particularity the repairs required, and such party fails within the time to initiate such repairs in good faith.
- 4.4 Inspection of Premises.** Landlord shall have the right to inspect the Premises at any reasonable time or times to determine the necessity of repair. Whether or not such inspection is made, the duty of Landlord to make repairs shall not mature until a reasonable time after Landlord has received from Tenant written notice of the repairs that are required.

Section 5 Alterations

- 5.1 Alterations Prohibited.** Tenant shall make no improvements or alterations on the Premises of any kind without first obtaining Landlord's written consent. All alterations shall be made good and workmanlike manner, and in compliance with applicable laws and building codes. As used herein, alterations include the installation of computer and telecommunications wiring, cables, and conduit.
- 5.2 Ownership and Removal of Alterations.** All improvements and alterations performed on the Premises by either Landlord or Tenant shall be the property of Landlord when installed unless the applicable Landlord's consent specifically provides otherwise. Improvements and alterations installed by Tenant shall, at Landlord's option, be removed by Tenant and the premises restored unless the applicable Landlord's consent or work sheet specifically provides otherwise.

Section 6 Insurance

- 6.1 Insurance required.** Landlord shall keep the Premises insured at Landlord's expense against fire and other risks covered by standard fire insurance policy with an endorsement for extended coverage. Tenant shall bear the expense of any insurance insuring the property of Tenant on the Premises against such risks but shall not be required to insure.

Section 7 Taxes; Utilities; Security

- 7.1 Property Taxes.** Tenant shall pay as due all taxes on its personal property located on the Premises. Landlord shall pay as due all real property taxes and special assessments levied against the Premises. As used herein, real property taxes include any fee or charge relating to the ownership, use, or rental of the Premises, other than taxes on the net income of Landlord or Tenant.
- 7.2 Special Assessments.** If an assessment for a public improvement is made against the Premises, Landlord may elect to cause such assessment to be paid in installments, in which case all of the installments payable with respect to the lease term shall be treated the same as general real property taxes for purposes of Section 7.1.
- 7.3 Payment of Utilities Charges.** Landlord shall supply at its expense the following utilities: electricity, gas, water, sewer, telephone, internet, limited custodial services, and garbage. Tenant shall be responsible to supply and pay for all other utilities, including but not limited to television cable. Landlord shall have no liability or responsibility for any damages or injuries, whether to person or property, business interruption, for lost profits or otherwise, arising from or caused by an interruption in the delivery of utilities or utility service.
- 7.4 Security.** Landlord may, but is not required to, provide a security system or security service for the common areas and for its own benefit. In no instance shall Landlord be liable or responsible for the criminal acts of others at the school property resulting in damage of any sort, including but not limited to damage to person, to property, for business interruption, for loss of profits, or otherwise.

Section 8 Damage and Destruction

- 8.1 Partial Damage.** If the Premises are partly damaged and Section 8.2 does not apply, the Premises shall be repaired by Landlord at Landlord's expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond control of Landlord and shall be performed in accordance with the provisions of Section 4.3.
- 8.2 Destruction.** If the Pendleton Early Learning Center is destroyed or damaged such that the cost of repair exceeds 25% of the value of the structure before the damage, Landlord may elect to terminate the lease as of the date of the damage or destruction by notice given to Tenant in writing not more than 45 days following the date of damage. In such event all rights and obligations of the parties shall cease as of the date of termination, and the Tenant shall be entitled to the reimbursements of any prepaid amounts paid by Tenant and attributable to the anticipated term. If Landlord does not elect to terminate, Landlord shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Landlord's reasonable control.
- 8.3 Rent Abatement.** Rent shall be abated during the repair of any damage to the extent the Premises are untenantable, except that there shall be no rent abatement where the damage occurred as the result of the Fault of Tenant.
- 8.4 Waiver of Subrogation.** Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim

against the other. This waiver shall be valid only if an applicable insurance policy does in fact provide coverage for the loss and the policy expressly permits waiver of subrogation or the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

8.5 Damage Late in Term. If damage or destruction to which Section 8.2 would apply occurs within six months before the end of the then-current lease term, Tenant may elect to terminate the lease by written notice to Landlord given within 30 days after the date of the damage. Such termination shall have the same effect as termination by Landlord under Section 8.2.

Section 9 Eminent Domain

9.1 Partial Taking. If a portion of the Premises is condemned and Section 9.2 does not apply, the lease shall continue on the following terms:

1. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.
2. Landlord shall proceed as soon as reasonable possible to make such repairs and alterations to the Premises as are necessary to restore the remaining Premises to a condition as comparable as reasonably practicable to that existing at the time of the condemnation.
3. After the date in which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Landlord to restore the balance of the Premises in anticipation of taking, the rent shall be reduced in proportion to the reduction in value of the Premises as an economic unit on account of the partial taking. If the parties are unable to agree on the amount of the reduction of rent, the amount shall be determined by arbitration in the manner provided in Section 17.
4. If a portion of the property not included in the Premises is taken, and severance damages are awarded on account of the Premises, or an award is made for detriment to the Premises as a result of activity by a public body not involving a physical taking of any portion of the premises, this shall be regarded as a partial condemnation to which Sections 9.1.1 and 9.1.3 apply, and the rent shall be reduced to the extent of reduction in rental value of the Premises as though a portion has been physically taken.

9.2 Total Taking. If a condemning authority takes all of the Premises or a portion sufficient to render the remaining Premises reasonable unsuitable for the use that Tenant was then making of the Premises, the lease shall terminate as of the date the title vests in the condemning authorities. Such termination shall have the same effect as a termination by Landlord under Section 8.2. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.

9.3 Sale in Lieu of Condemnation. Sale of all or part of the Premises to a purchaser with the power of eminent domain in the face of threat or probability by the exercise of the power shall be treated for the purpose of this Section 9 as a taking by condemnation.

Section 10 Liability and Indemnity

10.1 Liens.

1. Except with respect to activities for which Landlord is responsible, Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens. If tenant fails to pay any such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount that so added shall bear interest at the rate of 18% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.
2. Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, as long as Landlord's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Tenant shall, within 10 days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or sufficient corporate surety bond or other surety satisfactory to Landlord in amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

10.2 Indemnification. Tenant shall indemnify and defend Landlord from, and reimburse Landlord for, any costs, claim loss, or liability suffered directly or from a third-party claim arising out of or related to any activity of Tenant on the Premises or any condition of the Premises in the possession or under the control of Tenant including without limitation any cost, claim, loss, or liability suffered directly or from a third-party claim for damage to the Premises or any other persons or property arising out of or related to Tenant's failure to comply with Section 3.3 and this section 10. Landlord shall have no liability to Tenant for any injury, loss, or damage caused by third parties, or by any condition of the Premises.

10.3 Liability Insurance. Before going into possession of the Premises, Tenant shall procure and thereafter during the term of the lease shall continue to carry the following insurance at Tenant's cost: Comprehensive general liability insurance in a responsible company with limits of not less than \$1,000,000 for injury to one person, \$2,000,000 for injury to two or more persons in one occurrence, and \$3,000,000 for damage to property. Tenant shall also acquire and carry employer's liability coverage with limits no less than those required for comprehensive general liability. The insurance required shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the premises whether or not related to an occurrence caused or contributed to by Landlord's negligence. Such insurance shall protect Tenant against the claims of Landlord on account of the obligations assumed by Tenant under Section 10.2, and shall name Landlord as additional insured. Certificates evidencing such insurance and bearing endorsements requiring 10 days' written notice to Landlord before any change or cancellation shall be furnished to Landlord before Tenant's occupancy of the property.

10.4 Workers Compensation. Tenant shall at all times remain in compliance with all laws requiring workers compensation coverage and shall provide proof of such compliance to Landlord.

Section 11 Landlord's Warranties / AS IS.

11.1 Landlord's Warranty. Landlord warrants that it is the owner of the premises and has the right to lease them.

11.2 AS IS: TENANT ACCEPTS THE PREMISES AS IS AND WITH ALL FAULTS. TENANT WARRANTS THAT IT HAS HAD THE FULL OPPORTUNITY TO EXAMINE THE PREMISES AND THE COMMON AREAS TO TENANT'S FULL SATISFACTION, WHETHER IT HAS FULLY UTILIZED THE OPPORTUNITY OR NOT, THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, OF HABITABILITY OR THAT THE PREMISES OR COMMON AREAS ARE FIT FOR TENANT'S USAGE.

Section 12 Assignment and Subletting.

No part of the Premises may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the property be conferred on any third person by any other means, without the prior written consent of Landlord. This provision shall apply to all transfers by operation of law. No consent in one instance shall prevent the provision shall apply to a subsequent instance. Landlord may withhold or condition such consent in its sole and arbitrary discretion.

Section 13 Default

The following shall be events of default:

13.1 Default in Rent. Failure of Tenant to pay any rent or other charges within 10 days after it is due.

13.2 Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 20 days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if Tenant begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

13.3 Insolvency. Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within 30 days after filing; attachment of or the levying of execution on the leasehold interest and failure of Tenant to secure discharge of the attachment or release of the levy of execution within 10 days shall constitute default. If Tenant consists of two or more individuals or business entities, the events of default specified in this Section 13.3 shall apply to each jointly and severally.

13.4 Abandonment. Failure of Tenant for 60 days or more to occupy the Premises for one or more of the purposes permitted under this lease, unless such failure is excused under other provisions of this lease.

Section 14 Remedies on Default.

14.1 Termination. In the event of a default the lease may be terminated at the option of Landlord by written notice to Tenant. Whether or not the lease is terminated by the election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default, and Landlord may reenter, take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

14.2 Reletting. Following reentry or abandonment Landlord may relet the Premises and in that connection may make any suitable alterations or refurbish the Premises, or both, or change the character or use the premises, but Landlord shall not be required to relet for any use which Landlord may reasonably consider injurious to the Premises, to any Tenant that Landlord may reasonable consider objectionable, or to a Tenant that may cause any of Landlord's property to be subject to real estate taxes unless Landlord's property and the Premises were already subject to such taxes. Landlord may relet all or part of the Premises, alone or in conjunction with other properties, for a longer or shorter than the term of this lease, on any reasonable terms and conditions, including the granting for some rent-free occupancy or other rent concession

14.3 Damages. In the event of termination or retaking of possession following default, Landlord shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

1. The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying out.
2. The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, costs incurred under Section 14.5, or any other expense occasioned by Tenant's default including but not limited to, any remodeling or repair costs, attorney fees, court costs, broker commissions, and advertising costs.
3. Any excess of the value of the rent and all of Tenant's other obligations under this lease over the reasonable expected return from the premises for the period commencing on the earlier of the date of trial or the date premises are relet, and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon banks in effect on the date of trial.

14.4 Right to Sue More than Once. Landlord may sue periodically to recover damages during the period corresponding to the remainder of the lease term, and no action for damages shall bar a later action for damages subsequently accruing.

14.5 Landlord's Right to Cure Defaults. If Tenant fails to perform any obligation under this lease, Landlord shall have the option to do so after 30 days' written notice to Tenant. All of Landlord's expenditures to correct the default shall reimbursed by Tenant on demand with interest at the rate of 18% annum from the date of expenditure by Landlord. Such action by Landlord shall not waive any other remedies available to Landlord because of the default.

14.6 Remedies Cumulative. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

Section 15 Surrender at Expiration

15.1 Condition of Premises. On expiration of the lease term or earlier termination on account of default, Tenant shall deliver all keys to Landlord and surrender the Premises in first-class condition and broom clean. Alterations constructed by Tenant with permission from Landlord shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises are leased shall be expected but repairs for which Tenant is responsible shall be completed to the latest practical date before such surrender. Tenant's

obligations under this section shall be subordinate to the provisions of Section 8 relating to destruction.

15.2 Fixtures.

1. All Fixtures placed on the Premises during the term, other than Tenant's trade fixtures, shall, at Landlord's option, become the property of Landlord. If Landlord so elects, Tenant shall remove any or all fixtures that would otherwise remain the property of Landlord, and shall repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, Landlord may do so and charge the cost to Tenant with interest at the legal rate from the date of expenditure.
2. Before expiration or other termination of the lease term, Tenant shall remove all furnishings, furniture, and trade fixtures that remain its property. If tenant fails to do so, this failure shall be an abandonment of the property, and Landlord may retain the property and all rights of Tenant with respect to it shall cease or, by notice in writing given to Tenant within 20 days after removal was required, Landlord may elect to hold Tenant to its obligation of removal. If Landlord elects to require Tenant to remove, Landlord may effect a removal and place the property in public storage for Tenant's account. Tenant shall be liable to Landlord for the cost of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Landlord.

15.3 Holdover.

1. If Tenant does not vacate the Premises at the time required, Landlord shall have the option to treat Tenant as a tenant from month to month, subject to all of the provisions of this lease except the provisions for term and renewal and at a rental rate equal to 150% of the rent last paid by Tenant during the term, or to eject Tenant from the Premises and recover damages caused by wrongful holdover. Failure to remove fixtures, furniture, furnishings, or trade fixtures that Tenant is required to remove under this lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Premises by another tenant or with occupancy by Landlord for any purpose including preparation for a new tenant.
2. If a month-to-month tenancy results from a holdover by Tenant under this Section 15.3, the tenancy shall be terminable at the end of any monthly rental period on written notice from Landlord given not less than 10 days before the termination date which shall be specified in the notice. Tenant waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

Section 16 Miscellaneous

16.1 Nonwaiver. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. The acceptance of a late payment of rent shall not waive the failure to perform an obligation under this Lease except for the failure to pay the rent so accepted when due and shall not affect Landlord's remedies for failure to perform such other obligations.

16.2 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees at trial, on petition for review, and on appeal.

- 16.3 Notices.** Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States Mail as certified mail addresses to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.
- 16.4 Succession.** Subject to the above-stated limitations on transfer of Tenant's interest, this lease shall be binding on and insure to the benefit of the parties and their respective successors and assigns.
- 16.5 Recordation.** This lease shall not be recorded without the written consent of Landlord. Upon request of Tenant Landlord shall execute and acknowledge a memorandum of this lease in a form suitable for recording if the form prepared by Tenant, and Tenant may record the memorandum.
- 16.6 Entry for Inspection.** Landlord shall have the right to enter on the Premises at any time to determine Tenant's compliance with this lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective tenant or purchaser, and in addition shall have the right, at any time during the last two months of the term of this lease, to place and maintain on the Premises notices for leasing or selling of the Premises
- 16.7 Interest on Rent and Other Charges.** Any rent or other payment required of Tenant by this lease shall, if not paid within 10 days after it is due, bear interest at the rate of 18% per annum (but not in any event at a rate greater than the maximum rate of interest permitted by law) from the due date until paid. In addition, if Tenant fails to make rent or other payment required by this lease is to be paid to Landlord within five days after it is due, Landlord may elect to impose a late charge of five cents per dollar of the overdue payment to reimburse Landlord for the costs of collecting the overdue payment. Tenant shall pay the late charge on demand by Landlord. Landlord may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a charge shall not waive the breach caused by the late payment.
- 16.8 Proration of Rent.** In the event of commencement or termination of this lease at a time other than the beginning or end of one of the specified rental periods, then the rent shall be prorated as of the date of commencement or termination and in the event of termination for reasons other than default, all prepaid rent shall be refunded to Tenant or paid on its account.
- 16.9 Time of Essence.** Time is of the essence of the performance of each of Tenant's obligations under this lease.

Section 17 Disputes

- 17.1 Venue.** If any dispute arises between the parties any litigation shall be commenced and tried in the Circuit Court of the State of Oregon for Umatilla County, each party waiving the right to sue in any other venue or in any other court that may have jurisdiction.

Section 18 Early Termination

If for educational purposes Landlord is in need of all or any portion of the Premises defined in this lease, after six months written notice to Tenant, Landlord may cancel this lease or amend or reduce the area rented to Tenant, all in Landlord's discretion. In the event that the alternation of the rented area is unacceptable to Tenant, in Tenant's discretion, Tenant may terminate this lease at any time during said six month period. In the event that this lease continues with an alteration of the area rented to Tenant, the parties shall negotiate a new base rent based upon the said change in the lease. If the parties do not

agree as to a new rental amount within the six month period, then this lease shall terminate at the conclusion thereof. Neither party shall have a right of action against the other for the other's exercise of the rights provided for in this paragraph.

Landlord:

Tenant:
