

This Lease is between **SEQUOIA MINISTRIES INTERNATIONAL, INC.**, hereafter called "Landlord", and the **THREE RIVERS SCHOOL DISTRICT**, hereafter called "Tenant". This Lease is executed in duplicate. Each party is required to initial each page of the Lease and sign the signature page denoting acknowledgement and agreement to all conditions set forth herein.

1. **PREMISES:** Landlord does hereby Lease to Tenant and Tenant hereby leases from Landlord that certain space (herein called "Premises"), containing approximately 9500 square feet of floor space area located on two floors. Said Premises is located at 305 NE E Street, in the City of Grants Pass, County of Josephine, State of Oregon.
2. **TERM:** The term of this Lease is 36 (thirty-six) months, beginning August 1, 2009 and ending June 30, 2012.
3. **RENT:** Tenant will deposit with Landlord the sum of \$2500.00 upon execution of this Lease by the parties to apply as security deposit for the Lease. Tenant agrees to pay Landlord the total rent of the Lease in monthly installments of (see Table of Rents below), payable on the first day of each month in advance, and thereafter during the term of the Lease. Rent to be sent to: Sequoia Ministries International, 2920 Huntington Drive, Suite 130, San Marino, CA 91108.

\$2500.00 per month from August 1, 2009 to June 30, 2010

\$2625.00 per month from July 1, 2010 to June 30, 2011

\$2756.25 per month from July 1, 2011 to June 30, 2012

4. **USE OF PREMISES:** Landlord and Tenant mutually agree that the Premises shall be used principally for TRACT, GED and ALTERNATIVE EDUCATION PROGRAMS, and Tenant agrees not to use, or permit the use of, the Premises for any other substantially different purpose without first obtaining the consent in writing of the Landlord, or of Landlord's authorized agent, and Landlord shall not unreasonably withhold such consent.
5. **DELIVERY, ACCEPTANCE, AND SURRENDER OF PREMISES:** Landlord represents that the Premises are in fit condition for use as stated in Paragraph 5 herein. Tenant agrees to accept the Premises on possession as in good state of repair and in sanitary condition and agrees to surrender the Premises at the end of the Lease term, if the Lease is not renewed, to the Landlord in the same condition as when granted possession, allowing for reasonable use and wear, and damage by acts of God, including fire and storms. Tenant agrees to remove all business signs or symbols placed on the Premises by Tenant before redelivery, and to restore to the Landlord the portion of the Premises on which they were placed in the same condition as before their placement.
6. **INSURANCE:** Tenant shall, at his own cost and expense, cause said Premises to be insured by an insurance company authorized to do business in the state of Oregon and approved by Landlord and obtain a policy of public liability and property damage insurance, in the limits of at least \$1,000,000.00 for the injury to or death of any one person in any one accident, happening, or event, and at least \$100,000.00 for damage to

property, and shall thereafter at all times during the term of this Lease at his own expense, cause the same to be kept in full force and effect.

Said policy or policies shall name Landlord and Tenant as joint assureds and insure said assureds against all claims and demands of any and all persons for injury, including death, and property damage sustained by any person or persons resulting from, arising out of, or in any way connected with maintenance of said Premises and building, together with the streets and sidewalks adjacent thereto or the use and occupancy of Tenant of said Premises, streets, and sidewalks.

Landlord shall maintain, at their own cost and expense, a policy of fire insurance on the building which is the subject of this Lease and shall thereafter at all times, during the term of this Lease, cause the same to be kept in full force and effect. The policy of fire insurance shall not be maintained with respect to the stock, equipment, inventory, or other items of Tenant which are now or shall hereafter be placed within the building. All of the latter items are now or shall hereafter be placed within the building. All of the latter items are to be insured at the sole cost and expense of Tenant.

7. MAINTENANCE OR REPAIR: Landlord shall maintain the HVAC, roof, exterior walls, walks, parking area, and other exterior common areas. Tenant shall at all times at his own expense and cost maintain the remainder of the Premises including (but not limited to) all appliances servicing the Premises subject to the Lease, whether exterior or interior. Tenant shall be responsible for replacement of all broken door and window glass.
8. FIRE LIABILITY WAIVER: Landlord and Tenant mutually waive as against each other all claims for loss or damage to the building, equipment, supplies or other personal property on the Premises caused by fire, or the allied perils covered in the standard fire insurance policy, with extended coverage endorsement, whether caused by negligence or not.
9. UTILITIES: Tenant shall, during the term of this Lease, pay for all water, electricity, gas, garbage disposal, telephone, elevator maintenance and any other utilities used by Tenant on said Premises.
10. DESTRUCTION OF PREMISES: If said Premises shall be wholly destroyed or so damaged as to be wholly untenable from any cause whatsoever, this Lease shall immediately terminate and Tenant shall thereupon be relieved of all obligations imposed by said Lease, and Landlord shall pay to Tenant the amount of any unearned rental and the amount of deposit, provided the terms and conditions hereof have been fully complied with by Tenant. In the event the Premises shall be partially destroyed by fire or act of God, Landlord shall forthwith repair same, if such repairs can be made under the laws and regulations of any governmental authority having jurisdiction over said Premises, within ninety (90) days after the date of the partial destruction. If such repairs cannot be made within the above period, this Lease may be terminated at the option of the Tenant. Should Landlord undertake to repair said premises, Tenant shall be liable for any portion

of the rent that the portion of the Premises in condition to be used bears to the total area of the leased Premises, provided, however, that not less than 65% of the total area is available for use.

11. WASTE: Tenant shall not commit, or allow to be committed, any waste of the Premises, or nuisance, nor shall he use or allow the Premises to be used for any unlawful purpose.
12. RIGHT OF INSPECTION: Landlord reserves the right to enter on the Premises at reasonable times to inspect them, and Tenant agrees to permit Landlord to do so.
13. TAXES AND MORTGAGE: Except as hereinbefore provided, Landlord shall pay all taxes and assessments levied or assessed against said property, and all installments of principal and interest and other sums due on account of any mortgage or other encumbrance against said property.
14. ASSIGNMENT OF LEASE AND SUBLETTING: Tenant shall not be allowed to assign or sub-lease this Lease or any interest therein without first obtaining the consent of the Landlord, and in no event shall the Tenant be released from his obligations and duties under this Lease unless the Landlord shall give their consent in writing to such release.
15. HOLDOVER TENANCY: If Tenant shall for any reason holdover after the term herein created or any extension thereof shall terminate, such tenancy shall be construed as a tenancy from month to month only and shall be upon the same terms, conditions, and rental as herein provided as of the end of the term.
16. COMPLIANCE WITH LAW: Tenant shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission in any action against Tenant, whether Landlord be a part thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.
17. ALTERATIONS AND ADDITIONS: Tenant shall not make or allow to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Landlord first had and obtained any alterations, additions or improvements to or of said Premises including, but not limited to, wall covering, paneling and any cabinet work, but excepting movable furniture and trade fixtures, which at once become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions or

improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. Upon expiration or sooner termination of the term hereof, Tenant shall, upon the written demand by Landlord, given at least thirty (30) days prior to the end of the term, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed and Tenant shall, forthwith and with all due diligence, at its sole cost and expense, repair any damage to the Premises caused by such removal.

18. LIENS: Tenant shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. Landlord may require, at Landlord's sole option, that Tenant shall provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1 ½) times the estimated cost of any improvements, additions, or alterations in the Premises which the Tenant desires to make, in insure Landlord against any liability for mechanics' and materialmen's lien and to insure a completion of the work.
19. HOLD HARMLESS: Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work, or other things done, permitted or suffered by the Tenant in or about the Premises, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of the Lease, or arising from any act or negligence of the Tenant, or any officer, agent, employee, guest, or invitee of Tenant, and from all costs, attorney's fees, and liabilities incurred in or about the defense of any such claim or any action or proceeding brought thereon and in case any action or proceeding be brought thereon and by reason of such claim. Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damage to property or injury to persons, in upon or about the Premises, from any cause other than Landlord's negligence, and Tenant hereby waives all claims in respect thereof against Landlord. Landlord or its agents shall not be liable for any loss or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other place resulting from dampness or any other cause whatsoever, unless caused by or due to the negligence of Landlord, its agents, servants or employees. Landlord or its agents shall not be liable for interference with the light, air, or any latent defect in the Premises. Tenant shall give prompt notice to Landlord in case of casualty or accidents in the Premises.
20. RULES AND REGULATIONS: Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate and/or modify. The rules and regulations shall be binding upon the Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the nonperformance of any said rules and regulations by any other tenants or occupants.

21. LATE CHARGES: Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or sum due from Tenant shall not be received by Landlord or Landlord's designate with ten (10) days after written notice that said amount is past due, then Tenant shall pay to Landlord a late charge equal to ten (10%) percent of such overdue amount, plus any attorney's fees incurred by Landlord by reason of Tenant's failure to pay rent and/or other charges when due hereunder. The Parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by the Landlord shall in no event constitute a waiver of the tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

22. DEFAULT REMEDIES: In the event Tenant fails to pay the monthly or other rental as herein provided, or fails to faithfully perform or observe any of the other terms, conditions or covenants of the Lease, and such payment is not made within three (3) days after written notice to Tenant to pay, or such terms, conditions and covenants are not performed within thirty (30) days after written notice to Tenant to perform, except for any default not capable of being cured within such 30 day period, in which event the time permitted to the Tenant to cure such default shall be extended for as long as shall be reasonable necessary to cure such default, provided the Tenant commences promptly and proceeds diligently to cure such default, and provided further that such period of time shall not be so extended as to jeopardize the interest of the Landlord in the Lease or so as to subject the Landlord or the Tenant to any civil or criminal liabilities, or if Tenant shall:

1. Abandon the leased premises, or
2. File a voluntary petition of bankruptcy or for reorganization or composition, under Chapter X or XX of the Bankruptcy Act, or otherwise, or
3. Be finally adjudicated involuntarily bankrupt, or
4. Make a general assignment for the benefit of creditors, or
5. If a receiver or trustee for the benefit of creditors, be appointed to hold, possess or control the Tenant's interest in the Lease of the leased Premises, then in any of such events, Landlord besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons or property from the Premises, such property maybe be removed and stored in a public warehouse, or elsewhere, at the cost and for the account of Tenant.

Should Landlord elect to re-enter as herein provided, or should they take possession pursuant to legal proceedings or pursuant to any notice provided for by law, they may either terminate this Lease, or they may from time to time, without terminating the Lease,

re-let said Premises or any part thereof for such other terms and conditions as Landlord at their sole discretion may deem advisable with the right make necessary repairs to said Premises, upon such re-letting:

- (a) Tenant shall be immediately liable to pay Landlord in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of such repairs incurred by Landlord, in the amount, if any, by which the rent reserved in the Lease for the period such re-letting (up to but not beyond the term of the Lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such re-letting, or
- (b) At the option of Landlord, rents received by such Landlord from such re-letting shall be applied, first to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord, second to the payment of any costs and expenses of such re-letting and of the necessary repairs, third, to the payment of any rent due and unpaid hereunder, and the residue, in any shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder.

If Tenant has been credited with any rent to be received by such re-letting under option (a) and such rent shall not be promptly paid by the new tenant to Landlord, or if such rentals received from such re-letting under option (b) during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No such reentry or taking possession of said Premises by Landlord shall be construed as an election on their part to terminate the Lease, unless a written notice of such intention be given by Landlord, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, Landlord may at any time thereafter elect to terminate the Lease for such previous breach.

If the Landlord defaults in the observance or performance of any term or covenant required to be performed by them under this Lease, the Tenant after not less than thirty (30) days' notice to the Landlord may, but shall not be obligated to, remedy such default and in connection therewith may pay expenses and employ counsel, provided that the Tenant shall have the right to remedy such default without notice in the event of an emergency. All sums expended or obligations incurred by the Tenant in connection therewith shall be paid by the Landlord to the Tenant upon demand, and if the Landlord fails to reimburse the Tenant, the Tenant may, in addition to any other right or remedy that the Tenant may have, deduct such amount from subsequent installments of rents, or additional rent which from time to time thereafter become due to the Landlord.

Should the Landlord fail to make payment of any sums due upon any mortgage which encumbers the leased Premises, the Tenant shall have the right to pay such sum and to apply the money so advanced on account of the next maturing rent payments due to the Landlord, or at the election of the Tenant, the Tenant shall have the right to recover the

amount of such advances, together with any attorneys' fees and costs incurred in connection with the recovery thereof, in any court or competent jurisdiction.

23. BANKRUPTCY: Should Tenant be adjudicated bankrupt by either voluntary or involuntary proceedings or should he make a general or special assignment for the benefit of his creditors, or any of them, or should attachment or execution be levied on his interest in said demised Premises, or this Lease, then the term herein created and this Lease, at the option of Landlord, shall immediately, at the sole option of the Landlord and without the necessity of prior written notice cease and terminate and in no event shall the Lease be treated as an asset of Tenant of his assigns, upon such assignment or the levying of attachment or execution. Neither Landlord's bankruptcy, insolvency, nor the appointment of a receiver or trustee for the Landlord, however, shall affect this Lease, so long as the covenants on the part of the Tenant to be performed are being performed by the Tenant or by the then owner of the demised term.
24. CONDEMNATION: If substantially all of the leased Premises shall be taken for public or quasi-public use by any public or quasi-public authority under the power of eminent domain, then the term of this Lease shall terminate as of the date possession shall be taken by such authority and the rent shall be paid up to that date with a proportionate refund by the Landlord of any rent paid in advance. In the event of such a termination of this Lease, the Tenant shall be entitled to claim in the condemnation proceedings an amount equal to the unamortized cost (depreciated on a straight line basis computed monthly) to the Tenant of all leasehold improvements made by the Tenant during the original term hereof.
25. EFFECT OF WAIVER: Landlord's waiver of breach of one term, covenant, or condition of the Lease is not a waiver of breach of others, nor of subsequent breach of the one waved.
26. ATTORNEY'S FEES: In the event Landlord shall bring an action against Tenant to enforce the payment of any rent hereunder or to enforce any of the terms, conditions or covenants hereof or commence a summary action under the unlawful detainer laws of the State of California, the Tenant agrees to pay to Landlord all the attorney's fees expended by Tenant herein, which said fees shall be fixed by the Court and made a part of the judgment in any such action. Landlord will pay and discharge all reasonable costs, attorney's fees and expenses that may be incurred by Tenant in enforcing the covenant and agreements of this Lease on the part of the Landlord, which fees shall be fixed as above.
27. NOTICES: All notices and demands which may or are to be required or permitted to be given by either party or the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States Mail, postage prepaid, addressed to the Tenant at the Premises, and to the address herein below, or to such other place as Tenant may from time to time designate in a notice to the Landlord at the address set forth herein, and to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.

28. SUCCESSORS AND ASSIGNS: This Lease and the terms, covenants, and conditions hereof apply to and are binding on the heirs, successors, executors, administrators, and assigns of the parties hereto.

29. TERMINATION: In the unforeseen event that the funding from the State of Oregon and/or the U. S. Government were to fall below the 2008 funding levels and the Three Rivers School District deemed it necessary to discontinue the programs offered at this location, the lease may only be terminated on June 30 of any year with a required 60 day notice.

30. TIME: Time is of the essence of this Lease.

EXECUTED ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, at Grants Pass, Oregon.

LANDLORD, Sequoia Ministries International, a California corporation

By \_\_\_\_\_  
Lynda R. McGee, Director

TENANT, THREE RIVERS SCHOOL DISTRICT

By \_\_\_\_\_  
Douglas Ely, Director