

LEASE

THIS LEASE is by and between SYLVIA B. GIUSTINA, TRUSTEE ("**Landlord**") and MULTI-SENSORY INSTRUCTION TEACHING CHILDREN HANDS-ON (commonly known as "M.I.T.C.H. Tigard-Tualatin Charter School", an Oregon non-profit public benefit type corporation ("**Tenant**").

RECITALS

Landlord owns a certain parcel of real property (the "**Real Property**") located at 19500 S. W. 90th Court, City of Tualatin, County of Washington, State of Oregon, 97062, also known as WCTM 2S1-23DC, tax lot 100. The Real Property is improved with one industrial building built in 1986 for use as an industrial office warehouse facility (the "**Building**"). Presently Bay 1 of the Building is occupied by Northwest Regional Education Service District under a long term lease.

Tenant is an Oregon non-profit corporation subject to the rights and responsibilities delineated in ORS Chapters 65 and 338, and Section 501(c)(3) of the Internal Revenue Code of 1986 as amended, and which receives the majority of its funding directly from the Tigard-Tualatin School District (the "**District**").

Tenant wants to lease from Landlord and Landlord is willing to lease to Tenant for a 120 month term Bays 2, 3, 4, and 5 consisting of approximately 24,767 square feet of flex/office space (using NAIOP method as measured by TKA on job# 2002-25-03 (dated 04/07/09) together with certain parking spaces and those portions of the Real Property adjacent to the said space (the "**Premises**") as shown on the site plan marked **Exhibit A** attached hereto and incorporated herein. This Exhibit A is also the Exhibit A for the NWESD lease with Landlord and referred to hereinafter in Section 1.03. Tenant intends to use the Premises as a charter school. The Premises includes the improvements to be added by Tenant through Tenant's general contractor, Russell Construction Inc. These improvements are described in the plans and drawings prepared by Mildren Design Group, PC. marked **Exhibit B** attached hereto and incorporated herein (the "**Tenant Improvements**"), and may include landscaping and fenced play area for children and garden area, subject to NWESD's consent and Landlord's approval, which shall not be unreasonable withheld. Exhibit B currently consists of a Preliminary Layout, dated February 27, 2009, and shall be updated and amended by CIDA, Inc. to correct any errors and attached to this Lease in a form sufficient for a building and other required permits upon Tenant's submission of same to the City of Tualatin. Landlord is willing to contribute \$200,000 to payment of the actual construction costs of the Tenant Improvements.

Tenant acknowledges that Cascade Medical Supply, Inc is in possession of Bay 3 under a lease with a term expiring February 1, 2010, and that Landlord can not give possession of Bay 3 to Tenant until then. Also, Tenant acknowledges that Duplication Factory, LLC is in possession of Bay 5 under a month to month lease and that Landlord will not give possession of Bay 5 to Tenant (1) until Landlord can terminate this month to month lease after Tenant notifies Landlord

that it has obtained a conditional use permit, (2) or earlier if Duplication Factory LLC has vacated Bay 5.

Landlord is willing to lease to Tenant and Tenant is willing to lease from Landlord the Premises on the terms and conditions that follow:

ARTICLE 1 – PREMISES; COMMON AREAS; PARKING

Section 1.01 Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the term and subject to the agreements, conditions and provisions hereinafter set forth, to each and all of which Landlord and Tenant hereby mutually agree.

- (a) *Condition of the Premises*. When Landlord delivers possession of the Premises to Tenant it shall be in its present condition with any required Section 9.01 Landlord repair and maintenance obligations completed at no cost to Tenant, and ready for Tenant to make the Tenant Improvements,
- (b) *Tenant's Acceptance of the Premises*. Tenant hereby acknowledges that it has been advised by Landlord to satisfy itself with respect to the condition of the Premises and the present and future suitability of the Premises for Tenant's intended use, that Tenant has made such investigation as it deems necessary and accepts the Premises in its present condition and that neither Landlord nor its agents has made any oral or written representations or warranties except as set forth in this Lease.
- (c) *Tenant's Access to the Premises*. Subject to the limitations on possession for Bay 3 and Bay 5 as recited above, Tenant shall have access to the Premises from the effective date this Lease until a conditional use permit is granted but only for the purpose of inspection for design and construction planning. Subject to the limitations on possession for Bay 3 and Bay 5 as recited above and after Tenant delivers to Landlord the security deposit and required insurance certificates, Tenant shall have access to the Premises for the purpose of making the Tenant Improvements.
- (d) *Tenant improvements*. Tenant at its sole cost and expense shall (1) obtain a conditional use permit to use the Premises as a charter school, (2) obtain all permits to make the Tenant Improvements, and (3) install the Tenant Improvements in accordance with the terms of a work letter defining the respective obligations of Landlord and Tenant as to construction, construction management and contributions for payment of the Tenant Improvements marked **Exhibit C** attached hereto and incorporated herein (the "**Work Letter**"). Tenant shall satisfy the terms and conditions of the Conditional Use Permit in a manner that does not delay the Commencement Date as anticipated in the Work Letter. Landlord agrees to donate or contribute \$200,000 to Tenant toward the payment of the actual construction costs of the Tenant Improvements after said improvements have been completed and the Premises are suitable for occupancy.
- (e) *Compliance of Premises with CC&R's and Building Codes*. Tenant warrants that on the Commencement Date (1) the Tenant Improvements will comply with all applicable covenants, conditions and restrictions of record and applicable building codes, regulations

and ordinances in effect on the Commencement Date; and 2) it has no knowledge of any pending or threatened claim from a governmental agency of any violation thereof related to the Tenant Improvements. In the event of a conflict between the terms of this Lease and the covenants, conditions and restrictions of record or rules and regulations referenced herein, the terms of this Lease shall control.

Section 1.02 Common Area.

- (a) *Common Area – Definition.* “**Common Area**” means all of the area and facilities outside the Building portion of the Premises and within the exterior boundary line of the Real Property, and utility raceways within the Premises, that are provided and designated by Landlord from time to time for the general non-exclusive use of Tenant and other tenants of the Real Property and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash disposal areas, roadways, sidewalks, driveways and landscaped areas.
- (b) *Common Area – Tenant’s Rights.* Landlord hereby grants to Tenant, for the benefit of Tenant and its employees, suppliers, contractors, customers, and invitees, the non-exclusive right to use in common with others entitled to such use, the Common Area as it exists from time to time, subject to the terms of any Rules and Regulations (defined in Section 1.02(c)) governing the use of the Real Property. Under no circumstances shall the right herein granted Tenant to use the Common Area be deemed to include the right to store any property, temporarily or permanently, in the Common Area. Tenant may use the Common Area for storage only with the prior written consent of Landlord, which consent may be revoked at any time and made with any condition. In the event Tenant uses the Common Area for storage without such authorization, Landlord may, without notice, in addition to such other rights it may have, remove Tenant’s property and charge Tenant with the costs of removal and storage. Immediately upon demand, Tenant shall reimburse Landlord for these costs, together with interest at the rate of 10% per annum from the date of expenditure.
- (c) *Common Area – Rules and Regulations.* Landlord shall have the exclusive control of the Common Area and may establish, modify, amend, and enforce reasonable rules and regulations governing the Common Area (the “**Rules and Regulations**”) provided that the Rules and Regulations are reasonable, are non-discriminatory, are applied uniformly to all of the tenants of the Real Property, are for the mutual benefit of all of the tenants of the Real Property, do not cause material cost or expenditure for Tenant, do not deprive Tenant of any of the material benefits and rights provided for by this Lease, and are not inconsistent with this Lease. Landlord represents that as of the date hereof, there are no Rules and Regulations. In the event that Landlord adopts Rules and Regulations that comply with the terms of this Section and provided that Landlord delivers a copy of the Rules and Regulations to Tenant, Tenant agrees to obey the Rules and Regulations and cause its employees, suppliers, customers, contractors and invitees to also obey them. Tenant’s failure to keep and observe the Rules and Regulations shall constitute a breach of this Lease in the manner as if the Rules and Regulations were covenants herein. Landlord shall not be responsible to Tenant for the non-compliance with the Rules and Regulations by other tenants on the Real Property, but shall make reasonable efforts to enforce the Rules and Regulations.

- (d) *Common Area – Changes.* Landlord may, in Landlord’s sole discretion and from time to time:
- (1) Subject to the requirements of any applicable conditional use permit, make changes to the Common Area, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways, and utility raceways; however, in no event shall Landlord remove any of the currently existing Common Area, reconfigure the access to the Premises, or reduce the number of parking spaces on the Real Property exclusively for the use of Tenant or within the immediate vicinity of the Premises without first obtaining consent from Tenant, which consent shall not be unreasonably withheld or delayed;
 - (2) Close temporarily any of the Common Area for maintenance purposes so long as Tenant is provided reasonable access to the Premises;
 - (3) Designate other land outside the boundaries of the Real Property to be part of the Common Area;
 - (4) Add additional buildings and improvements to the Common Area;
 - (5) Use the Common Area while engaged in making additional improvements, repairs or alterations to the Real Property, or any portion thereof so long as Tenant is provided reasonable access to the Premises and a reasonable number of parking spaces in the vicinity of the Premises; and
 - (6) Do and perform such other acts and make such other changes in, to or with respect to the Real Property as Landlord may, in the exercise of sound business judgment, deems to be appropriate.

Section 1.03 Parking. Tenant and its employees, suppliers, shippers, contractors, parents/students, invitees, subleases and agents have exclusive use of all parking spaces as shown on the site plan marked **Exhibit A** attached hereto and incorporated herein that are not designated for the exclusive use by Northwest Regional Education Service District. Those for the exclusive use of Northwest Regional Education Service District are the 31 spaces labeled as “NWRESD Staff parking and numbered 1-31 and the 4 labeled as “Parent Pickup/Drop Off” and numbered 1-4. Tenant shall have nonexclusive use with Northwest Education Service District of the 6 handicap stalls.

ARTICLE 2 – TERM

Section 2.01 Condition Precedent and Conditional Use Permit. The parties acknowledge that Tenant needs a conditional use permit in order to use the Premises as a charter school. A conditional use permit is a condition precedent to this Lease continuing beyond April 1, 2010. If Tenant does not obtain such a conditional use permit by April 1, 2010, this Lease shall terminate. Landlord shall cooperate with Tenant in obtaining this conditional use permit providing no zone change or other permanent change to the Premises is required that would be adverse to the

Landlord. Tenant shall reimburse Landlord for any out of pocket expenses made by Landlord for this cooperation.

Section 2.02 Lease Term. The term of this Lease (the "**Lease Term**") shall be one hundred and twenty (120) months commencing on the date when Tenant has completed the Tenant Improvements and the Premises is suitable for occupancy (the "**Commencement Date**") and expiring one hundred and twenty (120) months thereafter. For purposes of this Lease, the Premises is suitable for occupancy when the Tenant Improvements are accepted for occupancy by the City of Tualatin, regardless of any unsatisfied condition of the Conditional Use Permit, or work to be done in the Premises by Tenant.

Section 2.03 Renewal Option and Term. Provided that Tenant is not in default, Tenant shall have the option to renew this Lease (the "**Renewal Option**") for one successive term of ten years ("**Renewal Term**") on the following terms and conditions:

- (a) The Renewal Option is personal to Tenant and cannot be voluntarily or involuntarily assigned or exercised by any person or entity other than Tenant while the Tenant is in full and actual possession of the Premises and without the intention of thereafter assigning or subletting. The Renewal Option is not assignable, either as a part of an assignment of this Lease or separately there from.
- (b) The Renewal Term shall commence on the day immediately following the expiration of the Lease Term and unless sooner terminated as hereinafter provided shall expire at the end of the one hundred and twentieth (120th) month thereafter.
- (c) The Renewal Option may be exercised by notice from Tenant to Landlord given not earlier than 365 days or later than one hundred and fifty days (150) prior to the expiration of the Lease Term.

The giving of such notice shall be sufficient to make this Lease binding for the Renewal Term and Landlord and Tenant shall then be bound to take the following steps required in connection with the determination of rent.

The terms and conditions of this Lease for the Renewal Term shall be identical with the Lease Term, except for rent and the Renewal Option and except for the amount of the Security Deposit which shall equal the Base Rent for the first month of the Renewal Term. Rent for the Renewal Term shall be the greater of the rent during the last year of the Lease Term and the fair market rent for the Renewal Term. If Landlord and Tenant do not agree upon rent within 60 days of Tenant's exercise of the Renewal Option, the rent shall be determined as follows: Landlord and Tenant shall endeavor to retain one qualified independent real property appraiser familiar with commercial rental values in the area of the Premises. If the parties do not retain an appraiser within 90 days of Tenant's exercise of the Renewal Option then Landlord and Tenant shall each choose an independent, qualified real property appraiser familiar with commercial rental values in the area of the Premises. If the parties jointly select an appraiser, the value determined by that appraiser shall be the fair market rent for the Renewal Term. In the event two appraisers are utilized, the fair market rent for the Renewal Term shall be the average of the determinations by the two appraisers, unless the difference between the two appraisers is greater than 10%. In such

an event, a third appraiser shall be selected by the two appraisers. The two closest appraisals of the three appraisals shall be averaged and that amount shall be the fair market rent for the Renewal Term. If one appraiser is jointly selected, the appraisal costs shall be shared equally by Landlord and Tenant. If two or three appraisers are utilized, Landlord and Tenant shall pay the costs of the appraiser they selected, and the cost of the third appraiser shall be paid by the party whose appraiser's value was not averaged. If the parties do not jointly retain a single appraiser within the 90 day period and thereafter Landlord or Tenant shall fail to name an appraiser within 120 days of Tenant's exercise of the Renewal Option then the fair market rent for the Renewal Term shall be determined by the appraiser who has been selected. An appraiser shall be directed to determine the fair market rent for the Renewal Term within 30 days after appointment and the decision of the single appraiser or the average of the two appraisers, as the case may be, shall be final and binding upon both parties.

ARTICLE 3 – RENT; SECURITY DEPOSIT;
COMMON AREA AND OPERATING EXPENSES

Section 3.01 Base Rent. For the Lease Term Tenant shall pay to Landlord, without deduction or setoff of any kind, the sums per month scheduled on **Exhibit D**, attached hereto and incorporated herein, as rent (the "Base Rent") for the Premises, in advance, on the first day of each and every month during the Lease Term, beginning on the Commencement Date and ending on the expiration or earlier termination of the Lease Term. If the Lease Term begins on a day other than the first day of a calendar month, then Tenant shall pay Landlord a prorated amount of one month's rent for the remaining days of that calendar month.

Section 3.02 Payment. All Base Rent and other sums due Landlord hereunder shall be mailed to:

SYLVIA B. GIUSTINA, TRUSTEE

c/o Deering Management Group Inc.
4800 S.W. Macadam, Suite 120
Portland, Oregon 97239

or to such other payee or address as Landlord may designate in writing to Tenant. No Base Rent or other sums due hereunder shall be deemed paid by Tenant until actually received by Landlord. Tenant shall deposit all mailed payments in the United States mail, postage prepaid, and a sufficient number of days prior to the due date so as to ensure timely receipt by Landlord.

Section 3.03 Late Charges. For all payments (including Common Area and operating expenses) due to Landlord from Tenant which Tenant does not pay within five (5) days of their due date ("**Late Payments**") Tenant shall pay Landlord a charge of 5.0% of the amount due ("**Late Charge**"). Once in a calendar year Landlord shall give Tenant five (5) days notice of a Late Payment before a Late Charge is due.

Section 3.04 Security Deposit. As partial consideration for the execution of this Lease, Tenant shall pay Landlord in cash TWELVE THOUSAND FOUR HUNDRED DOLLARS (\$12,400.00) (the "**Security Deposit**"). Tenant shall pay Landlord the Security Deposit before Tenant's

commencement of the Tenant Improvements. The Security Deposit shall be held by Landlord, as security for performance of Tenant's covenants and obligations under this Lease for the first five (5) years of the Lease Term. At the commencement of the second five (5) years of the Lease Term, Tenant shall pay Landlord in cash TWO THOUSAND DOLLARS (\$2,000.00) to be added to the Security Deposit, which will then total FOURTEEN THOUSAND FOUR HUNDRED DOLLARS (\$14,400.00). The Security Deposit is neither an advance rental deposit nor a measure of Landlord's damages in case of default by Tenant. Landlord may and without prejudice to any other right or remedy hereunder or at law or equity, use the Security Deposit to the extent necessary to make good any arrears of any payment due Landlord under this Lease, and any other damage, injury, expense or liability caused by an event of default as defined in Article 17; and, Tenant shall pay to Landlord on demand the amounts so applied in order to restore the amount of the Security Deposit. At the expiration of the Lease Term or Renewal Term, or upon termination of this Lease as otherwise provided herein (including the failure to satisfy the condition precedent) Landlord shall account to Tenant for the Security Deposit, and, if Tenant is not in default under this Lease, return the entire remaining balance of the Security Deposit to Tenant. Landlord may commingle the Security Deposit with Landlord's other funds.

Section 3.05 Common Area and Operating Expenses. Beginning on the Commencement Date and continuing thereafter during the term of this Lease, Tenant shall pay Tenant's proportionate share of the ordinary, necessary, and reasonable Common Area and operating expenses of the Real Property as follows: Landlord's direct out of pocket costs incurred to keep the Common Area and exterior of the Premises maintained in good operating condition and repair (maintenance only, including painting but excluding any replacement); Landlord's property management services; and the cost of all utilities and services to the Premises and Common Area not paid directly by Tenant.

Subject to the provision for exemption in Section 4.04, Tenant shall also pay to Landlord as Common Area and operating expenses an amount equal to Tenant's proportionate share of Real Property Tax (defined in Section 4.01) to be paid by Landlord for the Premises and the Common Area and Tenant's proportionate share of premiums for the insurance policies described in Sections 10.03 and 11.02 and maintained by Landlord under this Lease.

Any ordinary, reasonable and necessary Common Area or operating expense, including Real Property Tax and insurance premiums that are specifically attributable to the Premises or to any other portion of the Real Property or to the operation, repair and maintenance thereof, shall be allocated entirely to the Premises or to such other part of the Real Property where specifically attributable. Otherwise, they shall be equitably allocated by Landlord to all tenants in the Real Property. Tenant's proportionate share is 68.72%. In the event Tenant is allowed to use a portion of the Common Area for its exclusive use as referred to on page one of this Lease, Tenant's proportionate share of Common Area or operating expenses may equitably increase.

Effective January 1 of each year Landlord shall estimate Tenant's proportionate share of the Common Area and operating expenses for the ensuing calendar year, including Real Property Tax and insurance premiums. Tenant shall pay each month, as the same time as Base Rent, one twelfth of Landlord's estimate of Tenant's proportionate share of the Common Area and operating expenses, provided that Landlord may revise its estimate during any year with reasonable cause and Tenant shall pay one twelfth of the new estimate each month, at the same

time as Base Rent. Within 90 days after the end of each calendar year, Landlord shall compute the actual Common Area and operating expenses and provide Tenant a detailed statement of such expenses. The statement shall set forth any deficiency owned by Tenant or credit Tenant due to Tenant as a result of the actual expenses. Tenant shall pay any such deficiency within 30 days after Landlord's statement. Landlord shall pay Tenant any credit along with the Statement submitted to Tenant.

Tenant shall have the right, at Tenant's sole cost and expense, at any time for a period of three years following Tenant's receipt of any statement to inspect, audit, copy or transcribe Landlord's books and records maintained by Landlord's property manager giving rise to such expenses. Any charge incurred by Landlord for Common Areas or operating expenses must be billed to Tenant within one year of the date that the cost was incurred.

A dispute over Landlord's billing of Common Area and operating expenses, or an error by Landlord in interpreting or applying the provisions of this Lease respecting Common Area and operating expenses, or in calculating the amount due, shall not constitute a breach of this Lease by Landlord, unless Landlord is notified by Tenant in writing of the error and Landlord fails to remedy the error within a reasonable time after Tenant's notice. If any legal proceeding concerning these expenses is resolved against Landlord, this Lease shall remain in full force and effect and Landlord shall not be liable for any consequential damages. If the dispute shall be determined in Tenant's favor, Landlord shall immediately pay to Tenant the amount of Tenant's overpayment, together with interest from the time of such overpayment at the annual rate of 10% and Tenant's reasonable attorney's fees and costs incurred in the dispute.

Section 3.06 Additional Charges. Landlord shall receive the rent set forth in this Article 3 free and clear of any and all impositions, taxes, real estate taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises.

ARTICLE 4 – TAXES

Section 4.01 Definition. “**Real Property Tax**” means any form of real estate tax or assessment (general or special, ordinary or extraordinary), any franchise or license fee, commercial rental tax, excise tax, improvement bond, levy, or tax on rents (other than inheritance, personal income or estate tax) imposed upon the Real Property by any authority having the direct or indirect power to tax whether levied against any legal or equitable interest of Landlord in the Real Property, or against Landlord's right to rent or other income therefrom, or Landlord's business of leasing the Premises, either existing on the Commencement Date or thereafter, but excludes any franchise, estate, inheritance, succession, capital levy, or transfer tax of Landlord, or any income, excess profits, or revenue tax, or any other tax, assessment, charge, or levy on the rent payable by Tenant under this lease. As to any Real Property Tax which is capable of being bonded, only the bond installment amount may be included in the amounts required to be paid by Tenant (whether or not Landlord actually elects to pay bond the assessment).

Section 4.02 Payment of Taxes. Landlord shall pay the Real Property Tax applicable to the Real Property.

Section 4.03 Tenant's Taxes. Tenant shall pay before delinquent all real and personal property taxes, licenses, fees and other public charges levied, assessed or imposed upon its business operation in the Premises or use or occupancy of the Premises, as well as upon its trade fixtures, tenant improvements, merchandise and other personal property in or about the Premises.

Section 4.04 Tax Exemption In the event Tenant obtains a tax exemption status from the State of Oregon resulting in an exemption for Landlord in its obligation to pay any Real Property Tax applicable to the Premises Landlord will pass through this exemption to Tenant. Landlord agrees to cooperate with Tenant in seeking to obtain such tax exemption, provided that Landlord does not incur any cost or expense.

ARTICLE 5 – USE

Section 5.01 General. The Premises shall be used as a charter school and all such other primary and accessory uses normally associated with an educational facility, including but not limited to, fundraising events, public and private preschool and school events, public and private meetings, community and church meetings and events, home school activities, student counseling and tutorial activities, and music/art/physical education activities, subject to all applicable local and state requirements and approvals. In no event shall Tenant permit a person or group to be on the Premises for any other primary or accessory use unaccompanied and unsupervised by Tenant. Landlord may require Tenant to provide Landlord with an agreement between Tenant and its invitee reasonably acceptable to landlord specifying the nature and extent of invitee's use, an indemnification and hold harmless provision for the benefit of Tenant and Landlord, and requiring a certificate of insurance from such invitee naming Landlord as an additional insured with coverage as Landlord may reasonably require.

Section 5.02 Obstructions, Nuisances, Etc. Tenant shall not: (a) do, or permit to be done, anything in or about the Premises which will create a safety hazard or which will in any way injure the reputation of the Premises; (b) cause, maintain or permit any nuisance in, on or about the Premises including the escape from the Premises of any objectionable noise, fluid or odor; (c) commit, or suffer the commission of, any waste in, on or about the Premises; (d) use the Premises for any objectionable or immoral purposes; or (e) keep, use or permit to be kept or used on the Premises any inflammable fluids or explosives or toxic or Hazardous Materials (defined in Section 34.01) in violation of any Environmental Law, also defined in Section 34.01.

Section 5.03 Compliance with Law. Tenant shall not use the Premises, nor permit anything to be done in or about the Premises, in violation of any governmental law, ordinance, rule, or regulation, whether now in force or hereafter enacted or promulgated. Tenant shall, at its sole cost and expense, obtain all required licenses and permits, comply with all such laws, ordinances, rules, regulations and requirements now or hereafter in force, with the requirements of any board of fire underwriters or other similar body and with the recommendations of Landlord's engineers and consultants, relating to or affecting the condition, use or occupancy of the Premises including matters pertaining to industrial hygiene and environmental conditions. Tenant is not obligated to make any changes, alteration, improvement, or additions, structural or otherwise, to or of the Premises, the Building, or the Real Property, which may be necessary or required by reason of any law, rule, regulation or order, promulgated by a competent governmental authority

with jurisdiction over such matter, or any such requirement, covenant, condition or restriction, except as may be required by Tenant's specific use of the Premises.

Section 5.04 Activities Affecting Insurance Rates. Tenant shall refrain from any activity which would increase the premiums to insure the Premises. Tenant shall provide fire extinguishers in accordance with reasonable instructions from Landlord and its insurance carrier, and in accordance with applicable building codes.

Section 5.05 Structural Integrity. Tenant shall refrain from storage or other use of the Premises in a manner considered unsafe by a competent engineer or architect selected by Landlord. Landlord shall have the right to approve installation of any power-driven machinery by Tenant and may select a qualified electrician whose opinion will control regarding electrical circuits.

ARTICLE 6 – SIGNS

Section 6.01 Landlord's Signs. During the last six months of the Lease Term or the last six months of the Renewal Term Landlord may put a sign on the exterior of the Premises advertising for a new tenant.

Section 6.02 Tenant's Signs. At Tenant's sole expense, Landlord shall allow Tenant to erect a freestanding monument sign and exterior signing on the Building, the Building entry, and the Real Property. Such signage must be in accordance with city ordinances and sign code regulations and in a manner that does not unreasonably interfere with signage for the other tenants of the Building, in locations mutually agreeable between Landlord and Tenant, and of a style, and method of attachment or erection reasonably acceptable to Landlord. All of Tenant's signs shall be removed by Tenant at its expense when Tenant vacates the Premises with the sign locations restored to their former state.

ARTICLE 7 – SERVICES AND UTILITIES

Section 7.01 Services and Utilities. Landlord will furnish connections to the Premises for water, sewer, gas, electricity and telephone services. Tenant shall arrange and pay for all utility, garbage, and janitorial services furnished or attributable to the Premises, and all other services used in or about the Premises by Tenant, including the cost of connecting, metering, and maintaining the services and utilities. If the charges for utilities to the Premises are not separately metered or stated, Landlord shall apportion the charges on an equitable basis, and Tenant shall pay its apportioned share on demand.

Section 7.02 Interruptions in Services. Landlord shall not be in default hereunder, or be liable for any damages directly or indirectly resulting from, nor shall any amounts due Landlord hereunder be abated by reason of: (a) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the services described in Section 7.01; (b) the failure to furnish, or a delay in furnishing, any such services when the cause is beyond the reasonable control of Landlord or by the making of repairs that necessarily interrupt service; or (c) the limitation, curtailment, rationing or restriction on use of water, electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises. If any governmental entity promulgates or revises any statute, ordinance or building, fire or other code, or imposes

mandatory or voluntary controls or guidelines on Landlord or the Premises or any part thereof, relating to the use or conservation of energy, or other resource consumption, or if Landlord is required or elects to make alterations to the Premises in order to comply with such mandatory or voluntary controls or guidelines, Landlord may, in its sole discretion, do so and may recover the cost from Tenant if the cost is a Common Area or operating expense. Such compliance activities or alterations shall be performed at mutually agreeable times, in a manner that will minimize interference with Tenant's business operations, and be with Tenant's cooperation.

Section 7.03 Modification of Utility Installations by Tenant. Except as otherwise provided in this Lease, Tenant may not structurally modify the Premises with electrical distribution panels, communication, security and fire protection systems, lighting fixtures, HVAC equipment, plumbing, and other equipment or apparatus, without Landlord's prior written consent, nor non-structurally modify the exterior of the Premises with equipment or apparatus. Tenant's request for Landlord's consent shall be accompanied by detailed plans of the proposed modifications. Landlord's consent may be conditioned upon Tenant's acquiring and furnishing to Landlord copies of all applicable permits and compliance therewith, installing the modifications in a good and workmanlike manner consistent with the standards prevailing in the area, and providing adequate protection against liens on the Premises.

ARTICLE 8 – ALTERATIONS

Section 8.01 General Conditions. Other than cosmetic alterations to the interior of the Premises, and except as provided in the Work Letter, Tenant shall make no alterations to the Premises, nor attach or affix any material to the walls, floor or ceiling of the Premises with any adhesive except that which may be easily removed with water without Landlord's prior written consent. All alterations done to the Premises by Tenant including Tenant Improvements or done by Landlord on behalf of Tenant (movable trade fixtures are not part of the Premises) shall become and remain part of the Premises and the property of Landlord upon installation. In seeking Landlord's consent for, and in making, any alteration to the Premises requiring Landlord's consent, Tenant shall comply with the following:

- (a) Tenant shall submit to Landlord not less than 30 days before the date on which it plans to commence the alteration, reasonably detailed plans and specifications for the proposed alteration consistent with the standards prevailing in the area of the Real Property, and the name of Tenant's contractor. Within 30 days after receipt of such plans, specifications and name, Landlord shall either consent to such alteration or provide Tenant with a reasonably detailed explanation of why it will not consent. Failure by Landlord to respond within such 30-day period shall be deemed approval by Landlord of the making of such alteration in accordance with such plans and specifications submitted to Landlord, and by the contractor named.
- (b) Before commencing the alteration, and at all times during construction thereof, Tenant's contractor shall maintain liability and property insurance in amounts, and with insurance companies, all reasonably acceptable to Landlord.
- (c) The alteration shall not be commenced until five (5) days after Landlord has received (1) notice from Tenant stating the date on which construction of the alteration is to commence,

so that Landlord may post and record an appropriate notice of non-responsibility, (2) copies of all applicable permits and authorizations and (3) a certificate of contractor's insurance.

- (d) The alteration shall be completed in a good and workmanlike manner, with due diligence, in compliance with the plans and specifications submitted to and approved by Landlord and in compliance with all applicable governmental laws, ordinances, rules, regulations and requirements.
- (e) Tenant shall defend, indemnify and hold Landlord harmless against any and all loss, cost, damage, injury and expense including, without limitation, actual expenses incurred by Landlord and all reasonable attorneys' fees and court costs incurred if an action is filed arising out of or in any way related to claims for work or labor performed, or materials or supplies furnished, to or at the request of Tenant or in connection with performance of any work done for the account of Tenant in the Premises, whether or not Tenant obtained Landlord's permission to have such work done, labor performed or materials or supplies furnished.
- (f) All of the provisions of this Section 8.01 and Section 8.02 shall apply to Tenant's work.

Tenant may install white boards, partitions, shelves, bins, machinery, and movable trade fixtures as may be necessary or appropriate for any permitted use provided such installation does not alter the character of the Premises nor damage the Premises.

Section 8.02 Costs and Liens. Tenant shall pay all costs for the alterations and keep the Premises free and clear of all construction and other liens resulting from construction done by or on behalf of Tenant. Tenant may contest the correctness or the validity of any such lien if, immediately following demand therefor by Landlord, Tenant procures and records a lien release bond, issued by a corporation authorized to issue surety bonds in Oregon, in an amount equal to one and one-half (1-1/2) times the amount of the claim of lien, and provides for the payment of any sum that the claimant may recover on the claim (including, without limitation, costs of suit, if the claimant should recover those in the action).

Section 8.03 Removal of Alterations. Landlord may require Tenant to remove all alterations Tenant has installed in the Premises, except Tenant Improvements, and restore the Premises to its original condition prior to Tenant's vacation of the Premises.

ARTICLE 9 – REPAIRS AND MAINTENANCE

Section 9.01 Landlord's Obligations. Except if such repair or maintenance is an obligation of Tenant, Landlord shall keep in good order, condition and repair the foundations, floor slabs, exterior walls, structural condition of interior bearing walls, exterior roof and gutters, and fire sprinkler system of the Building, pipes, conduits and wiring to the Premises, and the Common Area, as well as provide the services for which there is a Common Area operating expense pursuant to Section 3.05. Landlord shall not be obligated to paint the exterior or interior surfaces of the exterior walls of the Building except as a Common Area operating expense, nor shall Landlord be obligated to maintain, repair, or replace windows, doors, or glass of the Premises. As part of Tenant's Common Area Maintenance expenses, Tenant shall keep the Tenant installed

HVAC system for the Premises in good working condition through maintenance and inspection contracts with qualified contractors. Tenant shall give Landlord through its property manager copies of the HVAC contractor's inspection and maintenance reports promptly after contractor performs the service..

Section 9.02 Tenant's Obligations. Tenant at its expense shall keep all parts of the Premises that are not the obligation of Landlord, in good order and repair, and in a clean, sanitary and safe condition whether or not the need for such repairs occurs as a result of Tenant's use, the elements, or the age of the Premises. Tenant's obligations shall include the following:

- (a) All repairs and maintenance to the Premises and Common Area necessitated by acts of Tenant, its employees, suppliers, shippers, contractors, customers, and invitees.
- (b) Repair and maintenance of the interior of the Premises, including all walls, partitions, ceilings, floors, trade fixtures, plumbing and electrical fixtures, drains and sewer lines; exterior entrances and glass; conduits, pipes, wiring, meters, signs and locks on the Premises; and repairs or maintenance for compliance with all laws, rules, regulations, and ordinances governing the Premises and Tenant's use thereof. However, Tenant shall not be obligated to make structural repairs imposed by statutes or ordinances which become effective after the Commencement Date, unless such obligation to repair arises in connection with Tenant's modification of the Premises or change in the use of the Premises, nor shall Tenant be obligated to pay for compliance with any applicable law or regulation if such compliance is necessitated by any alteration or improvement made to the Premises by Landlord.

Section 9.03 Reimbursement for Repairs Assumed. If either party fails or refuses to make repairs which are required of such party within 10 days after written notice to such party (or without notice in the case of an emergency), the other party may make such repairs and charge the costs of repairs to the party who was obligated to make such repairs. However, if the repairs are of such a nature that they cannot be completed within the 10-day period, if the repairs are begun during the 10-day period and thereafter continued with diligence and good faith to completion as soon as practicable, the other party may not make the repairs. Expenditures by either party, for the account of the other party in accordance with the terms of this Section, shall be reimbursed by the other party upon demand, together with interest at the rate of 10% per annum from the date of expenditure by such party to the date of payment by the other party.

ARTICLE 10 – LIABILITY INSURANCE

Section 10.01 Carried by Tenant. Tenant, at its sole cost, shall maintain commercial general liability insurance on an occurrence basis, with a minimum combined single limit of bodily injury, personal injury and property damage coverage of ONE MILLION DOLLARS (\$1,000,000), insuring against all liability of Tenant and its employees, agents and invitees arising out of or in connection with their use or occupancy of the Premises and Common Area. All such insurance shall, to the fullest extent possible, explicitly insure performance by Tenant of the indemnity provisions of Article 13 of this Lease. Landlord shall be designated as an "Additional Insured" and upon request by Landlord, Tenant shall add, as Additional Insureds, any lender or property manager designated by Landlord. The policy shall include a cross liability endorsement and

provide that it is primary insurance and not “excess over” or contributory with any other valid, existing and applicable insurance in force for or on behalf of Landlord.

Landlord may from time to time reasonably require that the minimum amount of commercial general liability insurance be increased so that the amount reasonably protects Landlord’s and Tenant’s interests.

Section 10.02 Worker Compensation. Tenant shall, at its sole cost, maintain worker’s compensation coverage from the State Accident Insurance Fund or from a responsible private carrier covering Tenant and all of its employees unless Tenant is certified as a self-insured employer pursuant to ORS 656.403, et seq. Private insurance shall provide the schedule of employee benefits required by law and shall provide employer’s liability coverage with limits as required by law.

Section 10.03 Carried by Landlord. Landlord shall also maintain commercial general liability insurance in addition to and not in lieu of the insurance required to be maintained by Tenant under Section 10.01. Tenant shall not be designated as an Additional Insured therein.

ARTICLE 11 – PROPERTY INSURANCE

Section 11.01 Tenant’s Personal Property and Trade Fixtures. Tenant, at its sole cost, shall during the term of this Lease maintain on all of the personal property it owns in, on or about the Premises, a Special Form property insurance policy written to pay for all loss at full replacement cost. Landlord shall have no obligation to replace, restore or repair any fixtures or personal property installed in or improvements made to the Premises by Tenant, or by Landlord on behalf of Tenant.

Section 11.02 Building, Improvements and Rental Value.

- (a) *Building and Improvements*. Landlord shall maintain during the term of this Lease a Special Form policy or policies in the name of Landlord, with loss payable to Landlord and to any lender(s), insuring against loss or damage to the Premises and Common Area. Such insurance shall be for full replacement cost, as the same shall exist from time to time, or the amount required by any lender(s), but in no event more than the commercially reasonable and available insurable value thereof if, by reason of the unique nature or age of the improvements involved, such latter amount is less than full replacement cost. If the coverage is available and commercially appropriate or required by lender(s), at Landlord’s election policy or policies shall also insure against all risks of direct physical loss or damage from flood and/or earthquake, including coverage for any additional costs resulting from debris removal and a reasonable amount of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of any undamaged sections of the Building required to be demolished or removed by reason of building, zoning, safety or land use laws. Landlord shall not be obligated to maintain insurance coverage for plate glass. This policy or policies may also contain an agreed valuation provision in lieu of any co-insurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for all Urban Consumers for Portland.

- (b) *Rental Value.* Landlord may also maintain during the term of this Lease a policy or policies in the name of Landlord, with loss payable to Landlord and any lender(s), insuring the loss of the rent and other charges payable by Tenant to Landlord for one year (including all real property taxes, insurance costs, and Common Area and operating expenses). This insurance may provide that in the event this Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of rental revenues from the date of any such loss. This insurance may contain an agreed valuation provision in lieu of any co-insurance clause, and the amount of coverage shall be adjusted annually to reflect the projected rental income, real property taxes, insurance premium costs and other expenses, if any, otherwise payable, for the next 12-month period.

Section 11.03 Releases and Waivers of Subrogation. Anything to the contrary in this Lease notwithstanding, Landlord and Tenant hereby release each other, and their respective members, officers, directors, employees, agents, and invitees, and any other entity designated by either party hereto, from any claims for damage to the Premises and Common Area, or to the fixtures, personal property, Tenant Improvements or alterations of either Landlord or Tenant in or on the Premises and Common Area that are caused by, or result from, risks insured against under any of the insurance policies carried by the parties which are in force at the time of any such damage regardless of the cause or origin of the claim. Each party shall use its best efforts to cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Each party shall give the other notice at any time when it is unable to obtain insurance with such a waiver. Each party represents that its current policies allow such a waiver. Neither party shall be liable to the other for any damage or injury to the Premises and Common Area, to any other persons or property which is caused by fire or by any of the other risks insured against under any insurance policy required by this Lease to the extent of insurance proceeds received. The foregoing release shall not apply if it would have the effect, but only to the extent of such effect, of invalidating any insurance coverage of Landlord or Tenant.

Section 11.04 Mortgage Restrictions. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises restricts or prohibits the use of the proceeds of any insurance covering the Premises, then Landlord shall have the right to terminate this Lease within 15 days after such restriction or prohibition is enforced by any such holder and the amount of the proceeds of the insurance exceed 20 percent of the value of the premises, whereupon all rights and obligations of the parties hereunder shall cease and terminate.

ARTICLE 12 – OTHER INSURANCE MATTERS

Notwithstanding anything to the contrary, each insurance policy required of Tenant under this Lease shall:

- (a) Be issued by an insurance company authorized to do business in the State of Oregon and be reasonably satisfactory to Landlord.

- (b) Be issued as a primary policy, or be part of a blanket policy if the blanket policy specifically provides that the amount of insurance required by this Lease shall be in no way prejudiced by other losses covered by the policy.
- (c) Contain an endorsement requiring 30 days' written notice from the insurance company to both parties before cancellation of the policy or change in its coverage, scope or amount.

A certificate of each policy required of Tenant under this Lease, together with evidence of payment of premiums, shall be given to Landlord before the Commencement Date and again not less than 20 days before expiration of the term of the policy, its renewal or replacement

ARTICLE 13 – INDEMNIFICATION

To the fullest extent permitted by law, but in all events, limited to the extent liability is prohibited by law and subject to any applicable limit on tort liability indemnification under the Oregon Tort Claims Act, Tenant shall defend, indemnify and hold harmless the Premises, Tenant's leasehold interest therein, Landlord, its members, partners, directors, officers, agents, employees, and mortgagees from and against any and all third party claims arising from or in connection with:

- (a) Tenant's conduct or management of the Premises, Tenant's business conducted therein, any work or thing whatsoever done, or any condition created, , in or about the Premises during the Lease Term or Renewal Term or during the period of time, if any, prior to the Commencement Date that Tenant may have been given access to the Premises;
- (b) any act, omission or negligence of Tenant or any of its partners, members, directors, officers, agents, employees, invitees or contractors;
- (c) any accident, injury or damage whatever (even if caused by Landlord's negligence, but only to the extent covered by Tenant's insurance) occurring in, at or upon the Premises; and
- (d) any breach or default by Tenant in the full and prompt payment and performance of Tenant's obligations under this Lease; together will all costs, expenses and liabilities incurred or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys fees and expenses.

In case any action or proceeding is brought against Landlord and/or any mortgagee and/or Landlord's partners, members, directors, officers, agents, or employees and such claim is a claim for which Tenant is obligated to indemnify Landlord pursuant to this Article 13, Tenant upon notice from Landlord shall resist and defend such action or proceeding (by counsel reasonably satisfactory to Landlord).

The provisions of this Article 13 shall survive the expiration or termination of this Lease.

ARTICLE 14 – DESTRUCTION OR DAMAGE

Section 14.01 General. Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Premises whether or not the damage is covered by property insurance. As used herein, the term “partial damage” shall mean damage or destruction which does not result in the loss of either: (a) 50% or more of the total number of rentable square feet in the Premises; or (b) 50% or more of the value of the Premises (excluding Tenant owned alterations, trade fixtures, and utility installations), and “substantial damage” shall mean greater damage or destruction.

Section 14.02 Partial Damage to Premises. If the Premises is partially damaged, then this Lease shall remain in effect, and Landlord shall repair the damage as soon as reasonably possible; provided, however, that if the insurance proceeds are not sufficient to pay the entire cost of repair or if the cause of the damage is not covered by insurance policies, and Landlord fails to repair the damage as soon as reasonably possible, then Tenant may, at its sole option, elect to repair the damage which is not due to Tenant’s negligent acts of commission or omission, and credit the full costs of said repairs against future rent payment, or either party may elect to terminate this Lease, as of the date the damage occurred, by notifying the other party within 30 days after the occurrence of such damage. In any event, if the damage was due to a negligent act or omission of Tenant, Tenant shall pay Landlord the difference between the cost of repair plus the cost of compliance with applicable building codes and regulations and any insurance proceeds received by Landlord. All proceeds of insurance shall in any event be payable and paid to Landlord. If Tenant makes required repairs, instead of the above noted credit against future rent payments, Landlord shall pay over to Tenant insurance proceeds up to, but not exceeding, the actual cost of repairs within 10 days of Tenant completing the repairs or within three days of receipt of proceeds by Landlord, if received thereafter.

Section 14.03 Substantial Damage to Premises. If the Premises are substantially damaged, then Landlord or Tenant may terminate this Lease, as of the date the damage occurred, whether or not Landlord receives any insurance proceeds from the insurance policies maintained by Landlord with respect to such damage, by notifying the other party of such termination within 30 days after the occurrence of such damage. If neither party terminates this Lease, Landlord shall repair all such damage, and this Lease shall remain in full force and effect. If the damage was caused by Tenant, then, in any event, Tenant shall pay Landlord the difference between the actual cost of repair plus the cost of compliance with applicable building codes and regulations and any insurance proceeds received by Landlord.

Section 14.04 Abatement of Rent. If the Premises are damaged, and Landlord repairs the damage pursuant to the provisions of this Article 14, Base Rent and Common Area and operating expenses payable during the period of such damage and repair shall be reduced according to the degree, if any, to which Tenant’s use of the Premises is impaired. Except for this possible reduction, Tenant shall not be entitled to any compensation, reduction or reimbursement from Landlord as a result of any damage, destruction, repair or restoration of the Premises.

Section 14.05 Compliance with Lease Terms. Landlord’s obligations under this Article 14, including rent abatement, are subject to and conditioned upon Tenant’s full performance of all obligations under this Lease.

ARTICLE 15 – CONDEMNATION

Section 15.01 Terms Defined. As used in this Article 15, the following words and phrases shall have the following meaning:

- (a) “Award” shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.
- (b) “Condemnation” shall mean: (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor; and (2) a voluntary sale or transfer by Landlord to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.
- (c) “Condemnor” shall mean any public or quasi-public authority, or private corporation or individual, having the power of condemnation.
- (d) “Date of taking” shall mean the date the condemnor has the right to possession of the property being condemned.

Section 15.02 General. If, during the Lease Term there is any taking by condemnation of all or any part of the Premises, or any interest in this Lease, the rights and obligations of the parties shall be determined pursuant to this Article 15.

Section 15.03 Total Taking of Premises. In the event the Premises or a substantial part thereof rendering the balance unusable shall be taken by condemnation, then the estate and interest of Tenant in the Premises shall cease upon such taking and Tenant shall have no further rights or obligations under this Lease.

Section 15.04 Taking of Less Than All of the Premises. Landlord or Tenant may elect to terminate this Lease due to a condemnation which takes more than 20% of the total number of rentable square feet in the Premises. Otherwise this Lease shall remain in effect. Landlord or Tenant may exercise its rights to terminate this Lease under this Section 15.04 by giving notice to the other party within 30 days after the nature and extent of the taking have been finally determined and Tenant has been notified of such determination by Landlord. If Landlord or Tenant elects to terminate this Lease under this Section 15.04, then the terminating party shall also notify the non-terminating party of the date of termination, which date shall not be earlier than 30 days, nor later than 90 days, after a party has notified the other party of its election to terminate; provided, however, that this Lease shall terminate on the date of taking, if the date of taking falls on a date before the date of termination so designated by Tenant. If Landlord or Tenant does not terminate this Lease by notice provided within such 30 day period, then this Lease shall continue in full force and effect, except that all sums payable by Tenant, if not reduced pursuant to other provisions of this Lease, shall be reduced as hereinafter provided.

Section 15.05 Reduction in Rent. If any portion of the Premises is taken by condemnation, and this Lease remains thereafter in full force and effect, then, on the date of taking, the Base Rent shall, if not reduced pursuant to other provisions of this Lease, be reduced by that amount which is determined by multiplying the Base Rent or such other sum (as applicable) by a fraction, the numerator of which shall be the square feet in the Premises so taken, and the denominator of

which shall be the square feet in the Premises immediately before the date of taking during the period from the date of taking until completion of restoration. Additionally, Tenant's proportionate share of the Common Area and operating expenses shall be reduced to take into account the reduced square footage of the Premises.

Section 15.06 Restoration. If there is a partial taking of the Premises, and this Lease remains thereafter in full force and effect, then Landlord, at its sole cost, shall restore the remaining Premises.

Section 15.07 Award. The Award shall belong to Landlord, except that Tenant shall be entitled to receive any part of the Award designated by the Condemnor as moving expenses.

Section 15.08 Temporary Taking. If there is a total or partial taking of the Premises for a period which is less than the remaining term of this Lease, then all of the provisions of this Lease shall remain in full force and effect, except that Base Rent shall, if not reduced pursuant to other provisions of this Lease, be abated during such period of taking, based upon the extent to which the taking interferes with Tenant's use of the Premises. If there is a total taking of the Premises for more than 30 days, either party may elect to terminate this Lease by giving notice to the other party within 30 days after the nature and the extent of the taking have been finally determined. If this Lease terminates under this Section 15.08, the Award shall be paid to Landlord and Tenant as set forth in Section 15.07.

ARTICLE 16 – ENTRY BY LANDLORD

Landlord, its agents, employees, contractors and designated representatives, and the holders of any mortgages or deeds of trust on the Premises, may enter the Premises at any time in the case of an emergency and otherwise at reasonable times convenient to Tenant for the purposes of: (a) inspecting the condition of the Premises; (b) exhibiting the Premises to prospective tenants – but only during the last six months of the Lease Term or Renewal Term, or to prospective purchasers or lenders; (c) determining whether Tenant is complying with all its obligations hereunder; (d) posting notices of non-responsibility; (e) making repairs required of Landlord, or of Tenant under the terms hereof if Tenant shall fail to do so; (f) gaining access to adjoining premises and roof areas; or (g) exercising any right of Landlord hereunder reasonably requiring such entry or examination; provided, however, that all such work or entry shall be done as promptly as reasonably practicable and so as to cause as little interference to Tenant as is reasonably practicable. In the event of an emergency, Landlord or its agents may enter the Premises using a master key or may forcibly enter the Premises without rendering Landlord or such agents liable without in any manner affecting the obligations and covenants of this Lease.

ARTICLE 17 – DEFAULT AND REMEDIES

Section 17.01 Tenant's Default. Each of the following events shall be a default by Tenant and a breach of this Lease:

- (a) *Failure to Pay Rent.* Failure by Tenant to make any payment of Base Rent, Common Area and operating expenses, and any other sum due under this Lease when and as the same becomes due and payable. However, Landlord may not elect any remedy (except Late Charges under Section 3.03) to which it is entitled under this Lease for the failure of Tenant to make any payment of Base Rent or Common Area and operating expenses within 10 days after such payment is due without having given Tenant notice thereof once during any calendar year, unless failure to make a payment continues 10 days after such notice.
- (b) *Vacation or Abandonment.* Abandonment of the Premises.
- (c) *Falsification or Failure to Deliver Documents or Information.* Falsification by Tenant of any document furnished by Tenant to Landlord or failure of Tenant within 10 business days after Landlord's written request to sign and/or deliver any document or information which Tenant is obligated to deliver to Landlord under the terms of this Lease. However, Landlord may not elect any remedy to which it is entitled under this Lease for the failure of Tenant to sign and/or deliver any document or information which Tenant is obligated to deliver pursuant to the terms of this Section 17.01(c) unless Landlord gives Tenant written notice that Tenant is in default under the terms of this Section 17.01(c) and Tenant's failure to sign or deliver such document or information continues 3 business day after such default notice.
- (d) *Danger to Life or Property.* Failure of Tenant to fulfill any obligation under this Lease which endangers or threatens life or property where such failure continues for a period of one business day following written notice by Landlord specifying the failure with reasonable particularity. If the failure is of such a nature that it cannot be completely remedied within the one business day period, the failure shall not be a default if Tenant begins correction of the failure within the one business day period and thereafter proceeds with diligence and in good faith to correct the failure as soon as practicable.
- (e) *Other Performance Failures.* Failure of Tenant to observe or perform any other term, condition or covenant of this Lease or the Rules and Regulations within 20 days after receipt of written notice from Landlord specifying the nature of the failure with reasonable particularity. If the failure is of such a nature that it cannot be completely remedied within the 20 day period, the failure shall not be a default if Tenant begins correction of the failure within the 20 day period and thereafter proceeds with diligence and in good faith to correct the failure as soon as practicable.
- (f) *Assignment and Subletting without Consent.* Subletting, transfer, assignment, or change of Tenant's interest in this Lease or Tenant's interest in and to the Premises without Landlord's consent, which consent shall not be unreasonably withheld
- (g) *Creditor Relations.* An assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; the filing of an involuntary petition in bankruptcy and the failure of Tenant to secure a dismissal of the petition within 30 days after filing; the appointment of a trustee or receiver to take possession of the Premises, Tenant improvements, leasehold estate, or Tenant's operations or assets in the Premises for any reason, or the attachment, execution, levy or other seizure by legal process thereof.

- (h) Tenant's notification to Landlord under Section 17.03 or Tenant's exercise of a remedy under Section 17.04 without Landlord being in default.

Section 17.02 Landlord's Remedies. Upon default by Tenant, Landlord may elect any one or more of the following remedies:

(a) *Termination of Lease*.

- (1) Landlord may by giving written notice to Tenant and to any qualifying mortgagee terminate this Lease as of the date of the notice whereupon all of Tenant's rights in the Premises shall terminate. No act of Landlord or its agents shall be deemed a termination of this Lease and any agreement of Landlord to terminate this Lease shall not be effective unless it is in writing and signed by Landlord. Promptly after such notice, Tenant shall surrender and vacate the Premises in accordance with Tenant's obligations under Article 22. Landlord may re-enter and take possession of the Premises and of all improvements, and eject some or all parties in possession except any sublessee approved by Landlord or qualifying under a non-disturbance agreement with Landlord. Termination under this subsection shall not relieve Tenant from the obligation to pay any sum then due to Landlord or from any claim for damage previously accrued or then accruing against Tenant.
- (2) In the event of termination, Landlord shall use reasonable diligence in reletting the Premises to a new tenant, but shall not be obligated to alter any of the covenants, terms and conditions of this Lease, to relet to any tenant Landlord reasonably considers unqualified, or to relet at a rent less than fair market value.
- (3) In the event of termination, Landlord shall be entitled to damages immediately and without waiting until the due date of any future rent or the date fixed for the expiration of this Lease in the following amounts:
 - a. The reasonable cost of re-entry and reletting, including the cost of Tenant's compliance with the provisions of Article 22, the cost incurred under Section 17.05, any other cost occasioned by Tenant's default, broker's or finder's fees and attorney fees.
 - b. The loss of Base Rent, Common Area and operating expenses from the date of default until a new lease has been, or with the exercise of reasonable efforts could have been secured ("New Lease Date"); and
 - c. The present value of any excess of the value of the rent and all other Tenant obligations under this Lease from the New Lease Date to the last day of the Lease Term or Renewal Term in which termination occurs over the reasonable rental value of the Premises, including improvements, for such period of time. The present value of this excess shall be computed using a five percent (5%) discount rate.

- (b) *Re-entry without Termination of Lease*. Landlord may elect to re-enter the Premises without terminating this Lease and relet the Premises including any improvements on the Premises

for the account of Tenant or otherwise. After re-entry, Landlord may put the Premises in good order and condition and make alterations and repairs reasonably required for reletting. Landlord may elect to eject some or all persons then in possession except any subtenant approved by Landlord or under a non-disturbance agreement with Landlord. Any reletting may be for the remainder of the Lease Term or Renewal Term or for a longer or shorter period and Landlord may execute any leases made under this subsection either in Landlord's name or in Tenant's name. Landlord shall not be required to relet the Premises for any use other than as specified in this Lease or to any tenant Landlord may consider unqualified, or at a rent less than fair market value. Landlord shall apply all rents from the reletting first to the costs of re-entry and reletting including the costs of putting the Premises in good order and condition and reasonable attorney fees, and then to rents and other amounts payable by Tenant under this Lease, including, without limitation, any amounts that became payable prior to the reletting. Tenant shall nevertheless pay to Landlord on the due dates specified in this Lease all sums payable by Tenant under this Lease, plus Landlord's expenses of re-entry and reletting, less amounts received by Landlord from the reletting, if any. If Tenant does not reimburse Landlord for such expenses within 10 days after demand, Tenant shall pay interest at 10% per annum from the date of incurrence of such expenses by Landlord until the entire amount of principal and interest is paid. No act by or on behalf of Landlord under this subsection shall constitute a termination of this Lease unless Landlord gives Tenant and any qualifying mortgagee a notice of termination.

- (c) *Injunction.* Landlord shall be entitled to an injunction against Tenant or any person claiming under, by or through Tenant enjoining any default or any threatened or attempted default.
- (d) *Reimbursement of Broker's Fees.* Tenant acknowledges that Landlord may be obligated to pay brokers' fees to Macadam Forbes either partially at the execution of this Lease and/or partially at the Commencement Date. If Tenant executes this Lease and then fails to perform its obligations under the Work Letter or fails occupy the Premises on the Commencement Date Tenant shall reimburse Landlord for all brokers' fees paid or payable by Landlord to Macadam Forbes.

Section 17.03 Landlord's Default. The following event shall be a default by Landlord and a breach of this Lease: Failure of Landlord to observe or perform any term, condition or covenant of this Lease within 20 days after receipt of written notice from Tenant specifying the nature of the failure with reasonable particularity. If the failure is of such a nature that it cannot be completely remedied within the 20 day period, the failure shall not be a default if Landlord begins correction of the failure within the 20 day period and thereafter proceeds with diligence and in good faith to correct the failure as soon as practicable.

Section 17.04 Tenant's Remedies. Upon default by Landlord, Tenant may elect anyone or more of the following remedies:

- (a) *Termination of Lease.* Tenant may, by giving written notice to Landlord, terminate this Lease as of the date of the notice whereupon this Lease shall terminate and be of no further force or effect. No act of Tenant or its agents shall be deemed a termination of this Lease and

any agreement of Tenant to terminate this Lease shall not be effective unless it is in writing and signed by Tenant.

- (b) *Injunction.* Tenant shall be entitled to an injunction against Landlord enjoining any default or any threatened or attempted default.
- (c) *Reimbursement of Tenant Improvements.* If Tenant terminates this Lease as a result of Landlord's default under this Lease, Tenant shall be entitled to reimbursement for the cost of the Tenant Improvements that were paid by Tenant to the extent the term of this Lease was shortened by such termination of this Lease. Such reimbursement shall equal (a) the total amount spent by Tenant on the Tenant Improvements, (b) divided by a 120-month period, and (c) multiplied by the number of months, or portion of each month, that the length of the lease Term was shortened by such termination of this Lease.

Section 17.04. Performance of Other Party's Obligations. If either party shall default in the observance or performance of any covenant, term or condition contained herein to be observed or performed by the defaulting party, then the other party may, at its option after 10 days written notice to the defaulting party (or in the case of an emergency, without notice), and without prejudice to any of other party's rights or remedies hereunder, perform the same for the account of defaulting party and the defaulting party shall reimburse the other party for all costs and expenses incurred by other party in such performance upon demand, together with interest at 10% per annum from the date of incurrence of the expense by the other party until the entire amount, principal plus interest is paid by the defaulting party.

Section 17.05. Remedies-Cumulative and Non-exclusive. The remedies set forth in Article 17 shall be in addition to and not exclusive of any other rights or remedies available to Landlord under this Lease or at law or equity. Landlord's election to pursue any right or remedy under this Lease or at law or equity shall not preclude Landlord from pursuing at the same time or at any other time any other right or remedy under this Lease or at law or equity for the same breach, or any right or remedy under this Lease or at law or equity for any other breach.

ARTICLE 18 – ATTORNEYS' FEES

If any action or proceeding is brought by either party against the other for enforcement of this Lease, recovery of possession of the Premises, or because an alleged dispute, breach, default or misrepresentation in connection with any of the covenants, conditions or provisions of this Lease, the prevailing party shall be entitled to recover from the losing party, costs, including expert witness fees, and the reasonable attorneys fees of the prevailing party's attorneys in such action or proceeding and in connection with pursuing, defending or litigating issues peculiar to federal bankruptcy law (whether incurred at the trial, appellate or administrative levels), in addition to any other relief which the prevailing party may be entitled.

If Landlord consults an attorney in connection with a notice of Tenant's second and any subsequent failure to pay under Section 17.01(a), or with the preparation of any other notice of default, whether or not legal action is subsequently commenced in connection therewith, Tenant shall reimburse Landlord a minimum of \$350.00 as a reasonable sum per occurrence for legal

services and costs. Landlord may include the amount of such services and costs in the notice as rent due and payable to cure the default.

ARTICLE 19 – EXCULPATION

Section 19.01 Exculpation for Tort Liability. Landlord shall not be liable for any loss or damage (including consequential damages) to any person or property sustained by Tenant, or other persons, that may be caused by theft, by any act or negligence of any tenant of the Real Property or by any other person in or about the Real Property, other than Landlord or its members, beneficiaries, trustees, partners, directors, officers, agents, employees, or mortgagees. Neither Landlord nor any member, partner, director, officer, agent, or employee of Landlord shall be liable to Tenant for any loss, injury or damage to Tenant or to any other person, or to its or their property, irrespective of the cause of such injury, damage or loss, except to the extent caused by or resulting from the negligence or intentionally wrongful act or intentionally wrongful omission of Landlord, its agents, or employees in the operation or maintenance of the Premises or the Common Area. Anything to the contrary in this Lease notwithstanding, in the event of any injury or damage caused by Tenant’s negligence, Landlord shall not have the right to recover consequential damages, including lost profits, with respect to any such injury or damage. Section 11.03 of this Lease regarding waiver of subrogation rights shall be controlling over the terms of this Section to the extent there is any inconsistency between the two sections.

Section 19.02 Personal Contractual Liability. Tenant acknowledges and agrees that the liability of Landlord under this Lease shall be limited to the reasonable value of the Premises. Any judgment rendered against Landlord shall not give rise to any right of execution or levy against Landlord’s assets except to the extent herein provided. The foregoing provisions are not designed to relieve Landlord from the performance of any of Landlord’s obligations under this Lease, but only to limit the personal liability of Landlord in case of recovery of a judgment against Landlord, nor shall the foregoing recovery of a judgment against Landlord be deemed to limit Tenant’s rights to obtain injunctive relief or specific performance or to avail itself of any other right or remedy which may be awarded Tenant by law or under this Lease. Notwithstanding the foregoing, Landlord shall be fully liable to Tenant for damages suffered by Tenant as a result of Landlord’s intentional acts and intentional omissions in connection with this Lease.

ARTICLE 20 – ASSIGNMENT AND SUBLETTING

Section 20.01 By Tenant. Tenant shall not sublet, transfer, assign or change ownership of this Lease or Tenant’s interest in and to the Premises without first obtaining the written consent of Landlord, which consent may be withheld or conditioned for any reasonable factor including but not limited to credit worthiness, business experience, general reputation, and environmental risks. Any attempted subletting, transfer, assignment, change of ownership, license or concession agreement, mortgage, encumbrance or hypothecation by Tenant of this Lease or Tenant’s interest in and to the Premises (“**Transfer**”) without Landlord’s written consent shall be voidable by Landlord, and at Landlord’s election shall constitute a default. The prohibitions of this Article 20 shall be effective when they occur by operation of law, legal process, receivership, bankruptcy or otherwise, and shall not apply to the primary and accessory uses

listed in Section 5.01 by parties who are not a sub-lessees, assignees, or transferees of this Lease or Tenant's interest in and to the Premises.

Section 20.02 No Consent. The consent by Landlord to any Transfer shall not constitute a waiver of the necessity for such consent to any subsequent attempted Transfer.

Section 20.03 Assignment Instruments. Each Transfer to which consent has been given shall be by a written assignment, in a form satisfactory to Landlord, and shall be executed by the transferor and transferee with Landlord's acknowledgement and acceptance in the assignment. The transferee shall agree for the benefit of Landlord to assume, be bound by, and perform the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant. The assignment shall provide that any amount paid by the transferee in excess of the rents required under this Lease shall be paid directly to Landlord.

Section 20.04 Notice and Procedure. If Tenant wants a Transfer, Tenant shall give prior written notice thereof to Landlord specifying the proposed transferee, the intended use of the Premises. Additionally, within 10 days after written request by Landlord, Tenant shall provide Landlord other information relevant to Landlord's determination as to the acceptability of the proposed transferee referred to in Section 20.01. Landlord shall, within 40 days after receipt of such notice and information, notify Tenant in writing whether Landlord consents to the proposed Transfer.

Section 20.05 Attorneys' Fees. Tenant shall reimburse Landlord for Landlord's reasonable attorney's fees incurred in connection with the reviewing, processing and documentation of any requested Transfer.

Section 20.06 No Release of Liability. Regardless of Landlord's consent, no Transfer shall release Tenant's obligation or alter the primary liability of Tenant to pay the Base Rent and Common Area and operating expenses and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Base Rent and Common Area and operating expenses by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. If any transferee defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such transferee. Landlord may consent to subsequent Transfers of this Lease or amendments or modifications to this Lease with transferee, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto, and such action shall not relieve Tenant of its liability under this Lease.

ARTICLE 21 – SUBORDINATION

Landlord shall have the absolute right to sell, transfer, assign, and encumber its interest in this Lease and its estate in the Premises, or any part thereof, or delegate all or any portion of the obligations hereunder without obtaining approval of Tenant. As a courtesy to Tenant, Landlord shall give reasonable advance notice to Tenant of Landlord's intent to sell, transfer or assign its interest in this lease and its estate in the Premises, or any part thereof.

This Lease shall be subject to any trust deed, deed of trust, or mortgage which is now, or may hereafter may be placed by Landlord upon the whole or any part of the Premises, provided that any person or entity purchasing or otherwise acquiring the Premises at any sale or other proceeding under any encumbrance (or any receiver appointed during the pendency of foreclosure proceedings) shall continue this Lease in full force and effect in the same manner and with the same effect as if such person or entity had been named as Landlord herein. In such event, this Lease shall continue in full force and effect and Tenant shall attorn to such person or entity, such attornment to be effective and self-operative without the execution of any further instrument by Tenant or purchaser or receiver immediately upon purchaser or receiver succeeding to the interest of Landlord. So long as Tenant is not in default in the payment of rent or the performance of any of the covenants, terms and conditions of this Lease, Tenant's possession of the Premises and Tenant's rights and privileges under this Lease shall not be diminished or interfered with by the secured party under such encumbrance.

In the event Landlord sells or assigns its interest in this Lease or its estate in the Premises absolutely, Tenant shall be bound to the purchaser or assignee under all of the covenants, terms and conditions of this Lease for the balance of the Lease Term with the same force and effect as if such purchaser or assignee was Landlord under the Lease. Tenant hereby attorns to such purchaser or assignee as its Landlord, such attornment to be effective and self-operative without the execution of any further instrument on the part of either Tenant or purchaser or assignee immediately upon such purchaser or assignee succeeding to the interest or estate of Landlord. Further, upon such purchaser or assignee succeeding to the interest or estate of Landlord and assuming or agreeing to perform and observe all obligations of Landlord (including the return of any security deposit) Landlord shall be and hereby is relieved and freed of all obligations of Landlord for this Lease accruing after the transfer.

Tenant shall execute and deliver any instrument which may be reasonably required by Landlord in confirmation of such subordination promptly upon Landlord's request, without expense to Landlord; and if Tenant shall fail at any time to execute and deliver such subordination, then Landlord, in addition to any other remedy available to it in consequence thereof, may execute and deliver such instrument as the attorney in fact of Tenant for such purpose; and Tenant hereby appoints Landlord as attorney in fact for such purpose.

ARTICLE 22 – SURRENDER THE PREMISES

At the termination of the Lease Term, or Renewal Term, or upon the sooner termination of this Lease, Tenant shall peaceably deliver to Landlord keys to and possession of the Premises, together with all improvements or additions thereto by whomsoever made, including Tenant Improvements, broom clean inside and out with all mechanical, electrical and plumbing systems that are the responsibility of the Tenant under this Lease in good operating condition, signage removed and defacement corrected, all repairs required under this Lease completed and all meters read to the date of departure. The Premises shall be delivered in the same condition as received excepting only ordinary wear and tear and damage by fire, earthquake or other catastrophes not the fault of Tenant. Any trade fixtures, machinery, and other personal property of Tenant not permanently affixed to the Premises shall remain the property of Tenant and Tenant shall remove them from the Premises before the expiration of the Lease Term or immediately upon earlier termination.

If Tenant fails to remove its property and signs from the Premises as required under this Article 22 after 15 days written notice to Tenant, Landlord may take title to all or part of this property or dispose of all or part of this property without accountability whereupon Tenant shall pay Landlord upon demand the costs of removal, storage, and restoration of sign location at the rate of 10% per annum from the date of expenditure by Landlord.

ARTICLE 23 – HOLDING OVER

If Tenant remains in possession of the Premises with the written consent of Landlord after the expiration of the Lease Term or Renewal Term or sooner termination of this Lease, all the terms, conditions, covenants and agreements hereof shall continue to apply and shall bind Tenant, for so long as Tenant shall remain in possession, insofar as the same are applicable. The tenancy shall be from month to month, terminable by either party on not less than 30 days notice. Estimated Common Area and operating expenses shall be paid monthly in advance subject to the right to a refund or the responsibility for additional payment when actual expenses are determined.

If instead Tenant remains in possession of the Premises without Landlord's written consent, the Base Rent shall be increased to 150% of the Base Rent payable for the month preceding the month to month tenancy. The tenancy shall be at sufferance. Landlord may eject Tenant from the Premises and recover damages caused by wrongful holdover. Damages shall include the Base Rent and Common Area and operating expenses prorated on a daily basis for each day that Tenant remains in possession of the Premises.

ARTICLE 24 – NO WAIVER

The failure of either party to exercise its rights in connection with any breach or violation of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance by Landlord of money due hereunder shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular amount so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such amount.

ARTICLE 25 – NO MERGER

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

ARTICLE 26 – NO EASEMENT FOR LIGHT OR AIR

Nothing herein contained shall be construed to grant to or create in Tenant any easements for light or air. Tenant's rights are limited to the use and occupancy of the Premises and Common Area, subject to the terms, covenants, conditions and provisions of this Lease. Any diminution

or shutting off of light or air by any structure which may be erected on lands near or adjacent to the Premises shall in no way affect this Lease or impose any liability on Landlord.

ARTICLE 27 – NOTICES

All notices or other communications required or permitted under this Lease shall be in writing and shall be (1) personally delivered (including by means of professional messenger service, which notices and communications shall be deemed received upon receipt at the office of the addressee); (2) sent by registered or certified mail, postage prepaid, return receipt requested, which notices and communications shall be deemed received three days after deposit in the United States Mail; (3) sent by overnight delivery using a nationally recognized overnight courier services, which notices and communications shall be deemed received one business day after deposit with the courier; or (4) sent by telefax, which notices and communications shall be deemed received on the delivery party's receipt of a transmission confirmation. Until notified to the contrary notices shall be provided to the parties as follows:

To Landlord:	Sylvia B. Giustina, Trustee
	<i>If by Delivery:</i> 1991 West 2 nd Avenue Eugene, Oregon 97402
	<i>If by Mail:</i> P. O. Box 989 Eugene, Oregon 97440
	<i>If by Facsimile:</i> (541) 345-2305
	Copy to: Mariann Deering Deering Management Group, Inc 4800 S. W. Macadam Avenue Suite 120 Portland, Oregon 97239 Telephone (503) 225-1545 Facsimile: (503) 225-1959
To Tenant:	Multi-sensory Instruction Teaching Children Hands-on
	<i>If by Delivery:</i> M.I.T.C.H. 19500 S. W. 90 th Court Tualatin, Oregon 97062 Attn: Debi Lorence, Director
	<i>If by Mail:</i> M.I.T.C.H. 19500 S. W. 90 th Court Tualatin, Oregon 97062 Attn: Debi Lorence, Director
	<i>If by Facsimile:</i> 503-625-9709
	Copy to: John A. Rankin John A. Rankin, LLC. 26715 SW Baker Road Sherwood, Oregon 97140 Telephone 503-625-9710

Notice of change of address shall be given by written notice in the manner set for in this Article 27.

ARTICLE 28 – SUCCESSORS

All of the terms, covenants and conditions hereof shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, successors and assigns of the parties hereto, provided that nothing in this Article shall be deemed to permit any assignment, subletting, occupancy or use by Tenant contrary to the provisions of this Lease.

ARTICLE 29 – REPRESENTATIONS

Tenant hereby acknowledges that Landlord and Landlord's agents have made no representations or promises with respect to the Premises or the making or entry into this Lease, except as set forth in this Lease, and that no claim or liability, or cause for termination, shall be asserted by Tenant against Landlord for, and Landlord shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Lease.

ARTICLE 30 – RELATIONSHIP OF PARTIES

The parties hereto agree that it is their intention hereby to create only the relationship of landlord and tenant, and no provision hereof, or act of either party hereunder, shall ever be construed as creating the relationship of principal and agent, or a partnership, or a joint venture or enterprise between the parties hereto.

ARTICLE 31 – COVENANT OF TITLE; QUIET ENJOYMENT

Landlord covenants that it has full right, power and authority to enter into this Lease, and that Tenant or any permitted assignee or sublessee of Tenant, upon the payment of the rent and performance of the covenants upon Tenant's part to be performed hereunder, shall and may peaceably and quietly have, hold and enjoy exclusively the Premises and improvements thereon during the Lease Term without hindrance or molestation from Landlord or anyone claiming by or through or under Landlord, subject to all of the terms and conditions contained herein.

ARTICLE 32 – FORCE MAJEURE

If either party hereto shall be delayed or hindered in or prevented from the performance of any act or work required under the terms of this Lease by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of either party, then performance of such act or work shall be excused for the period of delay, hindrance or prevention and the period of the performance of any such act or work shall be extended for an

equivalent period. The provisions of this Article 32 shall not operate to excuse Tenant from the prompt payment of Base Rent or any other payments required by the terms of this Lease.

ARTICLE 33 – CONSTRUCTION OF LEASE

Tenant hereby acknowledges that it has read and understands all parts of this Lease, agrees that in the construction and interpretation of the terms of this Lease, the rule of construction that a document is to be construed most strictly against the party who prepared the same shall not be applied, and agrees that both parties have participated in the preparation of the final form of this Lease.

ARTICLE 34 – COVENANTS REGARDING ENVIRONMENTAL COMPLIANCE

Section 34.01 Definition. As used herein, the term “**Environmental Law**” means 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. As used herein, the terms “**Hazardous Materials**” or “**Hazardous Substances**” mean any hazardous, toxic, infectious, or radioactive substance, material, or waste as defined or listed by any Environmental Law.

Section 34.02 Compliance with Law. Tenant, at Tenant’s expense, shall comply with all Environmental Laws.

Section 34.03 Use of Hazardous Substances. Tenant shall not cause or permit any Hazardous Substance to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees, contractors, or invitees without the prior written consent of Landlord, which shall not be unreasonably withheld as long as Tenant demonstrates to Landlord’s reasonable satisfaction that such Hazardous Substance is necessary or useful to Tenant’s business, that it will be used, kept, and stored in a manner that complies with all Environmental Laws and that it will not expose the Premises or the neighboring properties to any meaningful risk of contamination or damage, or expose Landlord to any liability therefor.

Tenant shall at all times exercise extreme care in connection with the handling of Hazardous Substances and shall not cause or permit Hazardous Substances to be spilled, leaked, disposed of or otherwise released on the Premises or the Common Area.

Section 34.04 Notices. Tenant shall immediately notify Landlord in writing if any of the following occur as a result of the use by Tenant of Hazardous Substances on the Premises or Common Area:

- (a) Any leak, spill, release or disposal of a Hazardous Substance on or adjacent to the Premises and Common Area or threat of or reasonable suspicion of any of the same;
- (b) Any enforcement, clean-up, or removal or other governmental or regulatory action threatened, constituted or completed in or on the Premises pursuant to any Environmental Laws;

- (c) Any claim made or threatened by any person against Tenant or the Premises and Common Area relating to damage, contributions, cost of recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Substances; and
- (d) Any reports made to any environmental agency arising out of or in connection with any Hazardous Substances on or removed from the Premises.

Further, Tenant shall supply to Landlord no later than five (5) days after Tenant first receives the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to Tenant's use of Hazardous Substances on the Premises and Common Area.

Section 34.05 Spills and Releases.

- (a) In the event Tenant brings Hazardous Substance onto the Premises or Common Area and there is a leak, spill, release or disposal of such hazardous Substance on the Premises or Common Area or the threat of or reasonable suspicion of the same, Tenant shall immediately give required reports and notices and undertake all emergency response necessary to contain, clean up and remove the Hazardous Substance and shall undertake within a reasonable time all investigatory, remedial and/or removal action necessary or appropriate to ensure that any contamination by the Hazardous Substance is eliminated. Within 30 days following the completion of such investigatory remedial and/or removal action, Tenant shall provide Landlord with a certification acceptable to Landlord signed by an independent registered professional engineer certifying that all such contamination has been eliminated.
- (b) In the event that Landlord, in its sole judgment, shall determine that its interests are being injured or threatened by a leak, spill, release or disposal of a Hazardous Substance brought onto the Premises or Common Area by Tenant (or threat thereof) and Tenant's actions in response thereto are inadequate to protect Landlord's interests, Landlord may take such steps as it deems necessary or desirable in connection therewith without waiving any of its rights hereunder and without being deemed to be in breach of any express or implied covenant of quiet possession.

Section 34.06 Investigations. Landlord reserves the right to inspect Tenant's management of Hazardous Substances brought onto the Premises by Tenant at any time and from time to time without notice to Tenant.

Section 34.07 Condition Upon Termination. Upon expiration or termination of this Lease for any reason, Tenant shall remove all Hazardous Substances and their containers from the Premises and Common Area, if the same were brought onto the Premises or Common Area by Tenant, and if requested by Landlord within 30 days after the termination of this Lease, Tenant shall certify in writing to Landlord that, (a) Tenant did not bring any Hazardous Substances onto the Premises or Common Area during the terms of this Lease, or (b) no Hazardous Substance has been leaked, spilled, released or disposed of on the Premises and Common Area by Tenant during a term of this Lease. If Tenant provides such certification subject to exceptions Tenant must identify such exceptions with specificity, provide Landlord with the certification of an independent registered professional engineer that any and all contamination resulting from such

exceptions has been eliminated, and furnish evidence to Landlord that all such contamination has been cleaned up to the satisfaction of all governmental agencies having jurisdiction.

Section 34.08 Tenant's Indemnification of Landlord. Tenant shall defend, indemnify, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including without limitation, diminution in value of the Premises or Common Area, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises and Common Area, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorney fees, consultant fees, and expert fees) which arise during or after the Lease Term or Renewal Term as a result of contamination by Hazardous Substances from the actions or omissions of Tenant or of Tenant's employees, agents, invitees, or contractors. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Substances present in the soil or ground water on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Substances on the Premises or Common Area caused or permitted by the actions or omissions of Tenant or its employees, agents, invitees or contractors results in any contamination of the Premises or Common Area, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises and Common Area to the condition existing prior to the release of any such Hazardous Substance to the Premises or Common Area, provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises and Common Area.

Without limiting the generality of any of the foregoing, the indemnification provided by this subsection shall specifically exclude costs incurred in connection with Hazardous Substances present or suspected to be present in the soil, ground water, or vapor on or under the Premises and Common Area before the Commencement Date. Tenant is liable only for Hazardous Substances that Tenant, its agents, employees, invitees or contractors, cause to be on the Premises or Common Area. In all events, the liability of Tenant under this Section 34 is limited to the extent such liability is prohibited by law and Tenant's liability is subject to any applicable limit on tort liability indemnification under the Oregon Tort Claims Act.

Section 34.09 Landlord's Indemnification of Tenant. Landlord shall defend, indemnify, and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including without limitation, sums paid in settlement of claims, attorney fees, consultant fees, and expert fees) which arise during or after the Lease Term or Renewal Term as a result of contamination by Hazardous Substances from the actions or omissions of anyone other than Tenant or Tenant's employees, agents, contractors, invitees, directors, sub-lessees, or officers. This indemnification of Tenant by Landlord includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Substances present in the soil or ground water on or under the Premises, if the presence of such Hazardous Substances are a result of the actions or omissions of anyone other than Tenant or Tenant's employees, directors, sub-lessees, or officers. Without

limiting the foregoing, if the presence of any Hazardous Substances on the Premises or Common Area caused or permitted by the actions or omissions of anyone other than Tenant or its employees, directors, sub-lessees, or officers results in any contamination of the Premises or Common Area, Landlord shall promptly take all actions at its sole expense as are necessary to return the Premises and Common Area to the condition existing prior to the release of any such Hazardous Substance to the Premises or Common Area by anyone other than Tenant or its employees, agents, contractors, invitees, directors, sub-lessees, or officers.

Section 34.10 Survival. The foregoing Landlord and Tenant indemnities shall survive the expiration or earlier termination of this Lease.

ARTICLE 35 – COVENANTS REGARDING AMERICANS WITH DISABILITIES ACT

Notwithstanding any provision of this Lease to the contrary, the following provisions shall govern the responsibility of Landlord and Tenant to comply with the Americans with Disabilities Act of 1990 and its implementing regulations, as amended or supplemented from time to time (together, the “ADA”):

- (a) Tenant, at no cost to Landlord, shall comply with the provisions of the ADA with respect to its use of the Premises and with respect to the Tenant Improvements and to any remodel, alteration, or expansion of the Premises that is undertaken by Tenant or by Landlord on behalf of Tenant after the Commencement Date.
- (b) Tenant will defend, indemnify and hold Landlord harmless from any claims demands, judgment, costs, expenses (including attorney fees), and losses arising out of or related to Tenant’s failure to comply with the provisions of this Article. This provision shall survive the termination of the Lease.

ARTICLE 36 – MISCELLANEOUS

Section 36.01 Captions. Captions throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease. The use of the terms “hereof”, “hereunder” and “herein” shall refer to this Lease as a whole, inclusive of the exhibits, except when noted otherwise.

Section 36.02 Time of Essence. Time is of the essence of this Lease, and of all of the provisions hereof.

Section 36.03 Estoppels. Either party will within 20 days after notice from the other execute, acknowledge and deliver to the other party a certificate certifying (1) whether or not this Lease has been modified and is in full force and effect; (2) whether there are any modifications or alleged breaches by the other party; (3) the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent; and (4) any other facts that may reasonably be required. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If requested

by the holder of any encumbrance prior to the occurrence of a default of Landlord, Tenant agrees to give such holder notice or a reasonable opportunity to cure any default by Landlord under this Lease.

Section 36.04 Number; Gender, Joint and Several Liability. Terms used herein in the plural shall include the singular, and vice versa, and terms used herein in one gender shall include other genders, all as the context may require. If there be more than one person or entity making up Tenant, the obligations hereunder imposed upon Tenant shall be joint and several as to such persons or entities.

Section 36.05 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of Oregon.

Section 36.06 Recording. Tenant shall not record this Lease without the prior written consent of Landlord.

Section 36.07 Severability. If any provision of this Lease or any term, paragraph, sentence, clause, phrase or word appearing herein be judicially or administratively held invalid or unenforceable for any reason, such holding shall not be deemed to affect, alter, modify or impair in any manner any other provision, term, paragraph, sentence, clause, phrase or word appearing herein.

Section 36.08 No Option. The submission of this Lease for examination does not constitute a reservation of or option for the Premises or any other space within the Premises, and shall vest no right in Tenant. This Lease shall become effective as a lease only upon execution and delivery thereof by the parties hereto.

Section 36.09 Joint and Several Liability. If more than one person constitutes Tenant, all such persons shall be jointly and severally liable for the observance and performance of all of the covenants, terms and conditions of this Lease, including the covenant to pay rent.

Section 36.10 Counterparts. This Lease may be executed in one or more counterparts all of which shall be considered one and the same Lease and shall be effective when one or more counterparts have been signed and delivered by each of the parties.

Section 36.11 Entire Agreement. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to the subject matter hereof, and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Lease constitute the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any proceedings (judicial or otherwise), if any, involving this Lease. This Lease may not be modified, in whole or in part, excepting by a writing signed by both Landlord and Tenant.

ARTICLE 37 - NONAPPROPRIATION

Section 37.01 In accordance with Oregon law, the obligation of Tenant to make the payments provided for in this Lease, is subject to annual appropriation of funds for such purpose by the Directors of Tenant's Board and the Directors of Tigard-Tualatin School District. The obligation of Tenant to make such

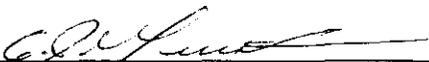
payments is not secured by the taxing power of Tenant or the District, and is not a general obligation of Tenant or the District, but is secured solely as provided in this Section 37. To the extent that funds are appropriated to make such payments in a given fiscal year, the faith and credit of Tenant is pledged to make such payments for such fiscal year.

Section 37.02 Tenant, by entering into this Lease, acknowledges its current intention to make all payments due hereunder when due. In the event the Tenant's or District's Board fail to appropriate sufficient funds to fully fund all of Tenant's legal obligations to make payments hereunder for any future fiscal period, then Tenant will immediately notify Landlord of such occurrence. Upon such notification, Tenant shall not be liable for such future payments or interest or late charges on such future payments. In the event notification is given by Tenant, this Lease shall immediately terminate, Tenant shall immediately relinquish possession of the Premises, and Tenant shall not be entitled to the return of any funds previously paid, or Tenant Improvements.

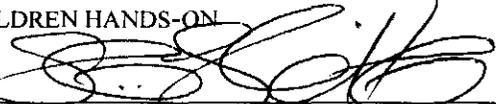
Section 37.03 Tenant further agrees that: (a) Tenant's staff will, for each fiscal year, present to the Tenant's and the District's Board a recommendation that the Board's budget for and approve the expenditure of an amount sufficient to allow Tenant to make all payments due hereunder in that fiscal period; (b) Tenant's staff will use all reasonable efforts to obtain appropriation of sufficient funds to make all payments due hereunder in each fiscal year; (c) to the extent funds are legally available therefor, Tenant will make all payments due hereunder; (d) Tenant will not fail to make payments due hereunder, if sufficient funds are appropriated and budgeted by its and/or the District's Board; and (e) Tenant's Board shall provide Landlord with a copy of the Tenant's Board's Resolution authorizing payment for all sums payable for Tenant Improvements by April 1, 2010, and a Resolution authorizing payment of all lease payments for the first 12 months of the lease term and every 12 month term thereafter of this Lease by January 31st of each year.

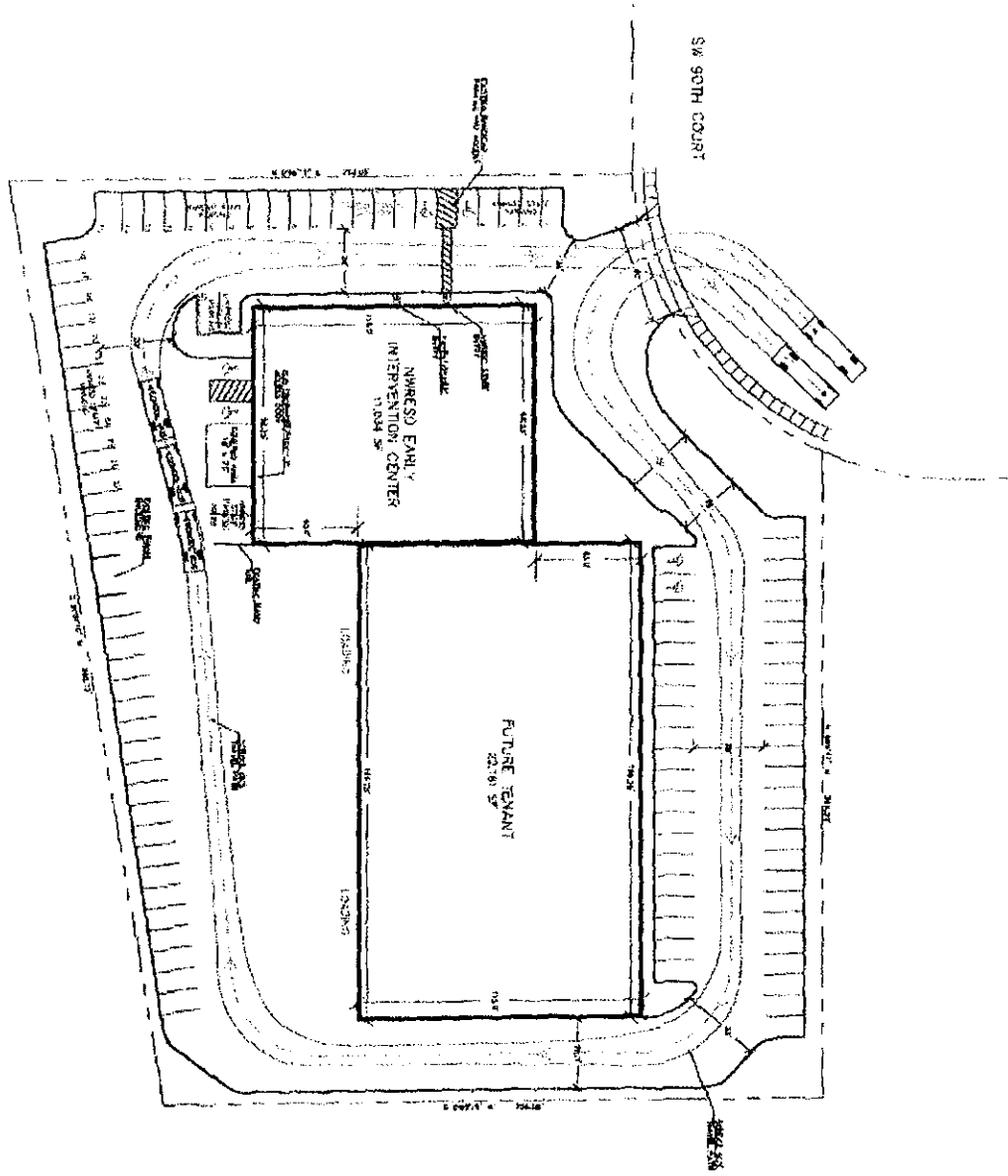
IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease effective December, 31, 2009

LANDLORD:
SYLVIA, B. GIUSTINA, TRUSTEE

By: 
A. J. Giustina, her attorney in fact

TENANT:
MULTI-SENSORY INSTRUCTION TEACHING
CHILDREN HANDS-ON

By:  12-8-09
Shana L. Hildreth, its Board Chair



LEGEND

12' CONCRETE CURB
 12' CONCRETE CURB
 12' CONCRETE CURB

GENERAL NOTES

1. ALL DIMENSIONS ARE IN FEET AND INCHES UNLESS OTHERWISE NOTED.
2. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
3. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE NOTED.
4. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

SITE INFORMATION

ADDRESS: SW 90TH COURT
 CITY: MIAMI
 COUNTY: MIAMI
 ZONING: RS-10
 PROJECT NO: 14-0000000-0001

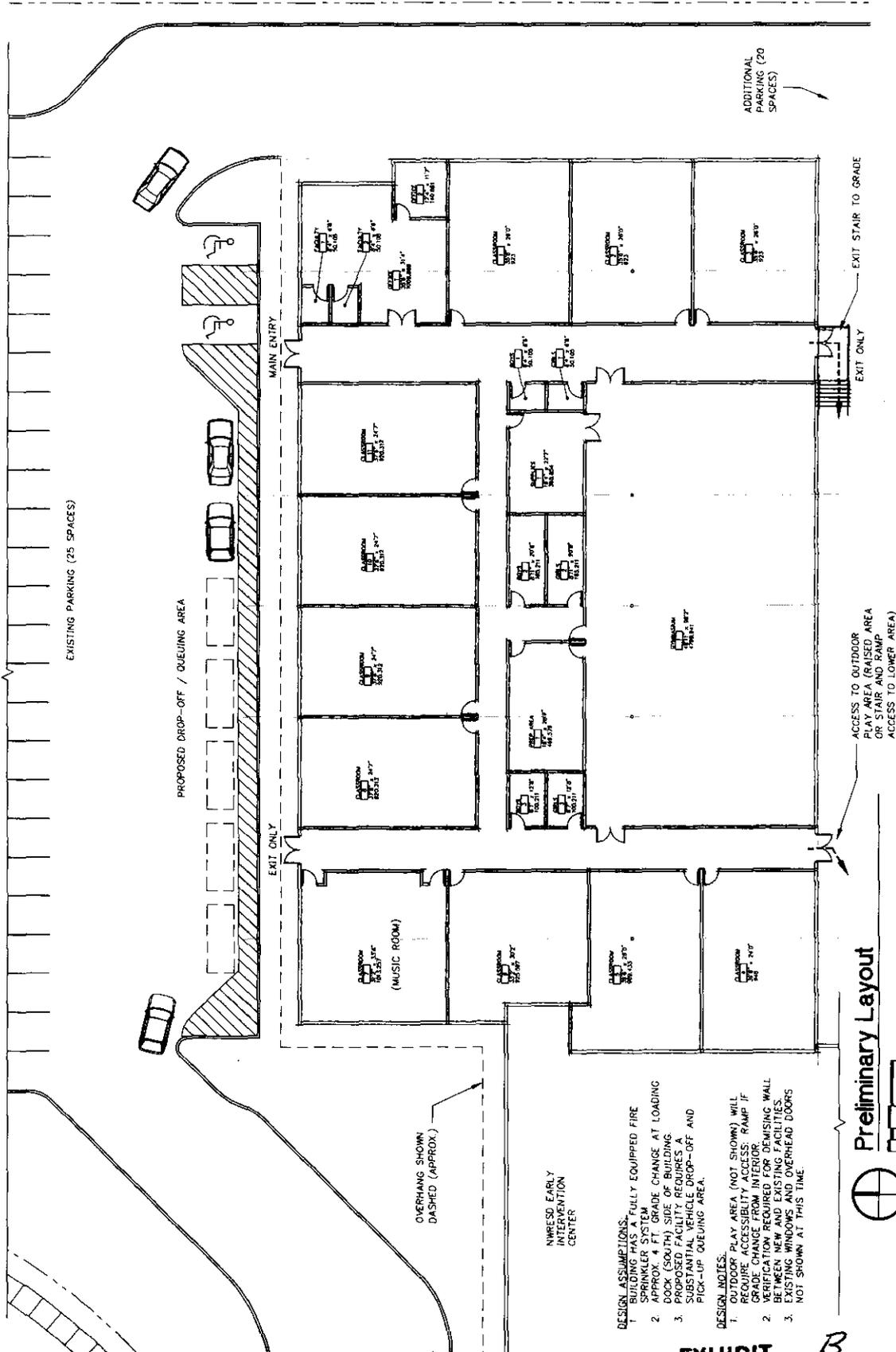
DRAWN BY: [Name]
 CHECKED BY: [Name]
 DATE: 11/14/14



EXHIBIT B TO LEASE
BETWEEN
SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
TEACHING CHILDREN HANDS-ON

SITE PLAN AND TENANT IMPROVEMENTS, RECITALS

Please note that this exhibit is not to scale and is subject to change based on final development and building permit approvals by the City of Tualatin and other applicable agencies. The parties contemplate that the Tenant Improvements are shown on this exhibit and any change not required by governmental agencies is subject to Landlord's approval which shall not be unreasonably withheld.



EXISTING PARKING (25 SPACES)

PROPOSED DROP-OFF / QUEUING AREA

EXIT ONLY

MAIN ENTRY

OVERHANG SHOWN
DASHED (APPROX.)

NIPESD EARLY
INTERVENTION
CENTER

- DESIGN ASSUMPTIONS:**
1. BUILDING HAS A FULLY EQUIPPED FIRE SPRINKLER SYSTEM
 2. APPROX. 4 FT. GRADE CHANGE AT LOADING DOCK (SOUTH) SIDE OF BUILDING
 3. PROPOSED FACILITY REQUIRES A SUBSTANTIAL ORIGINAL DROP-OFF AND PICK-UP QUEUING AREA.
- DESIGN NOTES:**
1. OUTDOOR PLAY AREA (NOT SHOWN) WILL REQUIRE ACCESSIBILITY ACCESS: RAMP IF GRADE CHANGE FROM INTERIOR.
 2. INTERIOR WALLS BETWEEN EXISTING WALLS BETWEEN NEW AND EXISTING FACILITIES.
 3. EXISTING WINDOWS AND OVERHEAD DOORS NOT SHOWN AT THIS TIME.

Preliminary Layout



ACCESS TO OUTDOOR
PLAY AREA (RAISED AREA
OR STAIR AND RAMP
ACCESS TO LOWER AREA)

EXIT STAIR TO GRADE

ADDITIONAL
PARKING (20
SPACES)

EXHIBIT B
PAGE 1 OF 2

<p>MILDREN DESIGN GROUP, P.C. ARCHITECTURE • SPACE PLANNING 7650 S.W. Beveland Suite 121 • Tigard, Oregon 97123-8682 Voice: 503-244-6552 • Fax: 503-244-9417</p>	<p>Project: MITCH Charter School T.I.</p>	<p>Sheet Title: Preliminary Layout</p>	<p>Revisions</p>	<p>Date: February 27, 2009 Drawn by: DAV Checked by: WEM</p>	<p>Sheet A1</p>
	<p>Owner: MITCH Charter School PO Box 24597 Tigard, Oregon 97231</p>	<p>Job Number: 109035</p>	<p>MILDREN DESIGN GROUP, P.C. 2009. ALL RIGHTS RESERVED ©</p>		

EXHIBIT C TO LEASE
BETWEEN
SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
TEACHING CHILDREN HANDS-ON

WORK LETTER

This Work Letter is executed in connection with the Lease dated December __ 2009 between Sylvia B. Giustina, Trustee, as "Landlord", and Multi-Sensory Instruction Teaching Children Hands-On ("M.I.T.C.H."), as "Tenant", covering the Premises known as Bays 2, 3, 4, & 5 of the Building at 19500 SW 90th Court, City Tualatin, Oregon. All terms not otherwise defined herein shall have the meaning given to them in the Lease.

1. Upon the execution of this Lease, Tenant at its expense shall diligently obtain a conditional use permit for use of the Premises as a charter school. Upon receiving the conditional use permit, Tenant shall use Russell Construction Inc. ("Contractor") to diligently and in a good and workman like manner add the Tenant Improvements to the Premises which are priced by Contractor at approximately \$615,757 and detailed in the attachment to this Work Letter captioned Exhibit C-1. Tenant shall give Landlord copies of all the Conditional Use Permit and all other permits promptly after being granted.
2. Landlord shall have no contractual relationship with Contractor and may make no change orders. Tenant shall give Landlord copies of any material changes to the plans and drawings in Exhibit B which shall be made only with Landlord's approval, which approval shall not be unreasonably withheld. Landlord may deny approval only if the changes would affect the structural integrity of the Building or alter its exterior.
3. During construction, Landlord's representatives, Robin Newlove or his successor, and Landlord's property manager shall have access to the Premises at any time while contractors are at work for the purpose of determining whether the construction of the Tenant Improvements conforms to this Lease and Work Letter. Tenant authorizes Contractor to meet at reasonable times with Landlord's representatives for this purpose.
4. Landlord and Tenant acknowledge that upon signing this Work Letter each is bound by all the provisions of this Lease and in particular the provisions of Article 8. Also, prior to beginning construction, Tenant shall deliver to Landlord the security deposit and documents as required by 8.01(b). At a minimum, Contractor shall carry a policy with Builder's Risk coverage in the amount of at least \$2 million and provide Landlord with a certificate of insurance naming Landlord and Deering Management Group, Inc as additional insureds. Tenant acknowledges that the indemnity provisions of this Lease apply to the presence on or in the Premises before the Commencement Date of Tenant, its officers, employees, contractors, licensees, agents, servants, guests, invitees or visitors.

5. Tenant and its Contractor shall not interfere with Northwest Regional Education Service District's use of the Bay 1 of the Building nor the parking assigned to it, and shall keep the Common Area free of debris from its construction except in suitable receptacles. Tenant shall also keep the Premises locked, barricaded or fenced to keep out the public, especially the children and other users of Bay 1.
6. Tenant shall be responsible at its sole expense for all services and utilities to the Premises required by the conditional use permit upon obtaining the conditional use permit.
7. Tenant shall comply with all applicable building requirements, rules and regulations and pay all fees and permits in connection with the Tenant Improvements. Upon receipt, Tenant shall deliver to Landlord copies of all approved plans, engineering studies, land use approvals, building permits and occupancy permits. On the Commencement Date, Tenant shall deliver to Landlord "as built" plans including those for electrical, mechanical and plumbing installations.
8. Tenant shall complete the Tenant Improvements in accordance with Contractor's schedule attached hereto and captioned C-2, which shall provide for a Commencement Date that occurs before the beginning of Tenant's 2010-11 academic year.. The cessation or suspension of construction because of Tenant's failure to pay Contractor shall be a failure of performance of this Lease under Section 17.01(e) by Tenant and Landlord may give Tenant the notice as provided therein.
9. Tenant shall pay for all the Tenant Improvements. Tenant shall give Landlord copies of all statements or invoices for the Tenant Improvements from Contractor, its architect and governmental agencies for permits as they are paid, together with lien waivers obtained by Contractor and Tenant as they are received.

After Tenant has paid \$400,000 for the Tenant Improvements Landlord shall pay Tenant for additional Tenant Improvements to a maximum of \$200,000. Landlord shall pay Tenant within 5 business days of notice. The notice shall consist of a demand for payment supported by copies of invoices or statements for costs in excess of the \$400,000 paid by Tenant. Landlord shall pay this \$200,000 contribution directly to Tenant.

10. Tenant shall insure the Tenant Improvements with builder's risk coverage until the Commencement Date whereupon they shall be insured by Landlord under Section 11.02. Risk of loss of Tenant Improvements shall be with Tenant until the Commencement Date.
11. Tenant may choose to locate the Tenant Improvements made before the Commencement Date in a part of the Premises and during the Lease Term add additional tenant improvements to the Premises. The terms and procedures of this Lease and Work Letter shall apply to such deferred tenant improvements.

December __, 2009

LANDLORD

By Sylvia B. Giustina, Trustee

By A.S. Giustina, her attorney in fact.

 12/31/09

TENANT



By Shana L. Hildreth, its Board Chair

12-8-09

EXHIBIT C1 TO LEASE BETWEEN
SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
TEACHING CHILDREN HANDS-ON

M.I.T.C.H CHARTER SCHOOL
DOWNSIZE II
Tualatin, Oregon

CSI	Item Description	Takeoff Qty	Unit	Labor Total	Mat Total	Subs Total	Equip Total	Other Total	Grand Total
2272	Retaining Walls		lsum						
2500	Paving and Surfacing		lsum						
2517	Concrete Pavers		lsum						
2520	Curb & Gutter		lnm						
2520	Extruded Curb		lsum						
2575	Pavement Repair		lsum						
2580	Pavement Marking	1.000	lsum			2,000.00			2,000.00
2600	Site Utilities		lsum						
2645	Fire Hydrants		lsum						
2800	Benches		each						
2800	Bollards		each						
2800	Bicycle Racks	2.000	each			1,000.00			1,000.00
2800	Chain Link Fence	1.000	lsum			3,500.00			3,500.00
2800	Gates - Chain Link Manual	1.000	each			1,200.00			1,200.00
2800	Flagpoles		each						
2800	Irrigation System		m2						
2800	Ornamental Iron Fence		lnm						
2800	Precast Parking Bumpers		each						
2800	Signage		lsum						
2800	Wood Fence		lnm						
2800	Wood Gate		each						
2820	Fountains		lsum						
2870	Site Furnishings		lsum						
2870	Precast Concrete Trash Receptacle 2' Squ		each						
2900	Landscaping - Low		sqft						
2970	Landscape Maintenance		lsum						
Sitework Total						20,200.00			20,200.00
3000	Concrete								
3400	Column Covers		m2						
3500	Gypcrete		sqft						
3600	Grout		lsum						
3800	Mass Concrete	1.000	lsum			8,000.00			8,000.00
3800	Extruded Curbs		lsum						
3800	Mass Concrete		lsum						
Concrete Total						8,000.00			8,000.00
4000	Masonry								
4210	CMU		lsum						
4210	Stone Veneer		lsum						
4220	Trash Enclosure		lsum						
4400	Stonework		lsum						
4465	Granite		lsum						
Masonry Total									
5000	Steel								
5050	Misc. Bolts	1.000	lsum			1,000.00			1,000.00
5070	Welding	1.000	lsum			1,500.00			1,500.00
5120	Structural Steel Erection		lsum						

Russell Construction Inc.

EXHIBIT C1 TO LEASE BETWEEN
 SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
 TEACHING CHILDREN HANDS-ON

12 weeks

M.I.T.C.H CHARTER SCHOOL
 DOWNSIZE II
 Tualatin, Oregon

CSI	Item Description	Takeoff Qty	Unit	Labor Total	Mat Total	Subs Total	Equip Total	Other Total	Grand Total
1000	General Conditions								
1040	Project Manager		week						
1040	Superintendent	15.000	week	27,000.00					27,000.00
1220	Progress Meetings		lsum						
1330	Survey		lsum						
1380	Construction Photographs		lsum						
1410	Testing Laboratory Services		lsum						
1420	Inspection Services		lsum						
1510	Temp Power Costs		mnth						
1510	Temp Power Connection		each						
1510	Temp Water Connection		each						
1510	Temp Water Costs		lsum						
1510	Chemical Toilet Rental	4.000	mnth			800.00			800.00
1510	Toilet Maintenance	4.000	mnth			400.00			400.00
1520	Temporary Construction		lsum						
1525	First Aid Kits		each						
1530	Barriers and Enclosures		lsum						
1530	Temp Chain Link Fence		lnft						
1530	Traffic Baracades		week						
1570	Traffic Control		hour						
1580	Project Sign		each						
1590	Transport and Set Up Trailer		each						
1590	Job Trailer - rental		mnth						
1590	Office Supplies		mnth						
1590	Telephone System		mnth						
1590	Fax Machine		mnth						
1600	Small Tools & Supplies (rent)	1.000	lsum			1,500.00			1,500.00
1610	Materials Delivery Storage/Handling		lsum						
1610	Container Van 8 x 20		mnth						
1710	Final Cleaning		sf						
1710	Daily Clean-up	1.000	lsum			2,500.00			2,500.00
1710	Dumpster Haul & Fee 40 Cuyd	5.000	each					5,000.00	5,000.00
1710	Punch List		lsum						
1720	Project Record Documents		lsum						
1740	Warranties and Bonds		lsum						
1800	Maintenance		lsum						
General Conditions Total				27,000.00		5,200.00		5,000.00	37,200.00
2000	Sitework								
2012	Compaction Tests		each						
2050	Selective Demolition	1.000	lsum			8,000.00			8,000.00
2055	Concrete Sawing	1.000	lsum			2,500.00			2,500.00
2068	Remove Roof Shakes		m2						
2080	Hazardous Material Abatement		lsum						
2090	Dump Fees		lsum						
2140	Dewatering		lsum						
2150	Temporary Shoring		m2						
2210	Remove Topsoil		m2						
2220	Excavation	1.000	lsum			2,000.00			2,000.00

Russell Construction Inc.

EXHIBIT C1 TO LEASE BETWEEN
SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
TEACHING CHILDREN HANDS-ON

M.I.T.C.H CHARTER SCHOOL
DOWNSIZE II
Tualatin, Oregon

CSI	Item Description	Takeoff Qty	Unit	Labor Total	Mat Total	Subs Total	Equip Total	Other Total	Grand Total
5300	Metal Decking		Isun						
5500	Metal Fabrications	1.000	Isun			10,000.00			10,000.00
5500	Metal Fab Install	1.000	Isun			2,000.00			2,000.00
5500	Anchor Bolts		each						
5500	Steel Guard Rails		lnm						
5500	Ornamental Railing		Isun						
5700	Ornamental Metal		Isun						
5700	Rolling Gate		Isun						
	Steel Total					14,500.00			14,500.00
6000	Wood & Plastics								
6100	Rough Carpentry	1.000	Isun			5,000.00			5,000.00
6100	Lumber Package		Isun						
6100	Decks and Rails		sf						
6101	Seismic Upgrade	1.000	Isun			31,000.00			31,000.00
6190	Trusses		Isun						
6190	Carpentry Labor	1.000	Isun			5,000.00			5,000.00
6202	Standard Door Casing 7'		each						
6202	Wood Sill		lnft						
6220	Wood Base		lf						
6220	Hand Rail	350.000	lf		1,225.00	700.00			1,925.00
6220	Window Casing		lf						
6220	Millwork		Isun						
6250	Prefinished Wood Paneling		Isun						
6400	Architectural Woodwork		Isun						
6410	Casework	1.000	Isun			10,000.00			10,000.00
6410	Counter Tops		Isun						
6410	Custom Casework		Isun						
6420	Panelwork		Isun						
	Wood & Plastics Total				1,225.00	51,700.00			52,925.00
7000	Thermal & Moisture Protection								
7100	Waterproofing		Isun						
7190	Gaco Deck		sq						
7200	Batt Insulation		Isun						
7240	Stucco Allowance		Isun						
7250	Fireproofing		Isun						
7270	Firestopping		Isun						
7300	Asphalt Shingle Roofing		Isun						
7400	Manufactured Roofing and Siding		Isun						
7460	Siding		Isun						
7500	Roof Patch	1.000	Isun			5,000.00			5,000.00
7510	Metal Roof Repair		Isun						
7570	Traffic Coatings		Isun						
7610	Metal Roofing		Isun						
7620	Gutters & Downspouts		Isun						
7630	Sheet Metal Roof Specialties		Isun						
7700	Caulking		sqft						
7710	Manufactured Roof Specialties		Isun						

Russell Construction Inc.

EXHIBIT C1 TO LEASE BETWEEN
 SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
 TEACHING CHILDREN HANDS-ON

M.I.T.C.H CHARTER SCHOOL
 DOWNSIZE II
 Tualatin, Oregon

CSI	Item Description	Takeoff Qty	Unit	Labor Total	Mat Total	Subs Total	Equip Total	Other Total	Grand Total
7720	Roof Accessories	1.000	lsum			1,500.00			1,500.00
7910	Joint Fillers and Gaskets		lsum						
Thermal & Moisture Protection Total						6,500.00			6,500.00
8000	Doors & Windows								
8100	Doors	1.000	lsum			13,000.00			13,000.00
8100	Trustile Doors		lsum						
8100	Door Labor	1.000	each			2,500.00			2,500.00
8300	Door Hardware		lsum						
8305	Access Doors		lsum						
8360	Sectional Overhead Doors		lsum						
8400	Storefront	1.000	lsum			2,000.00			2,000.00
8500	Metal Windows		lsum						
8610	Sliding Gate @ Trash		lsum						
8630	Windows		lsum						
8630	Window Labor		lsum						
8665	Pass Windows		lsum						
8800	Glazing	1.000	lsum			2,500.00			2,500.00
8800	Kal Wall Skylight		lsum						
8810	Skylight Allowance		lsum						
Doors & Windows Total						20,000.00			20,000.00
9000	Finishes								
9200	Lath and Plaster		lsum						
9250	Gypsum Board	1.000	lsum			110,000.00			110,000.00
9310	Ceramic Tile		lsum						
9450	Stone Facing		lsum						
9500	Acoustical Treatment		lsum						
9510	Acoustical Ceilings		lsum						
9520	Acoustical Wall Treatment		lsum						
9550	Wood Flooring		lsum						
9600	Slate		lsum						
9650	Resilient Flooring		lsum						
9680	Floorcovering	1.000	lsum			20,000.00			20,000.00
9680	Carpet		lsum						
9700	Special Flooring		lsum						
9800	Special Coatings		lsum						
9900	Painting	1.000	lsum			20,000.00			20,000.00
9900	Sand Blast Beams		lsum						
9950	Wall Coverings		lsum						
Finishes Total						150,000.00			150,000.00
10000	Specialties								
10115	Markerboards		lsum						
10185	Shower Door Allowance		ea.						
10200	Louvers and Vents		lsum						
10340	Manufactured Exterior Specialties		lsum						
10340	Fireplace Allowance		lsum						
10350	Flagpoles		lsum						

Russell Construction Inc.

EXHIBIT C1 TO LEASE BETWEEN
 SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
 TEACHING CHILDREN HANDS-ON

M.I.T.C.H CHARTER SCHOOL
 DOWNSIZE II
 Tuaiatin, Oregon

CSI	Item Description	Takeoff Qty	Unit	Labor Total	Mat Total	Subs Total	Equip Total	Other Total	Grand Total
10400	Identifying Devices		Isum						
10500	Lockers		Isum						
10552	Mail Boxes		Isum						
10650	Operable Partitions		Isum						
10800	Toilet Accessories	1.000	Isum			7,500.00			7,500.00
10800	Toilet Partitions	1.000	Isum			10,000.00			10,000.00
	Specialties Total					17,500.00			17,500.00
11000	Equipment								
11010	Maintenance Equipment		Isum						
11400	Food Service Equipment		Isum						
11452	Washer and Dryer		Isum						
	Equipment Total								
12000	Furnishings								
12500	Window Treatment		Isum						
	Furnishings Total								
13000	Special Construction								
13150	Elavator		Isum						
	Special Construction Total								
15000	Mechanical								
15300	Fire Protection	1.000	Isum			8,000.00			8,000.00
15400	Plumbing	1.000	Isum			21,000.00			21,000.00
15500	Heating Ventilating and Air Conditioning	1.000	Isum			55,000.00			55,000.00
15990	Testing Adjusting and Balancing		Isum						
	Mechanical Total					84,000.00			84,000.00
16000	Electrical								
16400	Electrical	1.000	Isum			120,000.00			120,000.00
16700	Communications		Isum						
	Electrical Total					120,000.00			120,000.00
	Grand Total			27,000.00	1,225.00	497,600.00		5,000.00	530,825.00

O.H. & Profit	42,466
Building Permit	10,617
Architectural	31,850
Total Estimate	615,757

Russell Construction Inc.

EXHIBIT C-2 TO LEASE BETWEEN SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION TEACHING CHILDREN HANDS-ON

MITCH CHARTER SCHOOL
 SW 90th Court
 Tualatin, Oregon
 Russell Construction Inc.

ID	Task Name	Duration	January		February		March		April		May		June		July		August	
			12/27	1/17	2/7	2/28	3/21	4/11	5/2	5/23	6/13	7/4	7/25	8/15				
1	NOTICE TO PROCEED	1 day?			3/1	3/1												
2	SHOP DRAWINGS	5 days			3/2	3/8												
3	SUBMITTALS	5 days			3/2	3/8												
4	DEMOLITION	5 days			3/2	3/8												
5	SIEMIC UPGRADE	10 days			3/9	3/22												
7	ELECTRICAL RI	5 days			3/9	3/15												
8	HVAC RI	5 days			3/9	3/15												
9	PLUMBING RI	5 days			3/9	3/15												
10	FIRE SPRINKLERS RI	5 days			3/9	3/15												
6	FRAMING	15 days			3/9	3/29												
11	FRAMING INSPECTION	2 days			3/30	3/31												
12	INSULATION	5 days			4/1	4/7												
13	HANG DRYWALL	15 days			4/8	4/28												
14	NAILING INSPECTION	2 days			4/29	4/30												
15	FINISH DRYWALL	15 days			4/29	5/19												
16	PAINT	7 days			5/20	5/28												
17	CEILING GRID	7 days			5/31	6/8												
18	LIGHT FIXTURES	6 days			6/9	6/16												
19	HVAC AT GRID	5 days			6/9	6/15												
20	FIRE SPRINKLER DROPS	5 days			6/9	6/15												
21	CEILING BACKING	3 days			6/9	6/11												
22	CEILING INSPECTION	2 days			6/17	6/18												
23	CEILING TILE	5 days			6/21	6/25												
24	SCREENS/BOARDS/ETC.	5 days			6/28	7/2												
25	CASEWORK	5 days			6/28	7/2												
26	FLOOR COVERING	10 days			7/5	7/16												

Project: schedule.mpp Date: Fri 12/18/09	Task		Rolled Up Task		External Tasks	
	Critical Task		Rolled Up Critical Task		Project Summary	
	Progress		Rolled Up Milestone		Group By Summary	
	Milestone		Rolled Up Progress		Deadline	
	Summary		Split			

EXHIBIT C-2 TO LEASE BETWEEN

SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
 MITCH CHARTER SCHOOL
 TEACHINGS WITH HANDS-ON
 Tualatin, Oregon
 Russell Construction Inc.

ID	Task Name	Duration	January		February		March		April		May		June		July		August	
			12/27	1/17	2/7	2/28	3/21	4/11	5/2	5/23	6/13	7/4	7/25	8/15				
27	DOORS & RELIGHTS	5 days													7/19	7/23		
28	GLAZING	2 days													7/26	7/27		
29	FINAL INSPECTIONS	2 days													7/28	7/29		
30	FINAL CLEAN-UP	2 days													7/28	7/29		

Project: schedule.mpp
Date: Fri 12/18/09

Task		Rolled Up Task		External Tasks	
Critical Task		Rolled Up Critical Task		Project Summary	
Progress		Rolled Up Milestone		Group By Summary	
Milestone		Rolled Up Progress		Deadline	
Summary		Split			

EXHIBIT D TO LEASE
BETWEEN
SYLVIA B. GIUSTINA, TRUSTEE AND MULTI-SENSORY INSTRUCTION
TEACHING CHILDREN HANDS-ON

SCHEDULE OF BASE RENT, SECTION 3.01

A

For the first year of the Lease Term the monthly Base Rent is \$12,400.

For each year thereafter the monthly Base Rent is increased 2% compounded annually as follows:

\$12,648 for the second year

\$12,901 for the third year

\$13,159 for the fourth year

\$13,422 for the fifth year

\$13,691 for the sixth year

\$13,964 for the seventh year

\$14,244 for the eighth year

\$14,529 for the ninth year, and

\$14,819 for the tenth year.