

COMMERCIAL LEASE AGREEMENT

This Lease Agreement made and entered into on

by & between

of 2532 North 4th Street, #118,
Flagstaff, Arizona, 86004 hereinafter referred to as "Landlord," and

(hereinafter referred to as "tenant"), of

RECITALS

A. Landlord is the sole owner of the business premises described below, having office space for lease in such premises.

B. Tenant is in the business of

and desires to lease office space from Landlord.

C. The parties desire to enter into a Lease Agreement defining their respective rights, duties and liabilities relating to the premises.

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this Lease Agreement, the parties agree as follows:

SECTION ONE

DESCRIPTION OF LEASED PREMISES

A. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord the following described property:

B. The leased premises shall only be used for the purpose of **GENERAL OFFICE USES**. Any other use must first have the prior written approval of Landlord. Tenant acknowledges that it has inspected the leased premises prior to executing this lease and that the leased premises are acceptable to Tenant for the use contemplated herein.

SECTION TWO

TERM OF LEASE

A. This lease shall begin on _____ at 8:00AM

This lease shall terminate on _____ at 4:00PM
unless Tenant has exercised the option to renew under provisions set forth in this Lease Agreement.

B. Tenant shall surrender the premises to Landlord immediately upon termination of this Lease Agreement.

**SECTION THREE
RENTAL & DEPOSIT**

- A. Tenant shall pay monthly installments of _____ due on the _____ day of every month.
- B. On the anniversary of this lease and each year thereafter, including any renewal periods or extensions of this Lease Agreement, the monthly rent shall be increased (never decreased) by the greater of the following amounts; an amount equal to the increase in the cost of living as determined by the National Consumer Price Index (CPI) for the calendar year ending two months prior to the anniversary date.
- C. A deposit of _____ will be held by landlord as security deposit for the term of this lease and any renewal term. Interest will not be paid to tenant on any such deposit.

**SECTION FOUR
TAXES**

Tenant agrees to pay to Landlord any rental taxes required to be paid for such leased premises by Federal, State or local government. Such taxes shall be paid with monthly rental payments.

**SECTION FIVE
UTILITIES & EXPENSES**

- A. Tenant agrees to pay and discharge before due all utilities and or other added services placed upon the leased premises. When possible, such utilities and or other added services are to be in tenants name and set up on or prior to lease commencement date.
- B. Tenant agrees to pay its share of building operating expenses for the following; Water, Sewer, Trash, Recycling, Electric, Natural Gas, Snow Removal Expenses, Janitorial Services for all common areas of the building as well as Bathroom Supplies for any common area bathrooms. It is mutually agreed that tenants share of these operating expenses is _____ % of the total cost. Such expenses shall be billed to tenant and due in full as additional rent upon the next rental due date.

**SECTION SIX
ALTERATIONS AND MODIFICATION; REPAIRS; COMMON AREAS**

- A. Tenant has inspected the leased premises, and finds it in a tenantable and good condition.
- B. Tenant shall take good care of the leased premises and shall not alter, repair or change the leased premises without the prior, express and written consent of Landlord. Any improvements become the property of Landlord and remain on the leased premises.
- C. Tenant shall pay for all damage or injury done to the leased premises

by Tenant or its visitors, and shall surrender the leased premises in as good condition and repair as when it was first leased. Tenant agrees to maintain the interior of the premises at its sole expense and to keep such interior in as good a condition as when first occupied. Tenant agrees that it will not commit any waste to the leased premises and that it will repair any damage to the leased premises caused by the acts of itself, employees, agents, customers, invitees, or licensees. Tenant will keep the leased premises clean at all times. Tenant will provide and maintain sanitary receptacles, with cover thereon, about the demised premises, in which to place any refuse or trash, and to place such refuse or trash in said receptacles. Tenant will have said refuse or trash removed from the area as often as required to maintain a sanitary condition.

D. Tenant agrees that any improvements, alterations or modifications to the interior of the leased premises shall be at its sole expense and that no such improvements, alterations or modifications shall be made without prior written consent of the landlord. In the event that Tenant desires to make such improvements, alterations or modifications, Tenant shall hold harmless and indemnify Landlord from or against any mechanics', materialmens' liens, or other liens of a similar nature. Tenant also agrees that any such improvements, alterations or modifications shall be made by licensed and bonded contractors.

E. Tenant may, upon obtaining the written consent and approval of the Landlord, erect or place such signs on the leased premises as are appropriate to the conduct of Tenant's business. All such signs must comply with all governmental rules and regulations.

F. Landlord may, at any time within 90 days prior to the expiration of this Lease Agreement, place on the windows and doors of the premises any "To Lease" signs and enter leased premises at reasonable times to show prospective tenants.

G. All exterior doors of leased premise shall be lettered with the tenants company name and suite number at tenants own expense. Landlord has the option, but not the obligation, to letter all such doors if tenant does not do so within 30 days of the commencement of this lease. This expense will then be collected from tenant as additional rent. All lettering shall first be approved by landlord.

H. Landlord shall have the right to enter upon the premises at reasonable hours for the purpose of inspection or repairing the premises and performing any other obligations of Landlord hereunder.

I. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the demised premises, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any Bankruptcy or other solvency proceeding.

J. Tenant shall not conduct any vending or concession operations upon or from the demised premises.

K. Tenant agrees that all common areas, common areas being all other space on the property of which the leased premises is a part of, excluding other leased premises leased to other tenants but including but not limited to sidewalks, parking lots and parking spaces and landscaped and non landscaped areas, are not to be used at anytime for any reason other than parking or for pedestrian traffic (entering and exiting the leased premises). Tenant agrees that in and upon all common areas its agents, employees, invitees and visitors shall not loiter, smoke, drink alcoholic beverages, solicit business, congregate, sell or auction products or services of any kind or store or place any items of any kind without the prior written consent of landlord. No vehicles shall remain on the premises more than 24 hours. No assigned parking spaces are pledged.

SECTION SEVEN LIABILITY OF LANDLORD & TENANT

- A. Tenant waives all claims against Landlord for damages to goods or for injuries to persons on the leased premises from any cause arising at any time.
- B. Tenant will indemnify Landlord on account of any damage or injury to any person, or to the goods of any person, arising from the use of the leased premises by Tenant, or arising from the failure of Tenant to keep the leased premises in good condition as provided in this Lease Agreement.
- C. Landlord shall not be liable to Tenant for any damage by or from any act or negligence of any other occupant of the same building, or by any owner or occupant of adjoining or contiguous property.
- D. Tenant agrees to pay for all damage to the building, as well as all damage or injury suffered by tenants or occupants of the building, caused by the misuse or neglect of the leased premises by Tenant.
- E. Landlord shall keep the building insured under a policy of fire and extended coverage insurance in an amount not less than one hundred percent (100%) of the insurance value of building.
- F. Tenant shall, at its own expense, maintain general public liability and property damage insurance in the aggregate sum of \$1,000,000.00. Landlord shall be named as an additional insured on such policy. Such policy must be delivered to landlord prior to lease commencement date. Tenant shall further be responsible for insuring all of Tenant's contents and interior fixtures and shall provide proof of coverage to Landlord.
- G. Tenant also agrees to maintain in force, all employee's compensation insurance on its employees, required under applicable Workman's Compensation Acts.

**SECTION EIGHT
DESTRUCTION OF PREMISES**

A. It is understood and agreed that if the premises hereby leased shall be damaged or destroyed in whole or in part by fire or other cause during the term hereof, Landlord will repair and restore them to a good and tenable condition within *90 days of the date of the incident*, and that the rent herein provided shall abate entirely in case the entire premises are untenable and pro rata for the portion rendered untenable in case a part only is untenable, until the premises shall be restored to a tenable condition, PROVIDED, HOWEVER, that: There shall be no abatement of rent if such fire or other cause damaging or destroying the leased premises shall result from the negligence or willful acts of the Tenant, its agents, employees or invites.

B. In case the building included in the demised premises shall be destroyed to the extent of more than fifty percent (50%) of the value thereof, Landlord may, at Landlord's option, terminate this lease forthwith by a written notice to Tenant.

**SECTION NINE
CONDEMNATION**

A condemnation of the entire building or a condemnation of the portion of the leased premises occupied by Tenant shall result in a termination of this Lease Agreement.

**SECTION TEN
ASSIGNMENT AND SUBLEASE**

Tenant shall not assign any rights or duties under this Lease Agreement nor sublet the leased premises or any part of the leased premises, nor allow any other person to occupy or use the leased premises without the prior, express and written consent of Landlord.

**SECTION ELEVEN
BREACH OR DEFAULT**

A. Tenant shall have breached this Lease Agreement and shall be considered in default under this Lease Agreement if Tenant neglects or refuses to pay rent when due and in arrears for five (5) days, or when a tenant violates any provision of this Lease Agreement.

B. Tenant agrees to pay a \$5 (five dollars) per day late charge, to Landlord on all such unpaid or late amounts. Landlord has the right to refuse partial rent payments.

C. A \$40 fee will be applied to any bounced checks and will cause all future payments to be made by certified funds only.

SECTION TWELVE EFFECT OF BREACH

In the event of a breach or default of this Lease Agreement, the Landlord shall have the following rights:

A. Landlord shall have the right to cancel and terminate this Lease Agreement, and may reenter leased premises and take possession, or, without formal demand or reentry, commence an action for recovery of possession of the premises.

B. By taking possession, the Landlord may remove the property and personnel of Tenant, and store the property in a public warehouse or at a place selected by Landlord, at the expense of Tenant.

C. On termination of this Lease Agreement, Landlord may recover from Tenant all damages proximately resulting from the breach, including the cost of recovering the leased premises and the worth of the balance of this Lease Agreement over the reasonable rental value of the leased premises for the remainder of the lease term, which sum shall be immediately due to Landlord.

D. In the event of any breach of this lease by Tenant, Landlord shall notify the Tenant in writing of such breach, and Tenant shall have five (5) days to cure a default for non-payment of rent, and thirty (30) days to cure all other defaults. If Tenant shall fail to cure such breach or default within such time limit, then Landlord, in addition to other rights or remedies Landlord may have, shall have the immediate right to re-entry and may remove all persons and property from the premises. Should Landlord elect to re-enter as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this lease or may, from time to time without terminating this lease, relet said premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this lease), and at such rental or rentals and upon such other terms and conditions as Landlord in Landlord's sole discretion may deem advisable, along with the right to make alterations and repairs to said premises.

Upon such reletting (a) Tenant shall be immediately liable to pay Landlord, in addition to any indebtedness other than rent due hereunder, the costs and expenses of such reletting and of such alteration and repair, incurred by Landlord, and the amount, if any, by which the rent reserved in this lease for the period of such reletting (up to but not beyond the term of this lease) exceeds the amount to be paid as rent for the demised premises for such period of such reletting; or (b) at the option of the Landlord, rents received by such Landlord from such reletting shall be applied as follows: First to the payment of any indebtedness, other than rent, due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future

rent as the same may become due and payable hereunder. If Tenant has been credited with any rent to be received by such reletting under option (a) and such rent shall not be promptly paid to Landlord by the new Tenant, or if such rentals received from the reletting under option (b) during any month be less than that to be paid during that month by Tenant, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No re-entry or taking possession of said premises by Landlord shall be construed as an election on the Landlord's part to terminate this lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination, Landlord may at any time thereafter elect to terminate this lease for such previous breach. Should Landlord at any time elect to terminate this lease for any breach, in addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages incurred by Landlord by reason of such breach, including costs of recovering the premises, and including the worth at the time of such termination in excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term of this lease over the then reasonable rental value of the premises for the remainder of the stated term, all of which amount shall be immediately due and payable from Tenant to Landlord.

E. A first lien is hereby expressly reserved by Landlord and granted by Tenant upon all personal property of Tenant and upon all fixtures, improvements and other items placed upon the premises by or through the Tenant, for the payment of rent and also for the satisfaction of any causes of action which may accrue to Landlord by the provisions of this instrument.

F. The provisions of this Article shall not prevent Landlord from utilizing any other remedy authorized by law in the enforcement of this lease.

SECTION THIRTEEN OPTION TO RENEW

Tenant shall have the option to renew this Lease Agreement 1 ONE time for an identical term as provided in the Lease Agreement for each renewal. Written notice of Tenant's intention to renew must be furnished to Landlord 90 days prior to expiration of this Lease Agreement or any renewal of it. The rental fee shall continue to increase (never decreasing) according to the CPI as stated above. In the absence of such written notice and at the termination of this lease agreement, a new tenancy of an additional three (3) months shall be created between Landlord and Tenant which shall be subject to all of the terms and conditions herein, except that such tenancy shall be terminable upon three (3) months written notice served by either party. If tenant fails to give landlord a three (3) months written notice tenant shall forfeit the security deposit

to landlord and landlord reserves all recourse as per this lease agreement and Arizona Law.

**SECTION FOURTEEN
UNLAWFUL DETAINER AND ATTORNEY FEES**

In case suit shall be brought for an unlawful detainer of the leased premises for the recovery of any rent due under the provisions of this Lease Agreement or for Tenant's breach of any other condition contained in this Lease Agreement, Tenant shall pay to Landlord for reasonable attorneys' fees that shall be fixed by the court.

**SECTION FIFTEEN
GOVERNING LAW**

It is agreed that this Lease Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Arizona.

**SECTION SIXTEEN
WAIVERS**

Waiver by Landlord of any breach of any covenant or duty of Tenant under this lease is not a waiver of a breach of any other covenant, or duty of Tenant or of any subsequent breach of the same covenant or duty.

**SECTION SEVENTEEN
ENTIRE AGREEMENT**

This Lease Agreement shall constitute the entire agreement between the parties. Any prior understanding of any kind preceding the date of this Lease Agreement shall not be binding upon either party, except as incorporated in this Lease Agreement.

**SECTION EIGHTEEN
MODIFICATION OF AGREEMENT**

Any modification of this Lease Agreement or additional obligation assumed by either party shall be binding if in writing and signed by both parties.

**SECTION NINETEEN
NOTICES**

A. All notices, demands or other writings in this Lease Agreement shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered with return receipt and postage prepaid, and addressed as follows:

To Landlord:

2532 North 4th Street, # 118, Flagstaff, AZ 86004

To Tenant:

**SECTION TWENTY
COUNTERPARTS**

This Lease Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

**SECTION TWENTY-ONE
PARAGRAPH HEADINGS**

The titles to the paragraphs of this Lease Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of the provisions of this Lease Agreement.

**SECTION TWENTY-TWO
MISCELLANEOUS ITEMS**

- A. The singular and plural of the male and female gender shall be used interchangeably where appropriate.
- B. This instrument shall bind the heirs, executors, administrators, survivors, and assigns of the parties hereto just as they themselves are bound.
- C. Each party agrees to make, execute and deliver such documents and instruments which shall be reasonably requested by the other party to carry out the intents and purposes of this lease.
- D. Time is of the essence.
- E. The various rights and remedies of the parties contained in this lease are cumulative, and no one of them shall be deemed exclusive of the other.
- F. If a provision of this lease or the application thereof to any person or circumstance shall to any extent be declared invalid or unenforceable, such provision shall to that extent be deemed severed from this lease, which shall otherwise remain in full force and effect.
- G. Each person executing this lease individually and personally represents and warrants that he is duly authorized to execute and deliver the same on behalf of the entity for which he is signing (whether it be a corporation, general or limited partnership, or otherwise), and that this lease is binding upon said entity in accordance with its terms.
- H. Each party represents and warrants to the other party that no fees or commissions are due to any broker or other entity pertaining to this lease. Each party indemnifies and holds the other party harmless from and against any and all claims of any real estate broker for any commission in connection with this lease.
- I. Upon request of the Landlord, Tenant will in writing subordinate Tenant's rights hereunder to the lien of any first mortgage, or first trust deed, or other first encumbrance to any lending institution, now or hereafter in force against the land and building of which the demised

premises are a part, and upon any buildings hereafter placed upon the land of which the demised premises are a part, and to all advances made or hereafter to be made upon the security hereof. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the demised premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this lease.

J. Within thirty (30) days after request therefor by Landlord, or in the event that upon any sale, assignment or hypothecation of the demised premises, or the land thereunder by the Landlord, an offset statement shall be required from Tenant. Tenant agrees to deliver in recordable form a certificate addressed to any such proposed mortgagee or purchaser or to the Landlord, certifying that the lease is in full force and effect (if such be the case) and that there are no differences or offsets thereto or stating those claims by Tenant. During the period of this lease, any sale, assignment or hypothecation of the demised premises or the land thereunder shall be subject to said lease.

K. Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

L. Tenant is aware that Landlord is a Licensed Real Estate Agent in the State of Arizona.

SECTION TWENTY-THREE BUILDING RULES.

Tenant will comply with the "Rules of the Building" adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing. The initial rules for the Building are:

The following are the building rules as of January 1, 2013;

1. No smoking allowed in the leased suites and or in the building common areas or within 50 feet of any entry ways.
2. Common areas are not to be used for any gatherings or meeting, only for normal ingress and egress into the leased suites. Tenant assumes all liability for tenant, tenants employees, guests or invitees and will hold landlord harmless of any claims.
3. Bathroom usage is limited to tenants and guests of tenants. Excessive use of bathrooms, as determined by landlord, due to tenants guests or invitees that causes excessive use of bathroom supplies and or additional cleaning services will incur additional charges. Also, any excessive cleaning of common areas or damage on the property, as a result of tenants or tenants guests or invitees, will incur additional charges.
4. Use of the conference room (if applicable) can be arranged by reserving the space in advance by contacting management. The conference room

must be cleaned after such use to include but not limited to; emptying the trash, wiping down any surfaces, vacuuming and any other cleaning needed. A minimum \$25 charge will apply if the conference room is not properly cleaned.

5. Tenant will program the thermostat in the leased premis at a range between 68°F for heat and 75°F for AC to promote conservation and to save on utility costs. These Building Rules may be amended at any time without consultation with tenant and altered by management's sole discretion without notice.

SECTION TWENTY-FOUR LEAD PAINT.

Lead Based Paint Disclosure: The U.S. Department of Housing and Urban Development requires a Lessor of most residential real property built prior to 1978 to notify the Tenant of any known lead-based paint hazards, and to provide the Tenant with any information contained in lead-based paint risk assessments or inspections in the Landlord's possession. (This disclosure requirement does not apply to certain leases including a lease of property that has been determined by a certain lead-based paint inspector to be free from lead-based paint or lead-based paint hazards; and short-term leases of 100 days or less, as long as no renewal or extension of the lease can occur.) By initialing below, Tenant acknowledges either:

 X that the buildings including in this lease were constructed prior to 1978, and that the Tenant has received and executed the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, referenced as the Lead-based Paint addendum, and has received any reports, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family from Lead in Your Home"; or
 that the buildings included in this lease were constructed in 1978 or later.

SECTION TWENTY-FIVE ADDITIONAL TERMS

In witness, each party to this Lease Agreement has caused it to be executed at **the 4th Street Professional Building** on the date indicated below.

x _____ / ___ / _____
_____, **Tenant**

x _____ / ___ / _____
_____, **Tenant**

x _____ / ___ / _____
_____, **Manager**