New School Site Notification Request

Charterholder Info

Charter Holder

Name:
Hillcrest Academy, Inc.

CTDS:
07-87-04-000

Mailing Address:
4710 East Baseline
Mesa, AZ 85206
View detailed info

Representative

Name:
Ryan Christensen

Phone Number:
480-325-8950

Downloads

Download all files

Form Fields

Name of school
Hillcrest Academy - Phoenix

Grade levels to be served

K
1st
2nd
3rd
4th
5th
6th

First day of Operation
09/10/2014

Physical Address
3916 E Paradise Lane
Phoenix, AZ 85032

Physical Phone Number
602-241-1111

Physical Fax Number
602-733-9342

Mailing Address
4710 E Baseline Road
Mesa, AZ 85206

Mailing Phone Number
4809240888

Mailing Fax Number
4803532832

Attachments

Board Minutes — Download File

Occupancy Documentation

Download File — Signed Occupancy Compliance Assurance and Understanding. The Certificate of Occupancy and Fire inspections are scheduled for Friday August 15th

Lease agreement or proof of purchase for facility — Download File

Copy of Fingerprint Clearance Card for school site administrator — Download File

Copy of liability insurance coverage — Download File

Narrative — Download File

Additional Information*
No documents were uploaded.

Signature

Charter Representative Signature
Ryan Christensen 08/13/2014

8/1/2014

Arizona State Board for Charter Schools
1616 West Adams Street Suite 170
Phoenix, Arizona 85007

To Whom It May Concern:

The purpose of this letter is to explain the overall plan for Hillcrest Academy and International Charter School of Arizona ("ICSA") as they plan to merge entities.

It is the overall goal to merge the two existing entities and become one organization.

Currently Hillcrest operates a Charter School in Mesa Arizona serving grades K-8 with an enrolment cap of 400 students.

Currently ICSA operates a Charter School in Phoenix Arizona serving grades 5-12 with an enrollment cap of 400 students.

ASBCS has already approved the follow to facilitate such merger:

1) Aligned the Governing Bodies of the two entities
2) Aligned the Mission, Vision and Moto of the two entities
3) Aligned the Program of Instruction for the two entities

We plan to accomplish the following with the help and approval of ASBCS:

1) New School Site notification for Hillcrest to 3761 South Power Road effective 8-18-14. This site is still under Construction with a final inspection for Certificate of Occupancy and Fire Marshal inspection August 13, 2014.
2) New school notification for ICSA to 3916 East Paradise Lane, Phoenix Arizona 85032 effective 8-18-2014. Previously occupied by Pardes Jewish Day School.
3) Additional School Site Notification for Hillcrest at the ICSA campus effective 8-18-2014
4) Additional School Site Notification for ICSA at the Hillcrest campus effective 8-18-2014
5) Decrease grade levels served by Hillcrest to K through 6
6) Decrease grade levels served by ICSA to 7-12

4710 E Baseline Road • Mesa • Arizona • Phone: 480.325.8950 • Fax: 480.353.2832
www.hillcresthawks.com

8/1/2014

Arizona State Board for Charter Schools
1616 West Adams Street Suite 170
Phoenix, Arizona 85007

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The above approvals are in an effort to merge the schools. At this time there is no additional student cap increase being requested. The above approvals allow the current aligned boards to manage each charter at both locations and serve all grade levels.
Once all of these approvals are completed and the schools can successfully complete their missions, the two entities will complete the merger process between the two entities.

I hope that this letter helps explain what we are trying to accomplish. If you have any questions please feel free to give me a call at 480-399-0655

Sincerely,

Ryan Christensen
President

4710 E BASELINE ROAD • MESA • ARIZONA • PHONE: 480.325.8950 • FAX: 480.353.2832
www.hillcresthawks.com

Hillcrest Academy, Inc
Minutes of the Meeting of the Board of Directors
Held February 27, 2014

The meeting convened at 3:10 pm at the 4710 East Baseline Road in Mesa, AZ. Present were Ryan Christensen, Jerad Hunsaker, Michael Scott. Members Absent were Charlotte Day and Stephen Humay. Chairman Ryan Christensen conducted the meeting. Members of the public present were Laurent Badoux (by phone) and Michelle Shelby (by phone joined at 4:01)

1. Minutes of the previous regular meeting had been previously emailed to the members. No Corrections were requested. Jerad moved and Mike seconded to accept the minutes. Voting was unanimous in the affirmative.

2. FY2013 Audit was presented to the board. Discussion of findings and possible corrective action plans were discussed. There was discussion regarding the settlement statement agreement received from ASBCS staff. Ryan motioned and Jerad Seconded to accept the Settlement Agreement as presented by ASBCS Staff. Voting was unanimous in the affirmative.

3. The board discussed options and information gathered by Ryan Christensen & Laurent Badoux from consultants, legal and a meeting with ASBCS staff regarding possible relationship options between Hillcrest Academy and International Charter School of Arizona. The pros and cons of maintaining a Charter Management Agreement were discussed. The Pros and Cons of merging both entities were discussed. Ryan motioned and Jerad Seconded that with the approval of Arizona State Board for Charter Schools (ASBCS) approval, Hillcrest Academy and International Charter School of Arizona work to merge together in the following order 1) align the two boards with the same membership 2) align the Mission and Vision of each 3) align the program of instruction of each and 4) align grade levels so that there are no overlapping grades. Voting was unanimous in the affirmative.

4. Upon Approval from ASBCS, Hillcrest accepts Laurent Badoux as a new board member.
    a. Ryan motioned to accept Laurent Badoux as a new board member for Hillcrest Academy.
    b. Mike seconded the motion
    c. All board members agreed.

5. Upon Approval from ASBCS, Hillcrest accepts Gordon Digby as a new board member.
    a. Ryan motioned to accept Gordon Digby as a new board member for Hillcrest Academy.
    b. Mike seconded the motion
    c. All board members agreed.

6. Upon Approval from ASBCS, Hillcrest accepts Michelle Shelby as a new board member.

a. Ryan motioned to accept Michelle Shelby as a new board member for Hillcrest Academy.
b. Mike seconded the motion
c. All board members agreed.

7. Upon Approval from ASBCS, Hillcrest accepts the resignation of Charlotte Day.
    a. Ryan motioned to accept Mrs. Day's resignation.
    b. Jerad seconded the motion
    c. All board members Agree.

8. Upon Approval from ASBCS, Hillcrest accepts the resignation of Stephan Humay.
    a. Ryan motioned to accept Stephan's resignation.
    b. Jerad seconded the motion
    c. All board members Agree.

9. The Board was presented with a revised Mission and Vision statement that was prepared by Staff.
    a. Jerad motioned to accept Upon Approval from ASBCS, the new mission and vision statement as presented.
    b. Mike seconded the motion
    c. All board members agreed

10. The Board discussed the use of the Hillcrest Academy name and logo to market for ICSA.
    a. Ryan motioned to allow ICSA to use Hillcrest Academy's Name and Logo and to set up with the state of Arizona a doing business as Hillcrest Academy.
    b. Jerad Seconded the motion
    c. All board members agreed

11. The Board was presented with a revised aligned program of instruction that was prepared by Staff.
    a. Mike motioned to accept Upon Approval from ASBCS, the revised program of instruction
    b. Ryan seconded the motion
    c. All board members agreed

12. The board discussed the progress on facilities. The board was presented with the ability to move the school site from its Baseline location into a new facility with 10 acres of land located South of the South East Corner of Power Road and Elliot. The Board discussed the benefits of the new site and the ability to build a building suitable to its Mission and Vision. The Board discussed the growing demand in the area of the new site and the ability to fill the school with current demographics.
    a. Jerad motioned and Mike seconded that with ASBCS approval, Hillcrest enter into a lease agreement effective 7/1/2014 on the new build-to-suite location.

b. All board members agreed Ryan Abstained.

13. The Board discussed new facilities in Phoenix to align with ICSA. The board was presented with the ability to enter into a lease agreement for an existing facility located at 40th Street and Paradise Lane.
    a. Jerad motioned and mike seconded that with ASBCS approval for an expansion site, that Hillcrest enters into a lease agreement effective 7/1/2014.
    b. All board members agreed. Ryan Abstained.

14. The board discussed with both new facilities that Hillcrest would need to increase its enrollment cap. The board reviewed the demographics and student enrollment in other Charter schools, Private schools and District Schools surrounding the new sites and reviewed a third party opinion of the enrollment likelihood for both of these areas.
    a. Ryan motioned and Jerad seconded that with ASBCS approval, Hillcrest would increase its enrollment cap from 400 to 1000.
    b. All members agreed.

15. The board discussed the grade levels of each charter and discussed dropping 7th and 8th grade off the Hillcrest Charter to align with ICSA.
    a. Ryan motioned that upon Approval from ASBCS, to remove the 7th and 8th grades from the Hillcrest Charter effect 7/1/2014 if ASBCS also approves site relocation, site expansion and enrollment cap increase.
    b. Jerad seconded the motion
    c. All board members agreed.

Meeting Adjourned at 4:47pm

The undersigned hereby certifies that he is the duly elected and qualified Secretary and the custodian of the books and records of Hillcrest Academy, Inc., and that the foregoing is a true record of the proceedings of the meeting of the Board of Directors mentioned above.

_____

Michael Scott, Secretary

STATE OF ARIZONA
DEPARTMENT OF PUBLIC SAFETY
Level One Fingerprint Clearance Card

Name: NICOLE K. KIRKLEY

Birth Date: 09/02/1981 **Issue Date:** 09/13/2010

F	160	5 7	BLU	BLN
Sex	**Weight**	**Height**	**Eyes**	**Hair**

Card Number: 2A05201677 **Expire Date:** 09/13/2016

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 7/30/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

LeBaron & Carroll, LLC
1350 E. Southern Avenue
Mesa AZ 85204

CONTACT NAME: Janice Volpe, CIC, CISR
PHONE (A/C, No, Ext): (480) 834-9315 FAX (A/C, No): (480) 844-9866
E-MAIL ADDRESS: jvolpe@landc.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity	18058
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED

Hillcrest Academy, Inc., CIC Hillcrest I, LLC
International Charter School of Arizona, Inc.
4710 E. Baseline Road
Mesa AZ 85206

COVERAGES CERTIFICATE NUMBER: 2014/2015 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			PHPK1018289	5/7/2014	5/7/2015	EACH OCCURRENCE	$ 1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 100,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$ 2,000,000
	X POLICY PRO-JECT LOC							$
A	AUTOMOBILE LIABILITY			PHPK1018289	5/7/2014	5/7/2015	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / X SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS / X NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
							UM/UIM Motorist	$ 1,000,000
A	X UMBRELLA LIAB / X OCCUR			PHUB458419	5/7/2014	5/7/2015	EACH OCCURRENCE	$ 1.000.000
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$ 1.000.000
	DED X RETENTION $ 10,000							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CIC Hillcrest I, LLC, its successors and/or assigns as their interests may appear, The Industrial Development Authority of the County of Pima, its successors and/or assigns as their interest may appear, and BOKF, NA DBA Bank of Arizona as trustee for the Industrial Development Authority of the County of Pima, its successors and/or assigns as their interests may appear are included as Additional Insureds with respect to general liability where required by written contract per attached form regarding the locations listed on page two of this certificate.

CERTIFICATE HOLDER

(480) 383-1611

Buchalter Nemer
ATTN: Austin Thies
16435 N. Scottsdale Road
Suite 440
Scottsdale, AZ 85254-1754

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Don Carroll/MEGAN

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COMMENTS/REMARKS

Location 3 on the policy:
- 3961 E. Paradise Lane, Phoenix, AZ 85032

Location 4 on the policy:
- 3761 S. Power Road, Mesa, AZ 85212

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August 7, 2014

Arizona State Board for Charter Schools
1616 West Adams Street Suite 170
Phoenix, Arizona 85007

To Whom It May Concern:

The purpose of this letter is to explain the facilities plan for Hillcrest Academy and International Charter School of Arizona ("ICSA") as they plan to merge entities.

Hillcrest Academy is under contract to purchase the facilities located at 3916 E Paradise Lane, Phoenix Arizona 85032. Until the purchase is recorded and closed, Hillcrest Academy has entered into a lease with Pardes Jewish Day School (property seller).

Attached you will find the settlement statement for the purchase of the property that was prepared by First American Title

I hope that this letter helps explain what we are trying to accomplish. If you have any questions please feel free to give me a call at 480-399-0655

Sincerely,

Ryan Christensen
President

4710 E BASELINE ROAD • MESA • ARIZONA • PHONE: 480.325.8950 • FAX: 480.353.2832
www.hillcresthawks.com

First American Title Insurance Company
National Commercial Services

2425 E. Camelback Road, Suite 300 • Phoenix, AZ 85016

Office Phone: (602)567-8100 Office Fax: (602)567-8101

Estimated Settlement Statement

Property: 3916 East Paradise Lane, Phoenix, AZ 85032

File No: NCS-646117-PHX1
Officer: Sheila Hunter/sfh
Estimated Settlement Date: 01/31/2014
Disbursement Date:
Print Date: 04/28/2014, 10:30 AM

Buyer: Hillcrest Academy, Inc.
Address: 4710 East Baseline Road, Mesa, AZ 85206
Seller: The Pardes Jewish Day School
Address: 3916 East Paradise Lane, Phoenix, AZ 85032

Buyer Charge	Buyer Credit	Charge Description	Seller Charge	Seller Credit
		Consideration:		
5,000,000.00		Total Consideration		5,000,000.00
		Deposits in Escrow:		
	75,000.00	Receipt No. 77171794 on 04/01/2014 by William Price Trust fbo Hillcrest Academy		
	25,000.00	Receipt No. 77170241 on 01/31/2014 by Robert Lawson/William Price Trust fbo Hillcrest Academy, Inc.		
	25,000.00	Receipt No. 77170582 on 02/18/2014 by Lawson Financial Corp fbo Hillcrest Academy, Inc.		
	75,000.00	Receipt No. 77170985 on 03/05/2014 by Lawson Trust fbo Hillcrest Academy, Inc.		
	50,000.00	Receipt No. 77169101 on 12/18/2013 by Lawson Financial Corporation fbo Hillcrest Academy, Inc.		
		Adjustments:		
150,000.00		Personal Property		150,000.00
	12.53	IBA#4600031062		
		Commission:		
		Commission Paid at Settlement to Land Advisors Organization	50,000.00	
		Payoff Loan(s):		
		Lender: Warren Heller and Susan Heller		
		Principal Balance - Warren Heller and Susan Heller	4,750,000.00	
		Title/Escrow Charges to:		
2,408.00		Closing-Escrow Fee to First American Title Insurance Company National Commercial Services	2,408.00	
3,408.00		Policy-Extended ALTA 2006 Owner's (portion) to First American Title Insurance Company National Commercial Services		
		Policy-Standard ALTA 2006 Owner's to First American Title Insurance Company National Commercial Services	6,816.00	
750.00		Endorsement-Zoning-ALTA 3.1 - O to First American Title Insurance Company National Commercial Services		
500.00		Endorsements - Owners Policy to First American Title Insurance Company National Commercial Services		
50.00		Estimated Recording Fees to First American Title Insurance Company National Commercial Services	50.00	
		Disbursements Paid:		
175,000.00		Release of Deposits to The Pardes Jewish Day School, Inc.		
		Release of Deposit to The Pardes Jewish Day School, Inc.	75,000.00	
	5,082,103.47	**Cash (X From) (To) Buyer**		
		Cash (X To) (From) Seller	265,726.00	
5,332,116.00	5,332,116.00	**Totals**	5,150,000.00	5,150,000.00

Notice - This Estimated Settlement Statement is subject to changes, corrections or additions at the time of final computation of Escrow Settlement Statement.

Real Estate Taxes - Exempt - School

Initials: _____ _____

Continued From Page 1

Estimated Settlement Statement

Settlement Date:
Print Date: 04/28/2014

File No: NCS-646117-PHX1
Officer: Sheila Hunter/sfh

All Personal Property Taxes - Exempt

BUYER (S):

Hillcrest Academy, Inc., an Arizona corporation

_____
By: Ryan Christensen, Its: President and CEO

SELLER(S):

The Pardes Jewish Day School, Inc., an Arizona non-profit corporation

_____
By: Jennifer Rawicz, Its: Co-President, Board of Trustees

Initials: _____ _____

LEASE

THIS LEASE (this "Lease") is made as of July 1, 2014 (the "Effective Date"), by and between THE PARDES JEWISH DAY SCHOOL, INC., an Arizona nonprofit corporation ("Landlord"), and Hillcrest Academy, Inc., an Arizona corporation ("Tenant").

The parties to this Lease are also parties to that Purchase and Sale Agreement and Joint Escrow Instructions dated December 13, 2013, as amended (the "Agreement"), whereby Tenant is purchasing from Landlord, the Premises and certain personal property, all on the terms and conditions as described therein. This Lease does not amend, modify, limit, augment or diminish any rights, obligations, liabilities, covenants or agreements of the parties as otherwise set forth in said Agreement.

WITNESSETH:

THAT, in consideration of the mutual covenants and agreements herein contained, Landlord and Tenant hereby covenant and agree as follows:

1. ***Certain Defined Terms***. The following terms shall have the following meanings for all purposes of this Lease:

"*ADA*" means the Americans with Disabilities Act of 1990, as such act may be amended from time to time.

"*Additional Rental*" has the meaning set forth in Section 5.B.

"*Affiliate*" means any Person which directly or indirectly controls, is under common control with, or is controlled by any other Person. For purposes of this definition, "controls", "under common control with" and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise.

"*Agreement*" is defined in the recitals above.

"*Applicable Regulations*" means all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority having jurisdiction over the Premises, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements, all applicable standards of the National Board of Fire Underwriters and the ADA and all policies or rules of common law, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to Tenant.

"*Base Monthly Rental*" means a monthly amount equal to $46,100.00.

"*Business Day*" means any day on which banks are open for business other than a Saturday, Sunday or a legal holiday, ending at 5:00 P.M. Phoenix, Arizona time.

"*Change of Control*" means a change in control of Tenant, including, without limitation, a change in control resulting from direct or indirect transfers of voting stock or partnership, membership or other ownership interests, whether in one or a series of transactions. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Tenant, as applicable, and a Change of Control will occur if any of the following occur: (i) any merger or consolidation by Tenant, as applicable, with or into any other entity; or (ii) if any "Person" as defined in Section 3(a)(9) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act, subsequent to the Effective Date, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Tenant, as applicable, representing 50% or more of the combined voting power of Tenant's then outstanding securities (other than indirectly as a result of the redemption by Tenant, as applicable, of its securities).

"*Code*" means Title 11 of the United States Code, 11 U.S.C. Sec. 101 et seq., as amended.

"*Default Rate*" means the rate of 12% per annum.

"*Effective Date*" has the meaning set forth in the Preamble.

"*Entity*" means any entity that is not a natural person.

"*Environmental Condition*" means any condition with respect to soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air and any environmental medium comprising or surrounding the Premises, which would reasonably be expected to or does result in any damage, loss, cost, expense, claim, demand, order or liability to or against Tenant, Landlord or Lender by any third party (including, without limitation, any Governmental Authority), including, without limitation, any condition resulting from the operation of business at the Premises and/or the operation of the business of any other property owner or operator in the vicinity of the Premises and/or any activity or operation formerly conducted by any person or entity on or off the Premises.

"*Environmental Laws*" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, orders, injunctions and decrees of Governmental Authorities and common law, relating to Hazardous Materials and/or the protection of human health or the environment by reason of a Release or a Threatened Release of Hazardous Materials or relating to liability for or costs of Remediation or prevention of Releases. "Environmental Laws" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations, rulings, orders or decrees promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations, orders, injunctions and decrees of Governmental Authorities: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to USTs), 42 U.S.C. §§ 6901 et seq.; the Clean Water Act, 33 U.S.C. §§ 1251 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; the Endangered Species Act, 16 U.S.C. §§ 1531 et seq. and the National Environmental Policy Act, 42 U.S.C. § 4321 et seq. "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations, orders, injunctions and decrees of Governmental Authorities and common law: conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the property; requiring notification or disclosure of Releases or other environmental condition of the Premises to any Governmental Authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorizations required by Governmental Authorities; relating to the handling, storage and disposal of Hazardous Materials; relating to nuisance, trespass or other causes of action related to Hazardous Materials; and relating to wrongful death, personal injury, or property or other damage in connection with the physical condition or use of the Premises by reason of the presence of Hazardous Materials in, on, under or above the Premises.

"*Environmental Liens*" means of all liens and other encumbrances imposed pursuant to any Environmental Law.

"*Event of Default*" has the meaning set forth in Section 21.

"*Governmental Authority*" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority having jurisdiction or supervisory or regulatory authority over the Premises or Tenant.

"*Hazardous Materials*" means (a) any toxic substance or hazardous waste, substance, solid waste or related material, or any pollutant or contaminant; (b) radon gas, asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment containing dielectric fluid having levels of polychlorinated biphenyls in excess of applicable standards established by any Governmental Authority, or any petroleum product or additive; (c) any substance, gas, material or chemical which is now or hereafter defined as or included in the definition of "hazardous substances," "toxic substances," "hazardous materials," "hazardous wastes," "regulated substances" or words of similar import under any Environmental Laws[, including, without limitation, "petroleum" and "petroleum-based substances"]; and (d) any other chemical, material, gas or substance the exposure to or release of which is prohibited, limited or regulated by any Governmental Authority that asserts or may

assert jurisdiction over the Premises or the operations or activity at the Premises, or any chemical, material, gas or substance that does or is reasonably likely to pose a hazard to the health and/or safety of the occupants of the Premises or the owners and/or occupants of property adjacent to or surrounding the Premises.

"*Indemnified Parties*" means Landlord, Lender and their respective directors, officers, shareholders, trustees, beneficial owners, partners and members, any directors, officers, shareholders, trustees, beneficial owners, partners, members of any shareholders, beneficial owners, partners or members of Landlord or Lender, and all employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any of the foregoing, including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of the assets and business of Landlord or Lender, as applicable.

"*Landlord Entities*" means, collectively, Landlord (including any predecessor-in-interest to Landlord) and any Affiliate of Landlord (including any Affiliate of any predecessor-in-interest to Landlord).

"*Lease Term*" has the meaning described in Section 4.

"*Lender*" means _____, its successors and assigns, any successor lender in connection with any loan secured by Landlord's interest in the Premises, and any servicer of any loan secured by Landlord's interest in the Premises.

"*Losses*" means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses (including loss revenue), costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement and damages of whatever kind or nature (including, without limitation, reasonable attorneys' fees, court costs and other costs of defense).

"*Material Adverse Effect*" means a material adverse effect on (i) the Premises, including, without limitation, the operation of the Premises as a Permitted Concept, or (ii) Tenant's ability to perform its obligations under this Lease.

"*Permitted Amounts*" means, with respect to any given level of Hazardous Materials, that level or quantity of Hazardous Materials in any form or combination of forms the presence, use, storage, release or handling of which does not constitute a violation of any Environmental Laws.

"*Permitted Concept*" means the operation of a school facility, and all related and incidental uses.

"*Permitted Exceptions*" means those recorded easements, restrictions, liens and encumbrances set forth as exceptions in the title insurance policy issued to Landlord in connection with its acquisition of the Premises, together with such easements, restrictions, liens and encumbrances to which Landlord gives its written consent during the Lease Term.

"*Person*" means any individual, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.

"*Personal Property*" means all tangible personal property now or at any time hereafter located on or at the Premises or used in connection therewith, including, without limitation, all machinery, appliances, furniture, equipment and inventory; provided, however, the term "Personal Property" shall not include the HVAC, walk-in coolers, walk-in freezers, supply fans, exhaust fans, air ducts, hoods, vents, built-in sinks, built-in countertops, plumbing and electrical fixtures, sign poles and lighting poles, all of which items are intended to be fixtures as such term is used within the definition of "Premises".

"*Premises*" means the parcel or parcels of real estate legally described in Exhibit A attached hereto, all rights, privileges and appurtenances associated therewith, and all buildings, fixtures and other improvements now or hereafter located on such real estate (whether or not affixed to such real estate).

"*Release*" means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

"*Remediation*" means any response, remedial, removal, or corrective action, any activity to clean up, detoxify, decontaminate, contain or otherwise remediate any Hazardous Materials required by any Environmental Law or any Governmental Authority, any actions to prevent, cure or mitigate any Release, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or any evaluation relating to any Hazardous Materials.

"Security Deposit" means the sum of $51,500.00 and is described in Section 52, below.

"*Threatened Release*" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding the Premises which may result from such Release.

2. ***Demise of Premises***. In consideration of the rentals and other sums to be paid by Tenant and of the other terms, covenants and conditions on Tenant's part to be kept and performed, Landlord hereby leases to Tenant, and Tenant hereby takes and hires, the Premises. The Premises are leased to Tenant "AS IS" and "WHERE IS" without representation or warranty by Landlord and subject to the rights of parties in possession, to the existing state of title, any state of facts which an accurate survey or physical inspection might reveal, and all Applicable Regulations now or hereafter in effect. Tenant has examined the Premises and title to the Premises and has found all of the same satisfactory for all of Tenant's purposes.

3. ***Lease Characterization***. A. Landlord and Tenant intend that:

(i) this Lease is a "true lease" and not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of a true lease; and

(ii) the business relationship created by this Lease and any related documents is solely that of a short-term commercial lease between Landlord and Tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein; and

(iii) this Lease is a required element set forth in the Agreement.

B. Landlord and Tenant acknowledge and agree that the Lease Term, including any term extensions provided for in this Lease, is less than the remaining economic life of the Premises.

C. Landlord and Tenant each waive any claim or defense based upon the characterization of this Lease as anything other than a true lease and irrevocably waive any claim or defense which asserts that this Lease is anything other than a true lease. Landlord and Tenant each covenant and agree that it will not assert that this Lease is anything but a true lease. Landlord and Tenant each stipulate and agree not to challenge the validity, enforceability or characterization of the lease of the Premises as a true lease and further stipulate and agree that nothing contained in this Lease creates or is intended to create a joint venture, partnership (either de jure or de facto), equitable mortgage, trust, financing device or arrangement, security interest or the like. Landlord and Tenant shall each support the intent of the parties that the lease of the Premises pursuant to this Lease is a true lease and does not create a joint venture, partnership (either de jure or de facto), equitable mortgage, trust, financing device or arrangement, security interest or the like, if, and to the extent that, any challenge occurs.

D. The execution, delivery and performance by Tenant of this Lease does not constitute a transfer of all or any part of the Premises.

4. ***Lease Term***. The Lease Term shall commence as of July 1, 2014, and shall expire June 30, 2016, unless terminated sooner as provided in this Lease. The time period during which this Lease shall actually be in effect is referred to herein as the "Lease Term." Landlord retains a right to terminate the Lease effective on June 30 of each year (i.e., June 30, 2015 and June 30, 2016), provided Seller provides notice to Tenant of such termination no later than the immediately preceding April 30 (i.e., April 30, 2015 and April 30, 2016) of such year.

5. ***Rental and Other Payments***. A. If the Effective Date is a date other than the first day of the month, Tenant shall pay Landlord on the Effective Date the Base Monthly Rental prorated on the basis of the ratio that the number of days from the Effective Date through the last day in the month containing the Effective Date bears to the number of days in such month. Thereafter, on or before the first day of each succeeding calendar month, Tenant shall pay Landlord in advance the Base Monthly Rental.

B. All sums of money required to be paid by Tenant under this Lease which are not specifically referred to as rent ("Additional Rental") shall be considered rent although not specifically designated as such. Landlord shall have the same remedies for nonpayment of Additional Rental as those provided herein for the nonpayment of Base Monthly Rental.

C. The Base Monthly Rental to be paid to Landlord by Tenant covers minimum monthly rentals only. In addition to any applicable Additional Rent, Tenant shall be responsible to pay its operating expenses, the prorated share of real property taxes and all transaction privilege taxes applicable to the rents and sums paid pursuant to the provisions of this Lease.

D. Tenant has established an "intercept account" with Bank of Arizona where the funding Tenant receives from the State of Arizona is currently being deposited. Tenant shall give Bank of Arizona an irrevocable and unconditional payment direction letter whereby the Base Monthly Rental will be paid (as a second priority payment obligation, subordinated solely to the interests of the third party bond financing of Tenant, under the terms of the "intercept account") directly to Landlord from such existing "intercept account" in accordance with the terms of this Lease.

6. ***Representations and Warranties of Tenant***. The representations and warranties of Tenant contained in this Section are being made to induce Landlord to enter into this Lease and Landlord has relied, and will continue to rely, upon such representations and warranties. Tenant represents and warrants to Landlord as of the Effective Date as follows:

A. *Organization, Authority and Status*. (i) Tenant is duly organized or formed, validly existing and in good standing under the laws of the state where the Premises are located. All necessary action has been taken to authorize the execution, delivery and performance by Tenant of this Lease and of the other documents, instruments and agreements provided for herein. Tenant is not a "foreign corporation", "foreign partnership", "foreign trust", "foreign limited liability company" or "foreign estate", as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. The person(s) who has/have executed this Lease on behalf of Tenant is/are duly authorized to do so.

B. *Enforceability*. Upon execution by Tenant, this Lease shall constitute the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, liquidation, reorganization and other laws affecting the rights of creditors generally and general principles of equity.

C. *Litigation*. There are no suits, actions, proceedings or investigations pending, or, to the best of Tenant's Knowledge, threatened against or involving Tenant or the Premises before any arbitrator or Governmental Authority, except for such suits, actions, proceedings or investigations which, individually or in the aggregate, have not had, and would not reasonably be expected to result in, a Material Adverse Effect.

D. *Absence of Breaches or Defaults*. To the best of Tenant's Knowledge, the Tenant is not, and the authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not result in, any breach or default under any document, instrument or agreement to which the Tenant is a party or by which the Tenant, the Premises or any of the property of any of the Tenant is subject or bound, except for such breaches or defaults which, individually or in the aggregate, have not had, and would not reasonably be expected to result in, a Material Adverse Effect. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not violate any applicable law, statute, regulation, rule, ordinance, code, rule or order. Tenant has not assigned, transferred, mortgaged, hypothecated or otherwise encumbered this Lease or any rights hereunder or interest herein.

E. *Licenses and Permits; Access*. To the best of Tenant's Knowledge, all required licenses and permits, both governmental and private, to use and operate the Premises as a Permitted Concept are in full force and

effect, except for such licenses and permits the failure of which to obtain has not had, and would not reasonably be expected to result in, a Material Adverse Effect.

F. *Area Development.* No condemnation or eminent domain proceedings affecting the Premises have been commenced or, to the best of Tenant's Knowledge, are contemplated.

G. *Tenant's Knowledge.* The term "to Tenant's Knowledge" or terms of similar import shall be defined to be the actual knowledge, without any duty to investigate, of Patti Evans and no others; provided that so qualifying Tenant's knowledge shall in no event give rise to any personal liability on the part of Patti Evans or any other officer or employee of Tenant on account of any breach of any representation or warranty made by Tenant herein.

7. ***Representations and Warranties of Landlord.*** The representations and warranties of Landlord contained in this Section are being made to induce Tenant to enter into this Lease and Tenant has relied, and will continue to rely, upon such representations and warranties. Landlord represents and warrants to Tenant as of the Effective Date as follows:

A. *Organization, Authority and Status.* (i) Landlord is duly organized or formed, validly existing and in good standing under the laws of the state where the Premises are located. All necessary action has been taken to authorize the execution, delivery and performance by Landlord of this Lease and of the other documents, instruments and agreements provided for herein. Landlord is not a "foreign corporation", "foreign partnership", "foreign trust", "foreign limited liability company" or "foreign estate", as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. The person(s) who has/have executed this Lease on behalf of Landlord is/are duly authorized to do so.

B. *Enforceability.* Upon execution by Landlord, this Lease shall constitute the legal, valid and binding obligation of Landlord, enforceable against Landlord in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, liquidation, reorganization and other laws affecting the rights of creditors generally and general principles of equity.

C. *Litigation.* There are no suits, actions, proceedings or investigations pending, or, to the best of Landlord's Knowledge, threatened against or involving Landlord or the Premises before any arbitrator or Governmental Authority, except for such suits, actions, proceedings or investigations which, individually or in the aggregate, have not had, and would not reasonably be expected to result in, a Material Adverse Effect.

D. *Absence of Breaches or Defaults.* To the best of Landlord's Knowledge, the Landlord is not, and the authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not result in, any breach or default under any document, instrument or agreement to which the Landlord is a party or by which the Landlord, the Premises or any of the property of any of the Landlord is subject or bound, except for such breaches or defaults which, individually or in the aggregate, have not had, and would not reasonably be expected to result in, a Material Adverse Effect. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not violate any applicable law, statute, regulation, rule, ordinance, code, rule or order. Landlord has not assigned, transferred, mortgaged, hypothecated or otherwise encumbered this Lease or any rights hereunder or interest herein.

E. *Landlord's Knowledge.* The term "to Landlord's Knowledge" or terms of similar import shall be defined to be the actual knowledge, without any duty to investigate, of Ryan Christensen and no others; provided that so qualifying Landlord's knowledge shall in no event give rise to any personal liability on the part of Ryan Christensen or any other officer or employee of Landlord on account of any breach of any representation or warranty made by Landlord herein.

8. ***Rentals To Be Net to Landlord.*** The Base Monthly Rental payable hereunder shall be net to Landlord, so that this Lease shall yield to Landlord the rentals specified during the Lease Term, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the operation, management, maintenance, repair, restoration and replacement of the Premises and all improvements and appurtenances related thereto or any part thereof shall be performed and paid by Tenant, including, without limitation, all maintenance costs or expenses with respect to the Permitted Exceptions.

9. ***Taxes and Assessments***. Tenant shall be obligated to pay, as they accrue, all taxes and assessments of every type or nature assessed against, imposed upon or arising with respect to Landlord, the Premises, this Lease, the rental or other payments due under this Lease, including, without limitation, the following:

A. All taxes and assessments upon the Premises or any part thereof and upon any Personal Property belonging to Landlord, or any tax or charge levied in lieu of such taxes and assessments; provided, however, Tenant shall be responsible for paying all of the Personal Property Taxes attributable to its Personal Property and Tenant shall be responsible for promptly reimbursing Landlord, upon request, for its pro rata share of the Personal Property Taxes attributable to the Personal Property owned or used by Tenant.

B. All excise, transaction, privilege, license, sales, use and other taxes upon the rental or other payments due under this Lease, the leasehold estate of either party or the activities of either party pursuant to this Lease.

Landlord shall be permitted to satisfy its obligation to pay such taxes and assessments as they accrue by paying such taxes and assessments prior to the earlier of delinquency or the accrual of interest on the unpaid balance.

All taxing authorities shall be instructed to send all tax and assessment invoices to Landlord and Landlord shall promptly provide Tenant with copies of all tax and assessment invoices received by Landlord related to the Personal Property that accrue during the Lease Term. Upon Tenant's written request, Landlord shall also provide Tenant with evidence that such invoices related to the Personal Property that accrue during the Lease Term were paid in a timely fashion.

10. ***Utilities***. Tenant shall contract, in its own name, for and pay when due all charges for the connection and use of water, gas, electricity, telephone, garbage collection, sewer use and other utility services supplied to the Premises during the Lease Term. Under no circumstances shall Landlord be responsible for any interruption of any utility service.

11. ***Insurance***. A. Throughout the Lease Term, Tenant shall maintain with respect to the Premises, at its sole expense, the following types and amounts of insurance (which, as more particularly set forth below, may be included under a blanket insurance policy if all the other terms hereof are satisfied):

(i) Commercial general liability and property damage insurance written on an occurrence form, covering Landlord and Tenant against bodily injury liability and property damage liability, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of the Premises or adjoining ways, streets or sidewalks. Such insurance shall cover at least the following hazards: (a) premises and operations, (b) products and completed operations, (c) personal injury and advertising injury, (d) independent contractors, (e) blanket contractual liability for all written and oral contracts, and (f) contractual liability covering the indemnities contained in this Lease, to the extent the same is available. Such insurance shall be in amounts of not less than $1,000,000.00 per occurrence with respect to any insured liability, whether for personal injury or property damage, or such higher limits as Landlord may reasonably require from time to time, and shall be of form and substance satisfactory to Landlord with a per location aggregate of not less than $2,000,000. Such insurance shall provide that the general aggregate limits apply separately to each insured location. If Tenant's liability policies do not contain the standard ISO separation of insureds provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage.

(ii) State Worker's compensation insurance in the statutorily mandated limits, employer's liability insurance with limits not less than $500,000 or such greater amount as Landlord may from time to time require and such other insurance as may be necessary to comply with applicable laws.

(iii) During any period of construction, restoration, reconstruction, rehabilitation, replacement or alteration to the Premises, builder's risk insurance in so-called non-reporting form upon all buildings, improvements and related appurtenances while under construction in an amount and with coverage approved by Landlord in its reasonable discretion but only to the extent that such coverage is not being maintained by Tenant's contractor(s) pursuant to a policy or policies that satisfy this requirement.

(iv) To the extent applicable, automobile liability with a limit of not less than One Million Dollars ($1,000,000.00) for each accident, with such insurance covering liability arising out of any automobile, including owned, hired and non-owned automobiles.

B. All insurance policies shall:

(i) Provide for a waiver of subrogation by the insurer as to claims against Landlord, Lender and their respective employees and agents and provide that such insurance cannot be unreasonably cancelled, invalidated or suspended on account of the conduct of Tenant, its officers, directors, employees or agents;

(ii) Provide that no "Other Insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Landlord or Lender and that the insurance policy shall not be brought into contribution with insurance maintained by Landlord or Lender;

(iii) Provide that the policy of insurance shall not be terminated, cancelled, substantially modified or allowed to lapse on any renewal date without at least thirty (30) days' prior written notice to Landlord, Lender and to any other party covered by any standard mortgage clause, loss-payee or additional insured endorsement;

(iv) Be issued by insurance companies licensed or authorized to do business in the state in which the Premises are located and which are rated A:X or better by Best's Insurance Guide or are otherwise approved by Landlord; and

(v) Provide that the insurer shall not deny a claim because of the negligence of Tenant, anyone acting for Tenant or any tenant or other occupant of the Premises.

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT THE FOREGOING MINIMUM LIMITS OF INSURANCE COVERAGE SHALL NOT LIMIT THE LIABILITY OF TENANT FOR ITS ACTS OR OMISSIONS AS PROVIDED IN THIS LEASE. All insurance policies (with the exception of worker's compensation insurance to the extent not available under statutory law), shall designate Landlord and Lender and their respective successors and assigns as loss payees and additional insureds, and shall be payable as set forth in Section 19 hereof. All such policies shall be written as primary policies, with deductibles not to exceed 10% of the amount of coverage. Any other policies, including any policy now or hereafter carried by Landlord or Lender, shall serve as excess coverage. Tenant shall procure policies for all insurance for periods of not less than one year and shall provide to Landlord and Lender certificates of liability insurance using an ACORD 25 form and an ACORD 28 form to provide proof of property insurance or, upon the request of Landlord, duplicate originals of insurance policies evidencing that insurance satisfying the requirements of this Lease is in effect at all times. In the event of any transfer by Landlord of Landlord's interest in the Premises or any financing or refinancing of Landlord's interest in the Premises, Tenant shall, upon not less than ten (10) days' prior written notice, deliver to Landlord or any Lender providing such financing or refinancing, as the case may be, certificates of all insurance required to be maintained by Tenant hereunder naming such transferee or such Lender, as the case may be, as an additional named insured or loss payee, as applicable, to the extent required herein effective as of the date of such transfer, financing or refinancing.

B. Failure to Procure Insurance. In the event Tenant shall fail to procure insurance required under this Section and fail to maintain same in full force and effect continuously during the Lease Term, Landlord shall be entitled to immediately procure the same and Tenant shall, within fifteen (15) days after demand therefor, reimburse Landlord for such premium expense as Additional Rent.

C. Blanket Policy. Any insurance which Tenant is required to obtain pursuant to this Section 10 may be carried under a blanket policy or policies covering other properties of Tenant; provided, however, that such evidence of insurance shall specify the total aggregate limits available under the policy or policies including the effectiveness of the policy, the amount and character of the coverage and otherwise comply with the provisions of this Section 10.

D. No Representation of Coverage Adequacy. By requiring insurance herein, Landlord does not represent that coverage and limits will necessarily be adequate to protect Tenant, and such coverage and limits shall not be deemed as a limitation of Tenant's liability under any indemnification provisions in this Lease. Failure of Landlord to demand such certificate or other evidence of full compliance with these insurance requirements or failure

of Landlord to identify a deficiency from evidence that is provided shall not be construed as a waiver of Tenant's obligation to maintain such insurance.

E. Landlord's Insurance. Throughout the Lease Term, Landlord shall maintain with respect to the Premises, at its sole expense (but subject to Tenant's obligation to reimburse Landlord for the costs thereof), the following types and amounts of insurance (which, as more particularly set forth below, may be included under a blanket insurance policy if all the other terms hereof are satisfied):

Insurance against loss, damage or destruction by fire and other casualty, including theft, vandalism and malicious mischief, flood (if the Premises are in a location designated by the Federal Emergency Management Administration as a Special Flood Hazard Area), earthquake (if the Premises are in an area subject to destructive earthquakes within recorded history), boiler explosion (if the Premises contain a boiler), mechanical breakdown, plate glass breakage, sprinkler damage (if the Premises have a sprinkler system), all matters covered by a standard extended coverage endorsement, special coverage endorsement commonly known as an "all-risk" endorsement and such other risks as Landlord may reasonably require, insuring the Premises for not less than 100% of their full insurable replacement cost with an "agreed amount" endorsement (collectively, the "*Property Insurance*").

Tenant shall be responsible for promptly reimbursing Landlord, upon Landlord's written request, for the costs of the Property Insurance that are attributable to such insurance coverage during the Lease Term.

12. ***Payment of Rental and Other Sums***. All rental and other sums which Tenant is required to pay hereunder shall be the unconditional obligation of Tenant, independent from any of Landlord's covenants or obligations in this Lease, and shall be payable in full when due without any setoff, abatement, deferment, deduction or counterclaim whatsoever. Any delinquent payment (that is, any payment not made within five calendar days after the date when due) shall, in addition to any other remedy of Landlord, incur a late charge of 5% (which late charge is intended to compensate Landlord for the cost of handling and processing such delinquent payment and should not be considered interest) and bear interest at the Default Rate, such interest to be computed from and including the date such payment was due through and including the date of the payment; provided, however, in no event shall Tenant be obligated to pay a sum of late charge and interest higher than the maximum legal rate then in effect. Tenant may pay the Base Monthly Rental and other sums that may become due and payable to Landlord hereunder by check mailed to the last address Landlord has provided to Tenant.

13. ***Use***. Except as set forth below, the Premises shall be used solely for the operation of a Permitted Concept and for no other purpose. Tenant shall not be required to occupy the Premises or diligently operate its business on the Premises. Tenant may vacate or cease operation of business at the Premises at any time. If Tenant vacates the Premises or discontinues operations, Tenant shall (i) give written notice to Landlord within 10 days after Tenant elects to vacate or cease operation, (ii) provide adequate protection and maintenance of the Premises during any period of vacancy, and (iii) comply with all Applicable Regulations and otherwise comply with the terms and conditions of this Lease. Notwithstanding anything herein to the contrary, Tenant shall pay the Base Monthly Rental and Additional Rental as and when due under this Lease during any period in which Tenant discontinues operation until a date of termination.

Tenant shall not, by itself or through any assignment, sublease or other type of transfer, convert the Premises to an alternative use during the Lease Term without Landlord's consent, which consent shall not be unreasonably withheld or delayed.

14. ***Compliance with Laws Generally***. A. Tenant's use and occupation of the Premises, and the condition thereof, shall, at Tenant's sole cost and expense, comply with all Applicable Regulations now or hereafter in effect and all restrictions, covenants, conditions, agreements and encumbrances of record as of the Effective Date with respect to the Premises. Notwithstanding anything to the contrary contained herein, neither Tenant nor Landlord shall be required to make any alterations or improvements required for the Premises to comply with changes to the ADA and all regulations promulgated thereunder, as it affects the Premises.

A. Tenant will not knowingly permit any act or condition to exist on or about the Premises which will increase any insurance rate thereon, except when such acts are required in the normal course of its business and Tenant shall pay for such increase.

B. Tenant shall maintain in full force and effect all licenses and permits, both governmental and private, required to use and operate the Premises as a Permitted Concept.

C. In addition to the other requirements of this Section or any other provisions of this Lease, Tenant shall, at all times throughout the Lease Term, comply with all federal, state or local statutes, laws, rules, regulations, ordinances, codes, policies or rules of common law now or hereafter in effect and in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment, applicable to Tenant.

15. ***Compliance With Environmental Laws***. A. Tenant covenants to Landlord for so long as this Lease is in effect that:

(i) Tenant shall not take any action or permit any of its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision to take any action that would cause the Premises to be in violation of or subject to any investigation or inquiry by any Governmental Authority or subject to any Remediation obligations under any Environmental Laws.

(ii) All uses and operations on or of the Premises, whether by Tenant or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision, shall be in compliance with all Environmental Laws and permits issued pursuant thereto.

(iii) There shall be no Releases by Tenant, or any of its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision, of Hazardous Materials in, on, under or from the Premises, except in Permitted Amounts.

(iv) Tenant shall keep the Premises, or cause the Premises to be kept, free and clear of all Environmental Liens caused by the acts of Tenant or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision during the Lease Term.

(v) Tenant shall not do or allow any of its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision to do any act that (a) materially increases the dangers to human health or the environment, (b) poses an unreasonable risk of harm to any person or entity (whether on or off the Premises), (c) impairs or is reasonably likely to impair the value of the Premises, (d) is contrary to any requirement of any insurer, (e) constitutes a public or private nuisance or constitutes waste, or (f) violates any covenant, condition, restriction, agreement or easement applicable to the Premises.

(vi) Tenant shall immediately notify Landlord in writing upon Tenant obtaining actual knowledge of:

(a) any presence of Releases or Threatened Releases in, on, under, from or migrating towards the Premises, in excess of Permitted Amounts, including, without limitation, the presence on or under the Premises of any Hazardous Materials, apparent or real, in excess of Permitted Amounts;

(b) any non-compliance with any Environmental Laws related in any way to the Premises;

(c) any Environmental Lien or any act or omission which could reasonably be expected to result in the imposition of an Environmental Lien;

(d) any required or proposed Remediation of environmental conditions relating to the Premises, including, without limitation, any and all enforcement, clean-up, remedial, removal or other governmental or regulatory actions threatened, instituted or completed pursuant to any of the Environmental Laws affecting the Premises;

(e) any written or oral notice or other communication of which Tenant becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials, Remediation thereof, possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Premises, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Lease; or

(f) any investigation or inquiry initiated by any Governmental Authority relating to the Environmental Condition of the Premises.

(vii) Tenant shall, at its sole cost and expense, and without limiting the rights of Landlord under any other provision of this Lease, comply with all reasonable written requests of Landlord to:

(a) If Landlord has a reasonable basis for believing that a Release by Tenant or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision has occurred at the Premises during the Lease Term in excess of Permitted Amounts, or if an Event of Default has occurred and is continuing, perform any environmental site assessment or other investigation of environmental conditions in connection with the Premises (including but not limited to sampling, testing and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas), and share with Landlord the reports and other results thereof, and Landlord and the other Indemnified Parties shall be entitled to rely on such reports and other results thereof; and

(b) reasonably effectuate Remediation of any condition (including but not limited to a Release) in, on, under or from the Premises arising during the Lease Term as a result of the actions of Tenant or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision.

(c) comply with any Environmental Law;

(d) comply with any directive from any Governmental Authority; and

(e) take any other reasonable action necessary or appropriate for protection of human health or the environment.

(ix) Upon at least forty eight (48) hours prior written notice (except in the event of an emergency), Landlord and any other person or entity designated by Landlord, including but not limited to any receiver, any representative of a Governmental Authority, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Premises during normal business hours or at any time in the event of an emergency (but in all cases Landlord will use best efforts to minimize interference with Tenant's school facility operations) to assess any and all aspects of the environmental condition of the Premises and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in the sole and absolute discretion of the party conducting the assessment) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Tenant shall cooperate with and provide access to Landlord and any other person or entity designated by Landlord. Any such assessment and investigation shall be at Tenant's sole cost and expense if, at the time such assessment or investigation is undertaken, the party conducting the assessment or investigation has a reasonable basis for believing that Tenant or any of its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision caused a Release at the Premises during the Lease Term in excess of Permitted Amounts or if an Event of Default has occurred and is continuing. Otherwise, any such assessment and investigation shall be at the sole cost and expense of the party conducting such assessment and investigation.

B. The obligations of Tenant and the rights and remedies of Landlord under this Section shall survive the termination, expiration and/or release of this Lease.

16. ***Condition of Premises; Maintenance***. Tenant shall (i) maintain the Premises in good condition and repair, subject to reasonable and ordinary wear and tear, free from actual or constructive waste, and (ii) pay all maintenance, repair and operating costs of the Premises in the ordinary course of business. Tenant waives any right to (a) require Landlord to maintain, repair, replace, or rebuild all or any part of the Premises or (b) make repairs at the expense of Landlord, pursuant to any Applicable Regulations at any time in effect. The parties agree that given the relatively short Lease Term, there may be occasions where the mere repair of a portion of the Premises may not be economically appropriate. In such cases where a replacement of a portion of the Premises or equipment located thereon is more reasonable, the parties shall negotiate in good faith in regard to the allocation of the applicable costs, taking into consideration the short time period remaining in the Lease Term, and the expected useful life of the proposed replaced component for the Premises.

17. ***Alterations and Improvements***. Tenant shall not (i) alter the exterior, structural, plumbing or electrical elements of the Premises in any manner or (ii) undertake nonstructural alterations to the Premises costing in excess of $10,000.00, in each case, without the consent of Landlord, which consent shall not be unreasonably withheld or conditioned. For purposes of this Lease, alterations to the exterior, structural, plumbing or electrical elements of the Premises shall mean:

(i) alterations which affect the foundation or "footprint" of the improvements at the Premises;

(ii) alterations which involve the structural elements of the improvements at the Premises, such as a load-bearing wall, structural beams, columns, supports or roof; or

(iii) alterations which materially affect any of the building systems, including, without limitation, the electrical systems, plumbing, HVAC and fire and safety systems.

Any work at any time commenced by Tenant on the Premises shall be at Tenant's sole cost and expense, shall be performed by a licensed contractor, shall be prosecuted diligently to completion, shall be of good workmanship and materials and shall comply fully with all the terms of this Lease. Upon completion of any alterations, Tenant shall promptly provide Landlord with (i) evidence of full payment to all laborers, materialmen and equipment providers contributing to the alterations, (ii) an architect's certificate certifying the alterations to have been completed in conformity with the plans and specifications, (iii) a certificate of occupancy (if the alterations are of such a nature as would require the issuance of a certificate of occupancy), and (iv) any other documents or information reasonably requested by Landlord. Any addition to or alteration of the Premises shall automatically be deemed a part of the Premises and belong to Landlord, and Tenant shall execute and deliver to Landlord such instruments as Landlord may require to evidence the ownership by Landlord of such addition or alteration. Tenant shall execute and file or record, as appropriate, a "Notice of Non-Responsibility," or any equivalent notice permitted under applicable law in the state where the Premises are located.

18. ***Indemnification***.

A. Tenant shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless each of the Indemnified Parties for, from and against any and all Losses (excluding Losses suffered by an Indemnified Party arising out of the gross negligence or willful misconduct of such Indemnified Party; provided, however, that the term "gross negligence" shall not include gross negligence imputed as a matter of law to any of the Indemnified Parties solely by reason of the Landlord's interest in the Premises or Landlord's failure to act in respect of matters which are or were the obligation of Tenant under this Lease) caused by, incurred or resulting from Tenant's operations of or relating in any manner to the Premises during the Lease Term, use by Tenant or any person thereon, supervision or otherwise, or from any breach of, default under, or failure to perform, any term or provision of this Lease by Tenant, its officers, employees, agents or other persons, or to which any Indemnified Party is subject because of Landlord's interest in the Premises, including, without limitation, Losses arising from (i) any accident, injury to or death of any person or loss of or damage to property occurring in or on the Premises or any portion thereof or on the adjoining sidewalks, curbs or parking areas during the Lease Term, (ii) any use, non-use or condition in, on or about, or possession, alteration, repair, operation, maintenance or management of, the Premises or any portion thereof or on the adjoining sidewalks, curbs or parking areas during the Lease Term, (iii) any taxes, assessments or other charges which Tenant is required to pay under Section 8, (iv) any lien, encumbrance or claim arising on or against the Premises or any portion thereof under any Applicable Regulation or otherwise which Tenant is obligated hereunder to remove and discharge, or the failure to comply with any Applicable Regulation, (v) the claims of any invitees, patrons, licensees or subtenants of all or any portion of the Premises or any Person acting through or under Tenant or otherwise acting under or as a consequence of this Lease or any sublease, the (vi) any act or omission of Tenant or its employees, agents, contractors, licensees, subtenants or invitees.

B. Tenant shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless each of the Indemnified Parties for, from and against any and all Losses (excluding Losses suffered by an Indemnified Party directly arising out of such Indemnified Party's own volitional actions or gross negligence or willful misconduct; provided, however, that the term "gross negligence" shall not include gross negligence imputed as a matter of law to any of the Indemnified Parties solely by reason of the Landlord's interest in the Premises or Landlord's failure to act in respect of matters which are or were the obligation of Tenant under this Lease) and costs of Remediation (whether or not performed voluntarily), engineers' fees, environmental consultants' fees, and costs of investigation (including but not limited to sampling, testing, and analysis of soil, water, air, building materials and

other materials and substances whether solid, liquid or gas) imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following:

(i) any presence of any Hazardous Materials in, on, above, or under the Premises arising during the Lease Term that was caused by Tenant or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision;

(ii) any activity by Tenant, or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision or any person or entity affiliated with in connection with any (1) actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Premises of any Hazardous Materials at any time during the Lease Term located in, under, on or above the Premises; and (2) actual or proposed Remediation of any Hazardous Materials for which Tenant is responsible as provided in this Lease at any time located in, under, on or above the Premises, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; and

(iv) any non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Premises or operations thereon during the Lease Term by Tenant or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision, including but not limited to any failure by Tenant, or its employees, agents, contractors or any other user of the Premises for whom Tenant has control or supervision, to comply with any order of any Governmental Authority in connection with any Environmental Laws.

C. It is expressly understood and agreed that Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease for any reason.

19. ***Quiet Enjoyment***. Subject to Landlord's right to exercise remedies upon the occurrence of an Event of Default, Tenant shall have the right to the peaceful and quiet occupancy of the Premises.

20. ***Condemnation or Destruction***. A. In the event of a transfer of title to all or any part of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of the right of condemnation or eminent domain or by agreement between Landlord, Tenant and those authorized to exercise such right ("Taking") or the commencement of any proceedings or negotiations which might result in a Taking or any material damage to or destruction of the Premises or any part thereof ("Casualty"), Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such Taking, proceedings, negotiations or Casualty and including copies of any documents or notices received in connection therewith. Thereafter, Tenant shall promptly send Landlord copies of all correspondence and pleadings relating to any such Taking, proceedings, negotiations or Casualty. During all periods of time following a Casualty, Tenant shall ensure that the Premises are secure and do not pose any risk of harm to adjoining property owners or occupants or third-parties.

B. In the event of a Taking of the whole of the Premises, other than for temporary use ("Total Taking"), the obligations of Tenant shall terminate as of the date of the Total Taking, except as to those obligations which expressly survive the expiration or earlier termination hereof. Tenant's obligations to Landlord under Section 17 of this Lease with respect to the Premises and Tenant's obligation to pay all other sums of money under this Lease (whether payable to Landlord or to a third-party) which accrue prior to the date of such Total Taking shall survive the termination of this Lease. Landlord shall be entitled to receive the entire award or payment in connection with a Total Taking without deduction for any estate vested in Tenant by this Lease. Tenant hereby expressly assigns to Landlord all of its right, title and interest in and to every such award or payment and agrees that Tenant shall not be entitled to any award or payment for the value of Tenant's leasehold interest in this Lease. Tenant shall be entitled to claim and receive any award or payment from the condemning authority expressly granted for the taking of Personal Property, the interruption of its business and moving expenses, but only if such claim or award does not adversely affect or interfere with the prosecution of Landlord's claim for the Total Taking or otherwise reduce the amount recoverable by Landlord for the Total Taking.

C. In the event of a Taking of all or any part of any of the Premises for a temporary use ("Temporary Taking"), this Lease shall remain in full force and effect without any reduction of Base Monthly Rental, Additional

Rental or any other sum payable hereunder. Except as provided below and subject to the terms and provisions of the Loan Documents, Tenant shall be entitled to the entire award for a Temporary Taking, whether paid by damages, rent or otherwise, unless the period of occupation and use by the condemning authorities shall extend beyond the date of expiration of this Lease, in which case the award made for such Taking shall be apportioned between Landlord and Tenant as of the date of such expiration. At the termination of any such Temporary Taking, Tenant will, at its own cost and expense and pursuant to the terms of Section 17 above, promptly commence and complete the restoration of the Premises affected by such Temporary Taking.

D. In the event of a Casualty or a Taking which is not a Total Taking or a Temporary Taking ("Partial Taking"), all awards, compensation or damages shall be paid to Landlord, and Landlord shall have the option to (i) terminate this Lease by notifying Tenant within 60 days after Tenant gives Landlord notice of such Casualty or that title has vested in the taking authority or (ii) continue this Lease in effect, which election may be evidenced by either a notice from Landlord to Tenant or Landlord's failure to notify Tenant that Landlord has elected to terminate this Lease within such 60-day period. Tenant shall have a period of 60 days after Landlord's notice that it has elected to terminate this Lease during which to elect to continue this Lease on the terms herein provided. If Landlord elects to terminate this Lease and Tenant does not elect to continue this Lease or shall fail during such 60-day period to notify Landlord of Tenant's intent to continue this Lease, then this Lease shall terminate as of the last day of the month during which such period expired. Tenant shall then immediately vacate and surrender the Premises, all obligations of either party hereunder with respect to the Premises shall cease as of the date of termination (provided, however, Tenant's obligations to Landlord under any indemnification provisions of this Lease with respect to the Premises (including, without limitation, Section 17) and Tenant's obligations to pay Base Monthly Rental, Additional Rental and all other sums (whether payable to Landlord or a third party) accruing under this Lease prior to the date of termination shall survive such termination), and Landlord may retain all such awards, compensation or damages. If Landlord elects not to terminate this Lease, or if Landlord elects to terminate this Lease but Tenant elects to continue this Lease, then this Lease shall continue in full force and effect on the following terms: (i) all Base Monthly Rental, Additional Rental and other sums and obligations due under this Lease shall continue unabated, and (ii) Tenant shall promptly commence and diligently prosecute restoration of the Premises to the same condition, as nearly as practicable, as prior to such Partial Taking or Casualty as approved by Landlord. Landlord shall promptly make available in installments as restoration progresses an amount up to but not exceeding the amount of any award, compensation or damages received by Landlord after deducting all costs, fees and expenses incident to the collection thereof, including all costs and expenses incurred by Landlord and Lender in connection therewith (the "Net Restoration Amount"), upon request of Tenant accompanied by evidence reasonably satisfactory to Landlord that such amount has been paid or is due and payable and is properly a part of such costs and that Tenant has complied with the terms of Section 16 above in connection with the restoration. Prior to the disbursement of any portion of the Net Restoration Amount with respect to a Casualty, Tenant shall provide evidence reasonably satisfactory to Landlord of the payment of restoration expenses by Tenant up to the amount of the insurance deductible applicable to such Casualty. Landlord shall be entitled to keep any portion of the Net Restoration Amount which may be in excess of the cost of restoration, and Tenant shall bear all additional costs, fees and expenses of such restoration in excess of the Net Restoration Amount. If this Lease is terminated as a result of a Casualty, simultaneously with such termination Tenant shall pay Landlord an amount equal to the insurance deductible applicable to such Casualty.

E. Any loss under any property damage insurance required to be maintained by Tenant shall be adjusted by Landlord and Tenant. Any award relating to a Total Taking or a Partial Taking shall be adjusted by Landlord or, at Landlord's election, Tenant. Notwithstanding the foregoing or any other provisions of this Section to the contrary, if at the time of any Taking or any Casualty or at any time thereafter an Event of Default shall have occurred and be continuing under this Lease, Landlord is hereby authorized and empowered but shall not be obligated, in the name and on behalf of Tenant and otherwise, to file and prosecute Tenant's claim, if any, for an award on account of such Taking or for insurance proceeds on account of such Casualty and to collect such award or proceeds and apply the same, after deducting all costs, fees and expenses incident to the collection thereof, to the curing of such default and any other then existing default under this Lease and/or to the payment of any amounts owed by Tenant to Landlord under this Lease, in such order, priority and proportions as Landlord in its discretion shall deem proper.

F. Notwithstanding the foregoing, nothing in this Section 19 shall be construed as limiting or otherwise adversely affecting the representations, warranties, covenants and characterizations set forth in this Lease, including, without limitation, those provisions set forth in Section 3 of this Lease.

21. ***Inspection***. Upon at least forty eight (48) hours prior written notice (except in the event of an emergency), Landlord and its authorized representatives shall have the right during normal business hours, or at any

other time in the event of an emergency, (including without limitation in connection with any proposed sale or conveyance of the Premises or a proposed financing or refinancing secured by the Premises or in connection with the exercise of any remedies set forth in this Lease or in any of the Loan Documents, as applicable) to enter the Premises or any part thereof at reasonable times (provided, however, Landlord will use is best efforts to minimize the interference with the Tenant's school operations) in order to inspect the same and make photographic or other evidence concerning Tenant's compliance with the terms of this Lease or in order to show the Premises to prospective lenders. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises and any other loss occasioned by such entry so long as Landlord shall have used reasonable efforts not to unreasonably interrupt Tenant's normal business operations.

22. ***Default, Remedies and Measure of Damages***. A. Each of the following shall be an event of default under this Lease (each, an "Event of Default"):

(i) If any representation or warranty of Tenant set forth in this Lease is false in any material respect, or if Tenant renders any statement or account which is false in any material respect;

(ii) If any Base Monthly Rental due under this Lease is not paid within ten days after the date when due;

(iii) If any other amount owing under this Lease is not paid when due and such failure continues for ten (10) days or more after written notice from Landlord;

(iv) Subject to the provisions of Section 8, if Tenant fails to pay, prior to delinquency, any Personal Property taxes, assessments or other charges the failure of which to pay will result in the imposition of a lien against the Premises pursuant to Applicable Regulations;

(v) If Tenant becomes insolvent within the meaning of the Code, files or notifies Landlord that it intends to file a petition under the Code, initiates a proceeding under any similar law or statute relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (collectively, an "Action"), becomes the subject of either a petition under the Code or an Action, or is not generally paying its debts as the same become due;

(vi) If Tenant vacates or abandons the Premises other than in accordance with the provisions of Section 12 of this Lease;

(vii) If Tenant shall fail to maintain insurance in accordance with the requirements of Section 10 of this Lease;

(viii) If there shall be a breach or default under the provisions of Section 24.B of this Lease;

(ix) With respect to any term, covenant or provision set forth herein which specifically contains a notice requirement and/or cure period, if Tenant shall be in default under such term, covenant or condition after the giving of such notice and/or (as applicable) the expiration of such cure period;

(x) If Tenant fails to observe or perform any of the other covenants, conditions, or obligations of this Lease; provided, however, if any such failure does not involve the payment of any monetary sum, is not willful or intentional, does not place any rights or property of Landlord in immediate jeopardy, and is within the reasonable power of Tenant to promptly cure after receipt of notice thereof, all as determined by Landlord in its reasonable discretion, then such failure shall not constitute an Event of Default hereunder, unless otherwise expressly provided herein, unless and until Landlord shall have given Tenant notice thereof and a period of 30 days shall have elapsed, during which period Tenant may correct or cure such failure, upon failure of which an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required. If such failure cannot reasonably be cured within such 30-day period, as determined by Landlord in its reasonable discretion, and Tenant is diligently pursuing a cure of such failure, then Tenant shall have a reasonable period to cure such failure beyond such 30-day period, which shall in no event exceed 90 days after receiving notice of such failure from Landlord. If Tenant shall fail to correct or cure such failure within such 90-day period, an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required;

(xi) If there is an "Event of Default" or a breach or default, after the passage of all applicable notice and cure or grace periods, under the Agreement.

B. Upon the occurrence of an Event of Default, with or without notice or demand, except notice of default or such other notice as may be required by statute and cannot be waived by Tenant (all other notices being hereby waived), Landlord shall be entitled to exercise, at its option, concurrently, successively, or in any combination, all remedies available at law or in equity, including without limitation, any one or more of the following:

(i) To terminate this Lease, whereupon Tenant's right to possession of the Premises shall cease and this Lease, except as to Tenant's liability, shall be terminated.

(ii) To reenter and take possession of the Premises, any or all Personal Property in which Landlord shall have an ownership interest or a landlord's lien, and, to the extent permissible, all franchises, licenses, area development agreements, permits and other rights or privileges of Tenant pertaining to the use and operation of the Premises and to expel Tenant and those claiming under or through Tenant, without being deemed guilty in any manner of trespass or becoming liable for any loss or damage resulting therefrom, without resort to legal or judicial process, procedure or action. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. If Tenant shall, after default, voluntarily give up possession of the Premises to Landlord, deliver to Landlord or its agents the keys to the Premises, or both, such actions shall be deemed to be in compliance with Landlord's rights and the acceptance thereof by Landlord or its agents shall not be deemed to constitute a termination of this Lease. Landlord reserves the right following any reentry and/or reletting to exercise its right to terminate this Lease by giving Tenant written notice thereof, in which event this Lease will terminate as specified in said notice.

(iii) To seize all Personal Property in which Landlord shall have an ownership interest or a landlord's lien, and to dispose thereof in accordance with the laws prevailing at the time and place of such seizure or to remove all or any portion of such property and cause the same to be stored in a public warehouse or elsewhere at Tenant's sole expense, without becoming liable for any loss or damage resulting therefrom and without resorting to legal or judicial process, procedure or action.

(iv) To bring an action against Tenant for any damages (but not special or punitive) sustained by Landlord or any equitable relief available to Landlord.

(v) To relet the Premises or any part thereof for such term or terms (including a term which extends beyond the original Lease Term or the then-current extension term, as the case may be), at such rentals and upon such other terms as Landlord, in its sole discretion, may determine, with all proceeds received from such reletting being applied to the rental and other sums due from Tenant in such order as Landlord may, in its sole discretion, determine, which other sums include, without limitation, all repossession costs, brokerage commissions, attorneys' fees and expenses, employee expenses, alteration, remodeling and repair costs and expenses of preparing for such reletting. Except to the extent required by applicable law, Landlord shall have no obligation to relet the Premises or any part thereof and shall in no event be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon such reletting, and no such refusal or failure shall operate to relieve Tenant of any liability under this Lease or otherwise to affect any such liability. Landlord reserves the right following any reentry and/or reletting to exercise its right to terminate this Lease by giving Tenant written notice thereof, in which event this Lease will terminate as specified in said notice.

(vi) (x) To recover from Tenant all rent and other monetary sums then due and owing under this Lease and (y) to accelerate and recover from Tenant the present value (discounted at a rate equal to the United States Treasury instrument with a maturity closest to the remaining Lease Term (excluding any unexercised extension options)) of all rent and other monetary sums scheduled to become due and owing under this Lease after the date of such breach for the entire remaining Lease Term (excluding any unexercised extension options).

(vii) To recover from Tenant all costs and expenses, including reasonable attorneys' fees, court costs, expert witness fees, costs of tests and analyses, travel and accommodation expenses, deposition and trial transcripts, copies and other similar costs and fees, paid or incurred by Landlord as a result of such breach, regardless of whether or not legal proceedings are actually commenced.

(viii) To immediately or at any time thereafter, and with or without notice, at Landlord's sole option but without any obligation to do so, correct such breach or default and charge Tenant all costs and expenses incurred by Landlord therein. Any sum or sums so paid by Landlord, together with interest at the Default Rate, shall be deemed to be Additional Rental hereunder and shall be immediately due from Tenant to Landlord. Any such acts by Landlord in correcting Tenant's breaches or defaults hereunder shall not be deemed to cure said breaches or defaults or constitute any waiver of Landlord's right to exercise any or all remedies set forth herein.

(ix) To seek any equitable relief available to Landlord, including, without limitation, the right of specific performance.

All powers and remedies given by this Section to Landlord, subject to applicable law, shall be cumulative and not exclusive of one another or of any other right or remedy or of any other powers and remedies available to Landlord under this Lease, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements of Tenant contained in this Lease, and no delay or omission of Landlord to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any other or subsequent Event of Default or impair any rights or remedies consequent thereto. Every power and remedy given by this Section or by law to Landlord may be exercised from time to time, and as often as may be deemed expedient, by Landlord, subject at all times to Landlord's right in its sole judgment to discontinue any work commenced by Landlord or change any course of action undertaken by Landlord.

If Tenant shall fail to observe or perform any of its obligations under this Lease or in the event of an emergency, then, without waiving any Event of Default which may result from such failure or emergency, Landlord may, but without any obligation to do so, take all actions, including, without limitation, entry upon the Premises to perform Tenant's obligations, immediately and without notice in the case of an emergency and upon five days written notice to Tenant in all other cases. All reasonable and necessary expenses incurred by Landlord in connection with performing such obligations, including, without limitation, reasonable attorneys' fees and expenses, together with interest at the Default Rate from the date any such expenses were incurred by Landlord until the date of payment by Tenant, shall constitute Additional Rental and shall be paid by Tenant to Landlord upon demand.

23. ***Liens; Mortgages, Subordination and Attornment***. Landlord's interest in this Lease and/or the Premises shall not be subordinate to any liens or encumbrances placed upon the Premises by or resulting from any act of Tenant, and nothing herein contained shall be construed to require such subordination by Landlord. Tenant shall keep the Premises free from any liens for work performed, materials furnished, equipment or services provided or obligations incurred by Tenant. NOTICE IS HEREBY GIVEN THAT, UNLESS LANDLORD'S PRIOR WRITTEN CONSENT IS OBTAINED, TENANT IS NOT AUTHORIZED TO PLACE OR ALLOW TO BE PLACED ANY LIEN, MORTGAGE, DEED OF TRUST, DEED TO SECURE DEBT, SECURITY INTEREST OR ENCUMBRANCE OF ANY KIND UPON ALL OR ANY PART OF THE PREMISES, THE PERSONAL PROPERTY OR TENANT'S LEASEHOLD INTEREST IN THE PREMISES, AND ANY SUCH PURPORTED TRANSACTION SHALL BE VOID. FURTHERMORE, ANY SUCH PURPORTED TRANSACTION SHALL BE DEEMED A TORTIOUS INTERFERENCE WITH LANDLORD'S RELATIONSHIP WITH TENANT AND LANDLORD'S OWNERSHIP OF THE PREMISES.

This Lease is subordinate to an existing mortgage. This Lease shall become subordinate to the lien of any and all mortgages, deeds to secure debt and trust deeds hereafter placed upon the Premises by Landlord only if and when Landlord, Lender and Tenant execute a subordination, non-disturbance and attornment agreement upon mutually acceptable terms; provided, however, Tenant hereby agrees that it shall not unreasonably object to any commercially standard terms required or requested by the Lender in connection therewith.

If any mortgagee, receiver, Lender or other secured party validly exercises its right to elect to have this Lease and the interest of Tenant hereunder be superior to any of such mortgage, deed to secure debt or trust deed and evidences such election by written notice given to Tenant, then this Lease and the interest of Tenant hereunder shall be deemed superior to any such mortgage, deed to secure debt or trust deed, whether this Lease was executed before or after such mortgage, deed to secure debt or trust deed and in that event such mortgagee, receiver, Lender or other secured party shall have the same rights with respect to this Lease as if it had been executed and delivered prior to the execution and delivery of such mortgage, deed to secure debt or trust deed and had been assigned to such mortgagee, receiver, Lender or other secured party.

24. ***Estoppel Certificate***. A. At any time, and from time to time, Tenant shall, promptly and in no event later than fifteen (15) days after a request from Landlord, execute, acknowledge and deliver to Landlord a

certificate in the form supplied by Landlord certifying: (i) that Tenant has accepted the Premises; (ii) that this Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or, if this Lease is not in full force and effect, the certificate shall so specify the reasons therefor; (iii) the commencement and expiration dates of the Lease Term, including the terms of any extension options of Tenant; (iv) the date to which the rentals have been paid under this Lease and the amount thereof then payable; (v) whether there are then any existing defaults by Landlord in the performance of its obligations under this Lease, and, if there are any such defaults, specifying the nature and extent thereof; (vi) that no notice has been received by Tenant of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (vii) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Tenant; (viii) that Landlord has no actual involvement in the management or control of decision making related to the operational aspects or the day-to-day operations of the Premises; and (ix) any other information reasonably requested by Landlord.

B. If Tenant shall fail or refuse to sign a certificate in accordance with the provisions of this Section within fifteen (15) days following a request by Landlord, Tenant irrevocably constitutes and appoints Landlord as its attorney-in-fact to execute and deliver the certificate to any such third party, it being stipulated that such power of attorney is coupled with an interest and is irrevocable and binding; provided, however, that Landlord's execution and delivery of such certificate on behalf of Tenant shall not cure any default arising by reason of Tenant's failure to execute and deliver such certificate.

25. ***Assignment***. A. Landlord shall have the right to sell or convey the Premises subject to this Lease or to assign its right, title and interest as Landlord under this Lease in whole or in part. In the event of any such sale or assignment other than a security assignment, Tenant shall attorn to such purchaser or assignee and Landlord shall be relieved, from and after the date of such transfer or conveyance, of liability for the performance of any obligation of Landlord contained herein, except for obligations or liabilities accrued prior to such assignment or sale.

B. Tenant acknowledges that Landlord has relied both on the business experience and creditworthiness of Tenant and upon the particular purposes for which Tenant intends to use the Premises in entering into this Lease. Without the prior written consent of Landlord: (i) Tenant shall not assign, transfer, convey, pledge or mortgage this Lease or any interest therein, whether by operation of law or otherwise; (ii) no Change of Control shall occur; (iii) no interest in Tenant shall be pledged, encumbered, hypothecated or assigned as collateral for any obligation of Tenant, and (iv) Tenant shall not sublet all or any part of the Premises (each of items (i) through (iv) are hereinafter referred to as a "Prohibited Transaction").

Landlord's consent to a Prohibited Transaction shall be conditioned upon the payment by Tenant to Landlord of all out-of-pocket costs and expenses incurred by Landlord in connection with such consent, including, without limitation, reasonable attorneys' fees. The provisions of this Section shall apply to every Prohibited Transaction regardless of whether voluntary or not, or whether or not Landlord has consented to any previous Prohibited Transaction. No assignment of this Lease or subletting of the Premises shall relieve Tenant of its obligations under this Lease, and in each case Tenant shall remain liable and responsible in all respects, as a principal and not as a surety, as if no assignment or sublease had been made. Any Prohibited Transaction in violation of this Section shall be voidable at the sole option of Landlord.

26. ***Notices***. All notices, consents, approvals or other instruments required or permitted to be given by either party pursuant to this Lease shall be in writing and given by (i) hand delivery, (ii) facsimile, (iii) express overnight delivery service or (iv) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (a) receipt, if hand delivered, (b) transmission, if delivered by facsimile, (c) the next Business Day, if delivered by express overnight delivery service, or (d) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses (or facsimile numbers, as applicable) specified below:

If to Landlord:

The Pardes Jewish Day School, Inc.
3916 E. Paradise Lane
Phoenix, Arizona 85032
Telephone: _____
Telecopy: _____

If to Tenant: Hillcrest Academy, Inc.
4710 E. Baseline Rd.
Mesa, Arizona 85206
Attn: Ryan Christensen
Telephone: _____
Telecopy: _____

or to such other address or such other person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above.

27. ***Holding Over***. If Tenant remains in possession of the Premises after the expiration of the term hereof, Tenant, at Landlord's option and within Landlord's sole discretion, may be deemed a tenant on a month-to-month basis and shall continue to pay rentals and other sums in the amounts herein provided, except that the Base Monthly Rental shall be automatically doubled, and comply with all the terms of this Lease; provided that nothing herein nor the acceptance of rent by Landlord shall be deemed a consent to such holding over. Tenant shall defend, indemnify, protect and hold the Indemnified Parties harmless from and against any and all Losses resulting from Tenant's failure to surrender possession upon the expiration of the Lease Term, including, without limitation, any claims made by any succeeding lessee and loss revenue from the Landlord's inability to timely remodel the Premises and open a new school facility on or before the commencement of the 2014-2015 school year.

28. ***Removal of Personal Property***. At the expiration of the Lease Term, and if Tenant is not then in breach hereof, Tenant may remove all Personal Property from the Premises, except for any Personal Property previously conveyed by Tenant to Landlord. Tenant shall repair any damage caused by such removal and shall leave the Premises broom clean and in good and working condition and repair inside and out. Any property of Tenant left on the Premises on the tenth day following the expiration of the Lease Term shall, at Landlord's option, automatically and immediately become the property of Landlord.

29. ***Force Majeure***. Any prevention, delay or stoppage due to strikes, lockouts, acts of God, enemy or hostile governmental action, civil commotion, fire or other casualty beyond the control of the party obligated to perform shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to rental and other monies to be paid by Tenant pursuant to this Lease and any indemnification obligations imposed upon Tenant under this Lease.

30. ***Time is of the Essence***. Time is of the essence with respect to each and every provision of this Lease in which time is a factor.

31. ***Landlord's Liability***. Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that (i) there shall be absolutely no personal liability on the part of Landlord, its successors or assigns and the trustees, members, partners, shareholders, officers, directors, employees and agents of Landlord and its successors or assigns, to Tenant with respect to any of the terms, covenants and conditions of this Lease, (ii) Tenant waives all claims, demands and causes of action against the trustees, members, partners, shareholders, officers, directors, employees and agents of Landlord and its successors or assigns in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, and (iii) Tenant shall look solely to the Premises for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, or any other matter in connection with this Lease or the Premises, such exculpation of liability to be absolute and without any exception whatsoever.

32. ***Consent of Landlord***. A. Unless specified otherwise herein, Landlord's consent to any request of Tenant shall not be unreasonably conditioned or withheld. Landlord shall have no liability for damages resulting from Landlord's failure to give any consent, approval or instruction reserved to Landlord, Tenant's sole remedy in any such event being an action for injunctive relief.

B. It is understood and agreed that to the extent Landlord is required to obtain the consent, approval, agreement or waiver of Lender with respect to a matter for which Landlord's approval has been requested under this Lease, Landlord shall in no event be deemed to have unreasonably withheld Landlord's consent, approval, agreement or waiver thereof if Lender shall not have given its approval if required.

33. ***Waiver and Amendment***. No provision of this Lease shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion. No acceptance by Landlord of an amount less than the monthly rent and other payments stipulated to be due under this Lease shall be deemed to be other than a payment on account of the earliest such rent or other payments then due or in arrears nor shall any endorsement or statement on any check or letter accompanying any such payment be deemed a waiver of Landlord's right to collect any unpaid amounts or an accord and satisfaction.

34. ***Successors Bound***. Except as otherwise specifically provided herein, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of the respective heirs, successors, executors, administrators and assigns of each of the parties hereto.

35. ***No Merger***. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not result in a merger of Landlord's and Tenant's estates, and shall, at the option of Landlord, either terminate any or all existing subleases or subtenancies, or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

36. ***Captions***. Captions are used throughout this Lease for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

37. ***Severability***. The provisions of this Lease shall be deemed severable. If any part of this Lease shall be held unenforceable by any court of competent jurisdiction, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed therein.

38. ***Characterization***. A. It is the intent of the parties hereto that the business relationship created by this Lease and any related documents is solely that of a commercial lease between Landlord and Tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein. None of the agreements contained herein, is intended, nor shall the same be deemed or construed, to create a partnership between Landlord and Tenant, to make them joint venturers, to make Tenant an agent, legal representative, partner, subsidiary or employee of Landlord, nor to make Landlord in any way responsible for the debts, obligations or losses of Tenant.

B. Landlord and Tenant acknowledge and warrant to each other that each has been represented by independent counsel and has executed this Lease after being fully advised by said counsel as to its effect and significance. This Lease shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Whenever in this Lease any words of obligation or duty are used, such words or expressions shall have the same force and effect as though made in the form of a covenant.

39. ***Easements***. During the Lease Term Landlord shall have the right to grant utility easements on, over, under and above the Premises without the prior consent of Tenant, provided that such easements will not materially interfere with Tenant's use of the Premises.

40. ***Bankruptcy***. A. As a material inducement to Landlord executing this Lease, Tenant acknowledges and agrees that Landlord is relying upon (i) the financial condition and specific operating experience of Tenant, (ii) Tenant's timely performance of all of its obligations under this Lease notwithstanding the entry of an order for relief under the Code for Tenant and (iii) all defaults under this Lease being cured promptly and this Lease being assumed within 60 days of any order for relief entered under the Code for Tenant, or this Lease being rejected within such 60 day period and the Premises surrendered to Landlord.

Accordingly, in consideration of the mutual covenants contained in this Lease and for other good and valuable consideration, Tenant hereby agrees that:

(i) All obligations that accrue or become due under this Lease (including the obligation to pay rent), from and after the date that an Action is commenced shall be timely performed exactly as provided in this Lease and any failure to so perform shall be harmful and prejudicial to Landlord;

(ii) Any and all obligations under this Lease that accrue or become due from and after the date that an Action is commenced and that are not paid as required by this Lease shall, in the amount of such rents, constitute administrative expense claims allowable under the Code with priority of payment at least equal to that of any other actual and necessary expenses incurred after the commencement of the Action;

(iii) Any extension of the time period within which Tenant may assume or reject this Lease without an obligation to cause all obligations accruing or coming due under this Lease from and after the date that an Action is commenced to be performed as and when required under this Lease shall be harmful and prejudicial to Landlord;

(iv) Any time period designated as the period within which Tenant must cure all defaults and compensate Landlord for all pecuniary losses which extends beyond the date of assumption of this Lease shall be harmful and prejudicial to Landlord;

(v) Any assignment of this Lease must result in all terms and conditions of this Lease being assumed by the assignee without alteration or amendment, and any assignment which results in an amendment or alteration of the terms and conditions of this Lease without the express written consent of Landlord shall be harmful and prejudicial to Landlord;

(vi) Any proposed assignment of this Lease to an assignee: (a) that will not use the Premises specifically as a Permitted Concept, or (b) that does not possess financial condition, operating performance and experience characteristics equal to or better than the financial condition, operating performance and experience of Tenant as of the Effective Date, shall be harmful and prejudicial to Landlord; and

(vii) The rejection (or deemed rejection) of this Lease for any reason whatsoever shall constitute cause for immediate relief from the automatic stay provisions of the Code, and Tenant stipulates that such automatic stay shall be lifted immediately and possession of the Premises will be delivered to Landlord immediately without the necessity of any further action by Landlord.

B. No provision of this Lease shall be deemed a waiver of Landlord's rights or remedies under the Code or applicable law to oppose any assumption and/or assignment of this Lease, to require timely performance of Tenant's obligations under this Lease, or to regain possession of the Premises as a result of the failure of Tenant to comply with the terms and conditions of this Lease or the Code.

C. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as such, shall constitute "rent" for the purposes of the Code.

D. For purposes of this Section addressing the rights and obligations of Landlord and Tenant in the event that an Action is commenced, the term "Tenant" shall include Tenant's successor in bankruptcy, whether a trustee, Tenant as debtor in possession or other responsible person.

41. ***No Offer***. No contractual or other rights shall exist between Landlord and Tenant with respect to the Premises until both have executed and delivered this Lease, notwithstanding that deposits may have been received by Landlord and notwithstanding that Landlord may have delivered to Tenant an unexecuted copy of this Lease. The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or an option for Tenant to lease or otherwise create any interest on the part of Tenant in the Premises.

42. ***Other Documents***. Each of the parties agrees to do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, documents and assurances as may be reasonably required or deemed advisable to carry into effect the purposes of this Lease, to perfect any lien or security interest granted in this Lease and for the better assuring and confirming of all of Landlord's rights, powers and remedies under this Lease.

43. ***Attorneys' Fees***. In the event of any judicial or other adversarial proceeding between the parties concerning this Lease, to the extent permitted by law, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other costs in addition to any other relief to which it may be entitled. In addition, Landlord shall, upon demand, be entitled to all attorneys' fees and all other costs incurred in the preparation and

service of any notice or demand hereunder, whether or not a legal action is subsequently commenced. For purposes of this Section 42, a party will be considered to be the "prevailing party" if (a) such party initiated the litigation and substantially obtained the relief which it sought (whether by judgment, voluntary agreement or action of the other party, trial, or alternative dispute resolution process), (b) such party did not initiate the litigation and either (i) received a judgment in its favor, or (ii) did not receive judgment in its favor, but the party receiving the judgment did not substantially obtain the relief which it sought, or (c) the other party to the litigation withdrew its claim or action without having substantially received the relief which it was seeking.

44. ***Entire Agreement***. This Lease and any other instruments or agreements referred to herein constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements except as herein provided. Without limiting the foregoing, Tenant specifically acknowledges that neither Landlord nor any agent, officer, employee or representative of Landlord has made any representation or warranty regarding the projected profitability of the business to be conducted on the Premises.

45. ***Forum Selection; Jurisdiction; Venue; Choice of Law***. This Lease shall be governed by the internal laws of the State of Arizona, without regard to its principles of conflicts of law. For purposes of any action or proceeding arising out of this Lease, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona. Tenant consents that it may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Tenant waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper.

46. ***Counterparts***. This Lease may be executed in one or more counterparts, each of which shall be deemed an original.

47. ***Memorandum of Lease***. Neither this Lease nor a memorandum thereof may be recorded.

48. ***No Brokerage***. Landlord and Tenant represent and warrant to each other that they have had no conversation or negotiations with any broker concerning the leasing of the Premises other than Michele Pino of Land Advisors ("Landlord's Broker") and Todd Noel of Colliers International ("Tenant's Broker"). Tenant shall be responsible for paying any and all applicable commissions or fees payable to Landlord's Broker and/or Tenant's Broker with respect to this Lease. Each of Landlord and Tenant agrees to protect, indemnify, save and keep harmless the other, against and from all liabilities, claims, losses, costs, damages and expenses, including attorneys' fees, arising out of, resulting from or in connection with their breach of the foregoing warranty and representation.

49. ***Waiver of Jury Trial and Punitive, Consequential, Special and Indirect Damages***. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM LANDLORD AND ANY OF LANDLORD'S AFFILIATES, OFFICERS, DIRECTORS, AGENTS, MEMBERS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY TENANT AGAINST LANDLORD OR ANY OF LANDLORD'S AFFILIATES, OFFICERS, DIRECTORS, AGENTS, MEMBERS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY TENANT OF ANY RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

50. ***Document Review***. In the event Tenant makes any request upon Landlord requiring Landlord or the attorneys of Landlord to review and/or prepare (or cause to be reviewed and/or prepared) any documents, plans,

specifications or other submissions in connection with or arising out of this Lease, then Tenant shall (x) reimburse Landlord upon demand therefor for all out-of-pocket costs and expenses incurred by Landlord in connection with such review and/or preparation, including, without limitation, reasonable attorneys' fees, and (y) pay Landlord a reasonable processing and review fee.

51. ***Agreement***. As stated in the preamble of this Lease, which are incorporated herein by reference, the provisions of the Agreement are not to be affected by the provisions of this Lease, and in the event of a conflict in the provisions, the provisions of the Agreement shall be binding and controlling.

52. ***Security Deposit***. Upon execution of this Lease, Tenant shall deposit with Landlord the Security Deposit, to be held as collateral security for the payment of Rent and for the faithful performance by Tenant of all covenants and conditions herein contained. If at any time during the Lease Term, any of the Rent herein reserved shall be overdue and unpaid, then Landlord may, at its option, appropriate and apply all or any portion of the Security Deposit to the payment of any such overdue Rent. In the event of the failure of Tenant to keep and perform any of the terms, covenants and conditions of this Lease to be kept and performed by Tenant, then Landlord at its option may appropriate and apply all or any portion of the Security Deposit, to compensate Landlord for loss or damage sustained or suffered by Landlord due to such breach on the part of Tenant. Should the entire Security Deposit, or any portion thereof, be appropriated and applied by Landlord, then Tenant shall, upon the written demand of Landlord, forthwith remit to Landlord a sufficient amount to restore said Security Deposit to the original sum deposited, and Tenant's failure to do so within thirty (30) days after receipt of such demand shall constitute a default under this Lease. Landlord shall refund the unapplied balance of the Security Deposit to Tenant within thirty (30) days following the termination of the Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the Effective Date.

TENANT:

HILLCREST ACADEMY, INC.,
an Arizona corporation

By _____
Printed Name: Ryan Christensen
Its: President and CEO

LANDLORD:

THE PARDES JEWISH DAY SCHOOL, INC., an Arizona nonprofit corporation

By _____
Printed Name DAN KRAVETS
Its TREASURER

EXHIBIT "A"

LEGAL DESCRIPTION OF PREMISES

3916 E. Paradise Ln., Phoenix, Arizona 85032

LOT 4, BELL ACRES, ACCORDING TO BOOK 43 OF MAPS, PAGE 4, RECORDS OF MARICOPA COUNTY, ARIZONA;

EXCEPT THE EAST 7.0 FEET; AND

EXCEPT THAT PART OF SAID LOT 4 DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID LOT 4 DISTANT 7.00 FEET FROM THE SOUTHEAST CORNER THEREOF;

THENCE WEST A DISTANCE OF 21.00 FEET ALONG SAID SOUTH LINE;

THENCE NORTHEASTERLY TO A POINT ON THE WEST LINE OF THE EAST 7.00 FEET OF SAID LOT 4 DISTANT 21.00 FEET FROM THE POINT OF BEGINNING;

THENCE TO THE POINT OF BEGINNING.

Also known as Maricopa County Tax Parcel Number: 214-33-007A