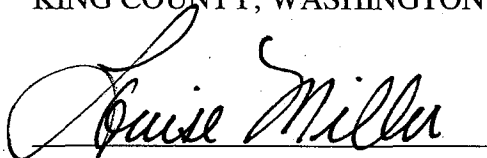


1 The rental rate will be based on operating costs, which are estimated to be \$60,504 for the
2 first year, with additional costs assessed for a repair and reserve fund which are estimated
3 to be not less than \$10,100 for the first year, adjusted annually based on actual expenses
4 and a schedule of maintenance set forth in the proposed lease.

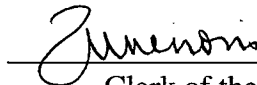
5 INTRODUCED AND READ for the first time this 29th day of June, 1998.

6 PASSED by a vote of 13 to 0 this 13th day of September, 1999.

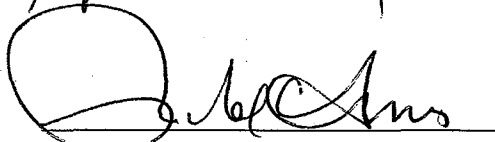
7 KING COUNTY COUNCIL
8 KING COUNTY, WASHINGTON

9 
10 Chair

11 ATTEST:

12 
13 Clerk of the Council

14 APPROVED this 17 day of September, 1999

15 
16 King County Executive

17 Attachments: A. Sobering Support Center Project History
18 B. Lease

Sobering Support Center/Safe Haven Project

Project History

- DASAS responded to Council proviso, initiates process for development of Master Plan in 1992

- Phase I Report, re: Chronic Public Inebriates, completed in February, 1993, adopted by Council in May, 1993

- Report recommended reconfigured array of services including "sobering services" be available county-wide

- DASAS submitted first McKinney application for sobering Support Center in May, 1993

- HUD notified DASAS in September, 1993 of application disapproval by extremely narrow scoring margin, encourages re-submittal and next funding cycle

- DASAS resubmitted McKinney application for Sobering Support Center in August, 1994. City of Seattle DHHS requests and facilitates collaborative submittal with Community Psychiatric Clinic Safe Haven application

- Council authorized Executive to reconfigure services for chronic public inebriates in September, 1994

- HUD notified DASAS of McKinney award in December, 1994

- DASAS initiated site selection and capital fund acquisition activities in January, 1995

- 1995 Appropriations Ordinance appropriates \$671,000 of CDBG funds as Housing Development set aside. Neither the ordinance or budget book contains detail regarding the ultimate distribution of these funds.

LEASE

THIS LEASE is made and entered into this ____ day of _____, 1999, by and between Safe Haven Associates, a Washington non-profit corporation ("Landlord") and King County, a home rule charter county organized under the laws of the State of Washington ("Tenant").

RECITALS

WHEREAS, Landlord owns the real property located at 1930 Boren Avenue and 1109 Virginia Avenue in Seattle, Washington, more particularly described on Exhibit A attached hereto (the "Property"); and

WHEREAS, the Property is or will be improved with a 2-story building with approximately 16,520 gross square feet (the "Building"); and

WHEREAS, Landlord desires to lease to Tenant, and Tenant desires to rent from Landlord that portion of the first floor of the Building (the "Premises") marked on the floor plan attached hereto as Exhibit A-1 and containing approximately 8260 square feet, in accordance with the terms and conditions of this Lease.

NOW, THEREFORE, the parties agree as follows:

1. PREMISES

1.1 Lease to Tenant. In consideration of the rents to be paid and the covenants and agreements hereinafter provided which Tenant hereby agrees to keep and perform, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises.

1.2 Title and Condition of Premises. Except as otherwise expressly provided herein, the Premises are leased to Tenant in their present condition and state of repair without representation or warranty of any kind by Landlord express or implied, and subject to (i) the existing condition of title, (ii) all applicable Legal Requirements (defined below) now or hereafter in effect, and (iii) all the covenants, terms and conditions of any and all presently existing agreements affecting the Premises, including, but not limited to Encumbrances (defined below). Tenant hereby accepts the Premises subject to all of the foregoing and without any representation or warranty by Landlord, express or implied in fact or by law and expressly without recourse to Landlord as to title to the Premises, the nature, the physical condition or suitability thereof. Prior to the Commencement Date, the parties shall inspect the Premises, have all systems demonstrated and prepare a punchlist. The punchlist shall list incomplete, minor or insubstantial details of construction; necessary mechanical adjustment and needed finishing touches. Landlord shall cause the punchlist items to be completed within a reasonable time, but not later than ninety (90) days after the Commencement Date. Any defect or damage will be noted by Landlord and Tenant prior to Tenant assuming occupancy. Tenant will not be held

responsible by Landlord for damage or defects identified as being present prior to Tenant's occupancy.

1.3 Construction Funding for Building. Landlord and Tenant acknowledge and agree that the Building will be constructed substantially in accordance with plans and specifications developed for the Project by Stickney and Murphy Architects. Landlord and Tenant have each received funding for acquisition of the Property and construction of the Building, all as set forth on Exhibit B attached hereto.

1.4 Lease Subject to Encumbrances. Tenant hereby accepts the Premises expressly subject and subordinate to existing regulatory agreements, covenants, conditions and restrictions, deeds of trust and mortgages encumbering Landlord's fee ownership interest in the Premises (collectively, the "Encumbrances"). Tenant hereby acknowledges the Encumbrances, and covenants that it will not take any action, or fail to take any action, if such act or failure to act would adversely affect Landlord in performing its obligations under the Encumbrances, including, without limitation, the provisions of the Encumbrances relating to use of the Premises, notices to be given, insurance required to be maintained, financial statements and reporting, rights with respect to insurance and condemnation proceeds, limitations on further encumbrances and alterations or modifications of improvements now or hereafter located on the Premises.

2. TERM.

2.1 Initial Term. The term of this Lease (the "Term") shall be for a period of thirty-four (34) years, unless sooner terminated as provided in this Lease, beginning on July 1, 1999 (the "Commencement Date").

2.2. Extension Terms. Tenant shall have the option to extend the term of this Lease for up to three (3) successive additional five (5) year terms on the same terms and conditions as the Initial Term. Tenant shall notify Landlord not less than 360 days prior to the end of the Term (as may have been extended) if Tenant wishes to exercise its option to extend the term of this Lease. Tenant may not exercise this option to extend if Tenant is in default hereunder. Following expiration of all Extension Terms, if Tenant wishes to continue to lease the Premises, Landlord shall consider in good faith Tenant's proposal to further extend this Lease. If, after consideration in good faith, Landlord does not agree to allow Tenant to further extend this Lease, then, for a period of three (3) years following expiration of the Lease Term, Tenant shall have a right of first refusal as provided in Section 2.3 below.

2.3 Right of First Refusal. Landlord hereby grants to Tenant the one-time right to purchase the Property upon the terms and conditions set forth in this Section 2.3. This Right of First Refusal shall be in existence throughout the Lease Term, as may be extended as provided above, and shall continue for a period of three (3) years following that date unless sooner terminated as provided below. Upon Landlord's receipt of any offer which Landlord is willing to accept for purchase of all or any portion of the Property from a bona fide third party or for conveyance of all or a portion of the Property to a partnership, corporation or entity other than Tenant (except an entity wholly owned by Tenant), then Landlord shall deliver to Tenant a copy

of such offer (hereafter "Offer to Purchase"). To exercise its right of first refusal, Tenant must give notice to Landlord within one hundred twenty (120) days after Tenant receives the copy of the Offer to Purchase. If Tenant fails to exercise its right of first refusal within the 120-day period, then this right of first refusal shall terminate and have no further effect with respect to such proposed sale and Landlord shall thereafter be free to sell the Property to the offeror specified in Landlord's notice on such terms and conditions as Landlord may deem appropriate free and clear of the restrictions of this Section 2.3. If the transaction with the party described in the Offer to Purchase does not close, then Tenant's right of first refusal would apply to any later offer received by Landlord through and until the end of the three year period described above. If Tenant does not purchase the Property, Tenant's rights under this Lease will not otherwise be affected.

(a) Reasonable Satisfaction of Terms and Conditions. The parties agree Tenant may accept the Offer to Purchase under this Section 2.3 by exercising its best good faith efforts to satisfy the terms and conditions of the offer. If the offer presented to Tenant involves an exchange of property owned by a third party or otherwise involves terms and conditions which may be reasonably met only by a third party, then Landlord shall accept Tenant's best good faith efforts to provide equivalent performance of the terms and conditions of any Offer to Purchase; provided, however that if an exchange or assignment for security of property owned by a third party is involved in the Offer to Purchase, then Landlord may elect between exchange or assignment of security of property by Tenant of comparable value and character or the cash equivalent of such performance as determined by appraisal.

(b) Deed and Closing. Unless the Offer to Purchase provides different terms, the following closing provisions shall apply upon the exercise by Tenant of its rights to acquire the Property or portion thereof under this Agreement:

(i) Deed. Landlord shall convey good and marketable title by statutory warranty deed, subject to all exceptions other than encumbrances which secure a monetary obligation.

(ii) Possession. Tenant shall be entitled to possession on the date of closing.

(iii) Prorations and Costs. Taxes for the current year, insurance, assessments, water and other utilities constituting liens shall be prorated as of the closing date. Landlord shall pay the real estate excise tax. Tenant and Landlord each shall pay one-half (1/2) of the escrow fees and other normal closing costs associated with the Property or portion thereof being conveyed customarily shared by buyers and sellers of real estate. At closing, Landlord at its cost shall cause a title insurance company reasonably acceptable to Tenant to issue to Tenant a standard coverage owner's policy, insuring title in the name of Tenant in the amount of the purchase price. Tenant at its election may obtain extended coverage. If it so elects, Tenant shall pay for the additional premium and for all survey and other costs associated with such additional coverage. Each party hereto shall pay for its own attorneys' fees, and for any other costs and

expenses incurred in connection herewith, except as may be expressly provided in this Agreement.

3. RENT.

3.1 Monthly Rent. Beginning on the Rent Commencement Date, Tenant covenants and agrees to pay to Landlord as rent for the Premises in advance on the first day of each calendar month during the term of this Lease without deduction, offset, prior notice or demand, in lawful money of the United States, one-twelfth (1/12) of the annual Rent, computed as set forth below. If the Lease termination date is not the last day of a month, a prorated monthly installment shall be paid at the then current rate for the fractional month during which the Lease terminates.

3.2 Computation of Rent. "Rent" means Tenant's proportionate share of all costs reasonably incurred by Landlord, properly chargeable against income in accordance with generally accepted accounting principles, including Real Property Taxes on the Property, all Common Area maintenance of the Building including common areas and building structural systems, including, without limitation, all plumbing, heating, air conditioning and ventilating, electrical and lighting facilities and equipment within the Building, interior walls, ceilings, windows and all sidewalks, landscaping, driveways, parking lots, fences, signs and other such items located in the areas which are included within the Property; all Building Structural Component maintenance, including roof and walls, a bi-annual inspection of the Building; Common Area sweeping and cleaning; all Common Area equipping, supplying, replacing, maintaining and repairing; to the extent not separately metered, gas, water and sewer, electricity; standard heating, cooling and ventilation; Common Area lighting; fire sprinkler phone and monitoring, painting, surfacing and striping; signs; planting and landscaping; wages, salaries, benefits and other costs relating to employees directly involved in on-site operations; property insurance; fees and charges of the annual audit and other third-party experts and consultants; together with fifteen percent (15%) above all costs for unanticipated expenses; together with a monthly contribution to reserves for repair and replacement in an amount reasonably determined by Landlord, after consultation with Tenant and after taking into account any other available funding for reserves, and in compliance with any requirements of Encumbrances and Contracts (defined below). An initial estimate of the projected replacement reserve is attached hereto as Exhibit D. The parties anticipate that this amount will be adjusted as the parties obtain more information about the actual expenses for replacements. Tenant may deposit a larger amount to the replacement reserve than the minimum required and if Tenant makes such deposits in excess of the minimum amount, Tenant's contribution shall thereafter be recomputed to take into account such payments. Landlord shall review and update the reserve account estimates no less frequently than once every five (5) years to assure that adequate maintenance funds are being set aside.

Tenant may enter into an agreement with Landlord for maintenance services related to the Premises based on Landlord's standard hourly rate for such services and upon such other terms and conditions as the parties mutually agree.

In addition to the Rent specified above, Tenant shall pay to the parties respectively entitled thereto all impositions, insurance premiums and any other charges, costs and expenses which arise or may be contemplated under any provisions of this Lease during the term hereof; provided, however, that where this Lease provides payment shall be in the form of reimbursement to Landlord, that procedure shall apply. All of such charges, costs and expenses shall constitute Additional Rent as described in Section 3.4 herein and upon the failure of Tenant to pay any of such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay Rent.

The reserve for repair, maintenance and replacement (to the extent not a capital expense) of the structural components of the Building shall be paid one-half by Landlord and one-half by Tenant. Landlord shall establish a separate reserve for the systems serving Tenant's space. Tenant shall fund the entire reserve for systems serving Tenant's space. These reserve accounts shall be held by Landlord, or, at Tenant's option, may be held by a third-party escrow account provider reasonably acceptable to Landlord at Tenant's expense. Landlord shall prepare any instructions to such third-party escrow provider on behalf of Landlord and Tenant. At the end of the Lease Term any remaining balance in the "SSC Only" reserve account and Tenant's portion of any common reserve account shall be refunded to Tenant.

3.3 Annual Reconciliation. Based upon the above expenses, Rent for the first year of operations (projected to commence July 1, 1999) is estimated to be \$69,095, as itemized in Exhibit G attached hereto, together with Tenant's contribution to the repair and replacement reserve, which shall be not less than \$18,691 for the first year, and may be a larger amount at Tenant's discretion. On or before June 1 of each year, Landlord shall deliver to Tenant a statement of the projected Rent for the next Fiscal Year setting forth in reasonable detail the basis for projected Rent. On or before the sixtieth (60th) day following the end of such Fiscal Year, Landlord shall deliver to Tenant a statement of Landlord's actual costs for such Fiscal Year. On or before the thirtieth (30th) day following Tenant's receipt of such statement, Landlord shall pay to Tenant or Tenant shall pay to Landlord, as appropriate, any difference between the Rent as reflected in the actual costs statement, and the Rent actually paid by Tenant for such Fiscal Year. For purposes of this Lease the term "Fiscal Year" means a one year period beginning on January 1 and ending on December 31.

3.4 Additional Rent. All amounts which Tenant is required to pay to Landlord pursuant to this Lease (other than Rent) shall constitute additional rent ("Additional Rent") whether or not the same be designated as Additional Rent. Tenant shall perform all its obligations under this Lease at its sole cost and expense, and shall promptly pay to Landlord all Additional Rent; provided that Landlord shall invoice Tenant with respect to such Additional Rent and Tenant shall have sixty (60) days to pay such Additional Rent to Landlord. Tenant shall also promptly pay to all third parties any other sums required to be paid by Tenant under this Lease, when the same shall be due and payable and in all event prior to delinquency, without notice or demand, deduction or offset, except as otherwise expressly provided in this Lease.

3.5 Definition of "Real Property Tax." As used in this Lease, the term "Real Property Tax" shall include any form of assessment, license fee, rent tax, levy, penalty, or tax

(other than inheritance, estate, net income or franchise taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government or any school, agricultural, lighting, drainage, street, or other improvement district thereof, whether such tax is (i) upon, allocable to or measured by the area of the Premises or the rental payable hereunder, including without limitation any gross income tax or excise tax levied by the state, any political subdivision thereof, city or federal government with respect to the receipt of such rental; or (ii) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (iii) upon or measured by the value of Tenant's personal property, equipment or fixtures located in the Premises; or (iv) upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises; or (v) whether or not now customary or within the contemplation of the parties. Landlord and Tenant agree that Landlord shall apply for a property tax exemption. If Landlord is able to obtain a property tax exemption, then Landlord shall exercise reasonable efforts to comply with the requirements of such exemption in order to keep the exemption in full force and effect during the Lease Term. If Landlord is not able to obtain such an exemption, or if Landlord obtains such an exemption and it is later withdrawn without negligence or fault of Landlord, then Real Property Taxes shall be paid by Landlord and Tenant as provided in paragraph 3.2 above.

4. COMMON AREAS.

4.1 Definitions. The phrase "Common Areas" means all areas and facilities outside the Premises that are provided and designated for general use and convenience of Tenant and Landlord and their respective officers, agents and employees, customers, and invitees. Common Areas include, but are not limited to, the stairs, the community conference room, the staff lounge, parking areas, pedestrian sidewalks, exterior security system, landscaped areas and driveway. Landlord reserves the right from time to time to make changes in the shape, size, location, number, and extent of the land and improvements constituting the Common Areas after giving notice to Tenant, provided that any such changes will not unreasonably interfere with Tenant's use of the Premises described in Section 6 hereof.

4.2 Maintenance. During the term of this Lease, Landlord shall operate, manage, and maintain the Common Areas so that they are clean and free from accumulations of debris, filth, rubbish, and garbage. The manner in which such Common Areas shall be so maintained, and the expenditures for such maintenance, shall be determined by Landlord after consultation with Tenant, and the use of the Common Areas shall be subject to such reasonable regulations as Landlord shall make from time to time, including (but not by way of limitation) the right to close, from time to time, if necessary, all or any portion of the Common Areas to such extent (i) as Landlord determines to be necessary or advisable for security purposes or (ii) as may be legally sufficient, in the opinion of Landlord's counsel, to prevent a dedication thereof or the accrual of rights of any person or of the public therein, or to close temporarily all or any portion of such Common Areas for such purposes; provided, however, that in no event shall such closure unreasonably interfere with the uses described in Section 6 herein.

4.3 Tenant's Rights and Obligations. Landlord hereby grants to Tenant, during the term of this Lease, the license to use, for the benefit of Tenant and its officers, agents, employees, customers, and invitees, in common with the others entitled to such use, the Common Areas as they from time to time exist, subject to the rights, powers and privileges herein reserved to Landlord. Storage, either permanent or temporary, of any materials, supplies or equipment in the Common Areas is strictly prohibited, except that normal and ordinary amounts of supplies for use of the conference rooms and staff lounge, such as coffee-making equipment, shall be permitted. Should Tenant violate this provision of the Lease and not cure such violation within fifteen (15) days after notice, then in such event, Landlord may, without notice to Tenant remove said materials, supplies or equipment from the Common Areas and place such items in storage, the cost thereof to be reimbursed by Tenant within ten (10) days from receipt of a statement submitted by Landlord. Failure of Tenant to pay these charges within ten (10) days from receipt of statement shall constitute a breach of this Lease. Tenant and its officers, agents, employees, customers and invitees shall park their motor vehicles only in areas designated by Landlord for that purpose from time to time by written notice to Tenant. Tenant shall not at any time park or permit the parking of motor vehicles, belonging to it or to others, so as to interfere with the pedestrian sidewalks, roadways, and loading areas, or in any portion of the parking areas not designed by Landlord for such use by Tenant. Tenant agrees that receiving and shipping of goods and merchandise and all removal of refuse shall be made only by way of the loading areas constituting part of the Premises. Tenant shall repair, at its sole cost, all damages to the Common Areas occasioned by its negligence or willful misconduct.

4.4 Construction. Landlord, while engaged in constructing improvements or making repairs or alterations in or about the Premises or in their vicinity, shall have the right to make reasonable use of the Common Areas; provided that such construction does not unreasonably interfere with the uses described in paragraph 6 herein.

5. TAXES, ASSESSMENTS AND UTILITIES; COMPLIANCE BY TENANT.

5.1 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes, if any, assessed against and levied upon leasehold improvements, fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. Tenant shall cause said leasehold improvements, trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

5.2 Utilities. Tenant shall pay prior to delinquency for all garbage, recycling, gas, heat, light, power, telephone, air conditioning and ventilating, janitorial, landscaping, and all other materials and utilities supplied to the Premises. Unless prohibited by cost, Landlord shall request installation of separate meters whenever allowed by the public utility involved. If any such services are not separately metered to Tenant, Tenant shall pay the amount shown on its meter or submeter or otherwise measured, as an itemized portion of Rent. Tenant shall pay for all telephone and such other services for the Premises for which Tenant shall have contracted. Landlord shall provide an accounting at least annually supporting costs included in Rent as described in Section 3 and additional costs assessed to Tenant. New costs to Tenant shall be expressly identified at least sixty (60) days prior to the payment date. Tenant shall receive a rent

credit of \$300 per year to compensate for utility expenses for the break room and conference room use by Landlord.

5.3 Compliance with Legal Requirements and Contracts. Tenant shall at its sole cost and expense comply with and perform all obligations with respect to (i) all applicable local, state and federal laws, ordinances and regulations, and other governmental rules, orders and determinations now or hereafter in effect, whether or not presently contemplated, applicable to the Premises, or its operation, use or possession (collectively "Legal Requirements"), including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, life safety, requirements, environmental compliance with respect to, among other things, the handling, manufacture, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances (defined below) and all other laws and regulations, whether presently existing or hereafter enacted, affecting the construction, use, occupancy and operation of the Premises, and (ii) the Encumbrances, together with all contracts (including insurance policies, to the extent necessary to prevent cancellation and to insure full payments of any claims made under such policies), covenants, conditions and restrictions and all other documents applicable to the Premises and its ownership, operation, use or possession, (collectively "Contracts"); which compliance shall include the making of any and all required physical alterations or structural changes to the Premises.

6. USE

6.1 Use. The Premises shall be used and occupied by Tenant for operation of a facility to provide shelter and case management and related support services to public inebriates and/or substance abusers, and for no other purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord and Tenant acknowledge and agree that the Encumbrances and the Contracts contain covenants imposing an obligation on Landlord to use the Property and the Premises for the public purposes specified therein. In the event that the required use is discontinued, Landlord may be in default under the Encumbrances and the Contracts and certain financial penalties and default remedies may be assessed against Landlord. Notwithstanding said obligation, Landlord and Tenant recognize and agree that circumstances may change during the term of this Lease that may affect the necessity, practicability or desirability of requiring Tenant to continue to use the Premises for the use set forth in this Section 6.1 and that such change of circumstances cannot be anticipated by either party at this time. Accordingly, the parties agree that if Tenant determines that it no longer needs or desires to use the Premises as set forth herein, Tenant will give Landlord notice thereof not less than 180 days prior to such proposed change in use. Tenant shall be responsible for obtaining the consent of the holders of the Contracts and Encumbrances to any such change in use. Tenant agrees to protect, defend, indemnify and hold harmless Landlord from and against any and all liability of Landlord under the Encumbrances and/or the Contracts arising from Tenant's failure to operate the Premises in accordance with the Encumbrances and the Contracts. Said indemnification shall constitute Landlord's sole remedy if Tenant fails to use the Premises for the use specified in this Section 6.1.

6.2 Condition of Premises. Tenant acknowledges that except for construction of the Building and related improvements described on Exhibit A-1 Landlord has not agreed to undertake any modification, alteration or improvement to the Premises. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and said building were at such time in satisfactory condition.

6.3 Uses Prohibited.

(a) Except for the permitted use described in Section 6.1, Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate or affect any fire or other insurance upon the Premises or the Building of which the Premises may be a part or any of its contents (unless Tenant shall pay any increased premium as a result of such use or acts), or cause a cancellation of any insurance policy covering said Premises or said building or any part thereof or any of its contents, nor shall Tenant sell or permit to be kept, used or sold in or about said Premises any articles which may be prohibited by a standard form policy of fire insurance.

(b) Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. In addition, Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation or requirement of duly constituted public authorities now in force or which may hereafter be enacted or promulgated.

6.4 Landlord's Use. Tenant acknowledges and agrees that Landlord will occupy the second floor of the Building for operation of the Safe Haven, a 20-unit facility for the purpose of providing short-term housing for homeless people with chronic mental illness.

7. MAINTENANCE, REPAIRS AND MODIFICATION

7.1 Maintenance Rights and Obligations. Landlord shall keep in good order, condition and repair the Building (of which the Premises are a part). If mechanical, electrical or other building systems as may be specified by Landlord from time to time require attention or repair, Tenant shall give written notice to Landlord specifying any problems needing such attention or repair. Landlord shall make repairs under this Section 7.1 within a reasonable time (not to exceed thirty (30) days) after receipt of written notice of the need for such repairs. Landlord shall make a plan for necessary repairs not less than three (3) days after receipt of written notice from Tenant and shall thereafter diligently pursue such repairs to completion.

7.2 Tenant's Obligations. Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a condition mutually agreed by Landlord and Tenant, taking into account the age of the building and the use to which the Premises has been

put during the Lease Term, provided that if Tenant and Landlord cannot agree then Landlord shall make such determination in Landlord's reasonable discretion. Tenant agrees to repair any damage to the Premises caused by or in connection with the removal of any articles of personal property, business or trade fixtures, machinery, equipment, cabinetwork, furniture, movable partition or permanent improvements or additions, including without limitation thereto, repairing the floor and patching and painting the walls where required by Landlord to Landlord's reasonable satisfaction, all at Tenant's sole cost and expense. Tenant shall indemnify the Landlord against any loss or liability resulting from delay by Tenant in so surrendering the Premises.

7.3 Modifications, Alterations and Additions.

(a) Tenant shall make no modifications, alterations, additions or improvements to the Premises or any part thereof without first obtaining the prior written consent of Landlord. As a condition to giving such consent, Landlord may require Tenant to remove any such modification, alteration, improvement or addition at the expiration of the Lease term and to restore the Premises to a condition mutually agreed by Landlord and Tenant, provided that if Tenant and Landlord cannot agree then Landlord shall make such determination in Landlord's reasonable discretion. All such modifications, alterations, additions and/or improvements shall be constructed in accordance with Landlord approved plans and specifications and by a contractor and under a construction contract, the terms and conditions of which have been approved by Landlord.

(b) Before commencing any work relative to the modifications, alterations, improvements or additions affecting the Premises, Tenant shall notify Landlord in writing of the expected date of commencement thereof. Landlord shall then have the right at any time and from time to time to post and maintain on the Premises such notices as Landlord reasonably deems necessary to protect the Premises and Landlord from mechanics' liens, materialmen's liens or any other liens. Any such modification, alteration, improvement or addition shall not decrease the value of the Premises, shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable Legal Requirements and the requirements of all insurance policies applicable to the Premises. Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant at or for use in the Premises.

(c) All such modifications, alterations, additions or improvements shall at the expiration or earlier termination of the Lease become the property of Landlord and remain upon and be surrendered with the Premises unless otherwise specified herein.

(d) All articles of personal property and all machinery and equipment, cabinetwork, furniture and movable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the property of Tenant and may be removed by Tenant at any time during the term of this Lease provided that Tenant shall, at its sole cost and expense, repair any damage to the Premises caused by such removal.

8. ENTRY BY LANDLORD. Landlord reserves and shall at any and all times (upon 24 hours prior notice, except in case of emergency, when no notice will be required) have the right to enter the Premises to inspect the same, to submit said Premises to prospective purchasers or tenants, or to post notices of non-responsibility. So long as Landlord's entering the Premises is reasonable and conducted in a professional manner, 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 thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in any emergency, in order to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed, or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

9. LIENS. Tenant shall keep the Premises and any building of which the Premises are a part free from any liens out of work performed, materials furnished, or obligations incurred by Tenant and shall indemnify, hold harmless and defend Landlord from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. In the event that Tenant shall not, within thirty (30) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith including attorneys' fees and costs shall be payable to Landlord by Tenant on demand as Additional Rent with interest at a rate of interest per annum equal to twelve percent (12%). Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper, for the protection of Landlord and the Premises, and any other party having an interest therein, from mechanics' and materialmen's liens.

10. INDEMNITY

10.1 Indemnity. Landlord and Tenant mutually agree that in any and all causes of action and/or claims, or third-party claims, arising under the terms of this Lease, or the activities, use and/or operation of the Premises, each party shall be responsible to the other party to the extent of each other's comparative fault in causing the alleged damages or injuries. Each party agrees to indemnify the other to the extent of the indemnitor and indemnitee's proportional share. As to any and all causes of action and/or claims, or third-party claims, arising under the sole fault of a party to the Lease, said party shall have a duty to defend, save and hold the other party harmless, and upon failure to do so, said party shall pay reasonable attorneys' fees, costs and expenses incurred by the other party to this Lease in defense of said claims or actions.