

LEASE

between

LA CAÑADA UNIFIED SCHOOL DISTRICT

and

**CHILD EDUCATIONAL CENTER, CALTECH/JPL
COMMUNITY**

LEASE

This Lease (“Lease”) is entered into as of July 1, 2018 between the **LA CAÑADA UNIFIED SCHOOL DISTRICT** (“Landlord”) and **CHILD EDUCATIONAL CENTER, CALTECH/JPL COMMUNITY** (“Tenant”).

RECITALS

A. Landlord is the owner of certain land, buildings, and improvements located in La Cañada, California, and more particularly described in attached Exhibit A (“Premises”).

B. Landlord desires to lease to Tenant and Tenant desires to lease from Landlord the Premises on the terms and conditions in this Lease.

OPERATIVE PROVISIONS

NOW, THEREFORE, for good and valuable consideration, Landlord and Tenant agree as follows:

1. LEASE

Landlord leases to Tenant and Tenant leases from Landlord the Premises on the terms and conditions in this Lease.

2. TERM OF LEASE

(a) The term of this Lease (“Term”) shall be for one (1) year commencing on July 1, 2018 (“Commencement Date”) and ending on June 30, 2019 unless sooner terminated pursuant to the terms of this Lease (“Termination Date”).

(b) In the event Landlord requires the use of the Premises for its own purposes, Landlord shall have the right to terminate this Lease during the Term by delivering to Tenant written notice of termination at least one (1) year prior to the Termination Date, during which time Tenant will have full use of the Premises.

(c) Tenant shall have the right to terminate this Lease during the Term by delivering to Landlord written notice of termination at least one (1) year prior to the Termination Date.

3. DELAY IN POSSESSION

(a) Except as set forth in Section 3(b), if for any reason Landlord fails to deliver or offer to deliver physical possession of the Premises to Tenant on or before the Commencement Date, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting from the failure to deliver possession, so long as Landlord has exercised, and continues to exercise, reasonable diligence to deliver possession; provided, however, that rent shall be abated until Landlord delivers physical possession of the Premises to Tenant. The Term shall not be extended by Landlord’s failure to deliver possession of the Premises to Tenant on the Commencement Date.

(b) Notwithstanding Section 3(a), if Landlord fails to deliver or offer to deliver physical possession of the Premises to Tenant on or before July 1, 2018 for any reason, Tenant may terminate this Lease by giving Landlord written notice of Tenant's election, in which case, this Lease shall be void and neither party shall have any further obligation or liability to the other, and Landlord shall return to Tenant any consideration given pursuant to this Lease.

4. RENT

(a) For the period commencing on the Commencement Date and ending June 30, 2019, the base monthly rental ("Base Monthly Rent," as adjusted from time to time), based on 16,803 square feet at \$2.51 per square foot, shall be **Forty-Two Thousand One Hundred Seventy-five and 53/100 Dollars (\$42,175.53)**. The Base Monthly Rent shall be payable in advance on the first day of each month at the following address: 4490 Cornishon, La Canada, California, or at another address that Landlord may from time to time designate by written notice to Tenant. All rental to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction or offset, prior to notice of demand at the address designated herein.

(b) Commencing on and after July 1, 2019, on the first day of July of each school year of the Term of the Lease ("Adjustment Date"), the Base Monthly Rent shall be adjusted to an amount equal to the greater of:

(i) the Base Monthly Rent in effect immediately prior to the Adjustment Date (without regard to any temporary abatement of rental then or previously in effect pursuant to the provisions of this Lease), or

(ii) the product obtained by multiplying the Base Monthly Rent (without regard to any temporary abatement of rental then or previously in effect pursuant to the provisions of this Lease) by a fraction, the numerator of which is the Index, as defined below, published nearest but prior to the Adjustment Date and the denominator of which is the Index published nearest but prior to the ~~Commencement~~ *immediate previous Adjustment* Date. No adjustment shall be less than three percent (3%) or greater than seven percent (7%) of the Base Monthly Rent for the previous Lease year. As soon as the adjusted Base Monthly Rent for each Lease year is established, Landlord shall give Tenant written notice of the amount of the adjusted rent. If the adjusted rent is not finally determined until after the Adjustment Date, Tenant nevertheless shall pay Landlord at the rate of the previous year's Base Monthly Rent, but only as a credit against the amount of the adjusted rental when finally determined. Tenant shall pay Landlord any balance due within thirty (30) days of Landlord's written notification to Tenant of the adjusted Base Monthly Rent.

(iii) The term "Index" as used in this Lease shall mean the Consumer Price Index for Urban Consumers, Los Angeles-Riverside-Orange Counties, California. All Items, 1984 = 100, published by the Bureau of Labor Statistics of the United States Department of Labor. If the Bureau of Labor Statistics revises the Index, Landlord and Tenant agree that the Bureau of Labor Statistics will be the sole judge of the comparability of successive indexes. If that agency, however, fails to supply indexes that it deems comparable, or if no succeeding index is published, Landlord and Tenant shall then negotiate to determine an appropriate alternative published price index. If they are unable to agree on an alternative index within thirty (30) days after the request to do so is made by one party to the other, then the parties shall refer the choice

of a successor index to arbitration in accordance with the rules of the American Arbitration Association with the expenses of arbitrators shared equally by Landlord and Tenant.

5. SECURITY DEPOSIT

Upon execution of this Lease, Tenant shall deposit with Landlord a security deposit in the amount of Zero Dollars (\$0) as security for Tenant's faithful performance of Tenant's obligations hereunder. This Security Deposit shall not be construed as an advance payment for any rental due under this Lease. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of the Security Deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Security Deposit, Tenant, within ten (10) days after written demand therefore, shall deposit cash with Landlord in an amount sufficient to restore the deposit to the full amount hereinabove stated, and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep the Security Deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, the Security Deposit, or so much thereof as has not theretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) at the expiration of the Term and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit.

6. USE OF PREMISES

(a) The Premises shall be used and occupied only for Tenant's conduct of its programs and related activities which are approved by Landlord and are within the provisions of the Conditional Use Permit for the property within which the Premises are located ("Property") and for no other purpose.

(b) Tenant shall not commit any acts upon the Premises, nor use the Premises in any manner which will increase the existing rates for or cause the cancellation of any fire, liability, or other insurance policy insuring the Premises or the improvements on the Premises. Tenant, at Tenant's own cost and expense, shall comply with all requirements of Landlord's insurance carriers which are reasonable and necessary for the continued maintenance at reasonable rates of fire and liability insurance policies on the Premises and the improvements on the Premises.

(c) Tenant shall not commit any waste or any public or private nuisance upon the Premises.

(d) Tenant, at Tenant's sole cost and expense, shall promptly and faithfully observe and comply with all statutes, ordinances, rules, regulations, orders, restrictions of record, requirements and enactments of governmental entities (including but not limited to municipal, county, state and federal governments and their departments, bureaus, boards, commissions and offices) now in force or which may hereafter be in force, pertaining to the Premises, to the uses made thereof, and to the conduct of any and all activities and operations permitted to be conducted by Tenant, including payment of all taxes, if any, owing as a result of operating an educational facility on the Premises.

7. PLAYING FIELDS, PARKING AND COMMON AREAS

(a) Tenant, together with other tenants of the Property, shall have non-exclusive use of any playing fields and tennis courts located adjacent to the Property. Tenant acknowledges that Tenant is aware of Landlord's agreement with the City of La Cañada Flintridge that the public shall have free access to the playing fields and tennis courts when such fields and facilities are not needed for school use. Tenant agrees to notify Landlord of any school use, which falls outside of the normal school hours.

(b) Landlord covenants that the common areas and the parking areas of the Property shall be available for the non-exclusive use of Tenant during the full Term of this Lease, provided that the condemnation or other taking by any public authority, or sale in lieu of condemnation, of any of the common and parking areas shall not constitute a violation of this covenant. Tenant shall have exclusive use of the parking spaces designated to the Tenant. This Lease shall be subordinate to any recorded agreement existing as of the date of this Lease, except that Landlord hereby represents to Tenant that no such agreement exists that is inconsistent with or that interferes with tenant's rights under this Lease. Landlord also grants to Tenant a nonexclusive license for ingress, egress and use of the access road parking lot located to the West of the Premises which shall be irrevocable during the term of this Lease, except that landlord shall have the right to the exclusive use of such parking lot upon 24 hours notice to Tenant for Landlord's special events. Twenty-eight (28) spaces in the Central Oak Grove parking lot and sixteen (16) spaces in the East Oak Grove parking lot shall be marked for the exclusive use by Tenant, with such marked spaces located in their current as of the parties' execution of this Lease.

(c) Landlord shall keep or cause to be kept automobile parking and common areas in a neat, clean, and orderly condition, properly lighted and landscaped, and shall repair any damage to their facilities.

(d) Tenant, in the use of the common and parking areas, agrees to comply with such reasonable rules and regulations as Landlord may adopt from time to time for the orderly and proper operation of the common and parking areas.

8. UTILITIES

(a) Landlord shall furnish to the Premises water, gas, and electricity suitable for the intended use of the Premises, heat required in Landlord's judgment for the comfortable use and occupancy of the Premises, and rubbish removal.

(b) Tenant shall pay for all public and other utilities and related services rendered or furnished to the Premises throughout the Term, including, but not limited to, water, hot water, gas, electricity, telephone, heat, light, sewer, refuse, or garbage collection or disposal, and related connection charges or deposits. If one or more of these utilities or related services is supplied to the Premises as well as to other tenants within the Property without being individually metered or measured to the Premises, Tenant's proportionate share of the cost shall be determined by Landlord, on the cost of the utilities provided to all tenants of the Property divided by the total number of leasable square feet multiplied by the total number of square feet within the Premises.

(c) Landlord shall maintain the necessary mains, fire line meters, conduits, wires, and cables to bring utilities to the Premises.

(d) Payment for any utilities used by Tenant and furnished by Landlord shall be monthly (or at the Landlord's option, quarterly) and within ten (10) days of the presentation of bills by Landlord to Tenant.

(e) Landlord shall not be liable in damages, consequential or otherwise, nor shall there be any rent abatement, arising out of any interruption in utility services due to fire, accident, strike, governmental authority, acts of God, or other causes beyond the reasonable control of Landlord or any temporary interruption in this service necessary to making alterations, repairs, or improvements to the Property or any part of it.

(f) Landlord may discontinue, upon notice to Tenant, any of the utilities or services furnished to the Premises for which Tenant fails to pay as provided hereinabove, if Tenant does not cure such failure after notice and the cure period set forth in Section 24 below, and no such discontinuance shall be deemed an actual or constructive eviction.

9. ASSESSMENTS AND TAXES

(a) Pursuant to California Revenue and Taxation Code section 107.6 the Tenant is hereby notified that the property interest created by this Lease may create a possessory interest subject to property taxation and if created, the Tenant may be subject to property taxes levied on the interest. It is the duty of the Tenant to contact the Los Angeles County Assessor's Office to determine the payment or exemption of payment for such taxes.

(b) At the Commencement Date of this Lease, the Landlord is aware of no taxes in lieu of real estate taxes, and assessments levied upon the Property including the parking and common areas of the Property (collectively, "Other Assessments"). However, if the

Premises become subject to Other Assessments Tenant shall pay to Landlord Tenant's pro rata share of any such Other Assessments in addition to all rental due under this Lease. This amount shall be payable within ten (10) days after receipt of a semi-annual statement to be sent by Landlord to Tenant setting forth the amount of the Other Property Taxes based upon the actual tax bill received by Landlord. In the event the Tenant defaults with respect to its obligations, the Landlord, at Landlord's option, shall have the right to estimate the amount of taxes next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated tax obligation, as set forth in Section 13(b).

(c) If the Premises are not separately assessed, Tenant's pro rata share of the Other Assessments shall be determined by multiplying the Other Assessments for the Property by the ratio that the gross square feet within the Premises bears to the total gross leasable square feet of the Property.

(d) Any Other Assessments for the year in which this Lease commences or ends shall be apportioned and adjusted based upon the number of months or portions of months in which Tenant occupies the Premises. With respect to any assessment that may be levied against or upon the Premises and which, under the laws then in force, may be evidenced by improvement or other bonds, payable in annual installments, only the annual payments on the assessment shall be included in computing Tenant's obligation for taxes and assessments.

(e) The term "Other Assessments" as used herein shall be deemed to mean all taxes imposed upon the real property and permanent improvements constituting the Premises and all assessments levied against the Property, including any form of assessment, license fee, commercial rental tax, levy, penalty, or tax 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 or other improvement district thereof) against any legal or equitable interest of Landlord in the Premises or in the Property or against Landlord's right to rental income therefrom, or any tax imposed in substitution, partially or totally, of any tax previously included within the definition of Other Assessments, but shall not include personal income taxes, personal property taxes, inheritance taxes, or franchise taxes levied against Landlord, but not directly against the Property, even though these taxes shall become a lien against the Property.

(f) Tenant shall pay to Landlord all excise, privilege, and other taxes, if any, other than net income and estate taxes levied or assessed by any federal, state, or local authority upon the rent received by Landlord under this Lease, and Tenant shall bear any business tax imposed upon Landlord by any governmental authority that is based or measured in whole or in part by amounts charged or received by Landlord from Tenant under this Lease.

10. PERSONAL PROPERTY TAXES

During the Term, Tenant shall pay all taxes assessed against and levied upon fixtures, furnishings, equipment, and all other personal property of Tenant contained in the Premises prior to delinquency, and when possible Tenant shall cause these fixtures, furnishings, equipment, and other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's fixtures, furnishings, equipment, and other personal property is assessed and taxed with Landlord's real property, Tenant shall pay to Landlord Tenant's share of the taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of the taxes applicable to Tenant's property.

11. CONDITION OF PREMISES

Tenant acknowledges that as of the date of this Lease, Tenant has inspected the Premises and all improvements on the Premises and accepts the Premises and improvements in their current condition.

12. REPAIRS AND MAINTENANCE

(a) Tenant shall, at Tenant's sole expense, keep and maintain the Premises, including, interior walls, ventilation systems, operating systems, sidewalks, fire sprinklers, alarms, all windows (interior and exterior), window frames, plate glass and glazing, interior doors, plumbing, (such as water and drain lines, sinks, toilets, faucets, drains, and water fountains), interior electrical hardware (such as outlets, and lighting fixtures, including lamps, bulbs, tubes, and ballasts), and routine maintenance for heating and air conditioning systems, interior surfaces of the Premises, door mechanisms, latches, locks, skylights (if any), fire extinguishing systems and equipment, and all other interior improvements of any nature whatsoever, all exterior improvements made by Tenant, including, but not limited to, lighting, signs, fountains, waterways, drains, and landscaping which are part of or adjoin the Premises. Tenant will keep such items in good, clean condition and repair, including, without limitation, replacing such items as needed, and deliver to Landlord physical possession of the Premises at the termination of this Lease or any sooner expiration thereof, in good condition and repair, reasonable wear and tear excepted. All repairs and replacements required of Tenant shall be promptly made with new materials of like kind and quality. Tenant shall first obtain Landlord's written approval of the scope of the work, the plans for the work, the materials to be used, and the contractor hired to perform the work. If any of the above maintenance responsibilities jointly

apply to Tenant and other tenant(s) of Landlord where there is common usage with other tenant(s), such maintenance responsibilities and charges shall be performed by Landlord, and Tenant shall reimburse Landlord as Additional Rent the cost of such maintenance responsibilities and charges as allocated to the Premises by square footage or other equitable basis as calculated and determined by Landlord.

(b) If at any time during the Term Tenant fails to maintain the Premises, or make any repairs or replacements as required by this Section, Landlord shall have the right to, but shall not be required to, enter the Premises after ten (10) days' prior written notice to Tenant, and perform the maintenance or make the repairs or replacements, as the case may be. Any sums expended by Landlord in doing so, together with interest at the lesser of ten percent (10%) per annum or the highest rate allowed by law, shall be deemed Additional Rent and shall be due from Tenant together with Tenant's next rental installment.

(c) Except for Landlord's obligations under this Lease, Tenant waives the provisions of Civil Code §§ 1941 and 1942 and any other law which applies to residential leases that would require Landlord to maintain the Premises in a tenantable condition or would provide Tenant with the right to make repairs and deduct the cost of those repairs from the rent.

(d) Tenant agrees that it shall be responsible for and shall repair promptly or replace, as necessary, any part or portion of the building foundation, the exterior walls, and the exterior roof of the Premises, which repair or maintenance arises out of or results from the actions of Tenant or any of Tenant's contractors, employees, licensees, invitees, or agents. Landlord, at its sole expense, shall maintain the building foundation, the exterior walls, and the exterior roof of the Premises, and shall correct plumbing, heating, or electrical problems which

affect the whole plant of which the Premises are a part, but Landlord shall not be responsible for any repairs to or maintenance to the building foundation, exterior walls, or exterior roof caused by or resulting from the actions of Tenant or any of Tenant's contractors, employees, licensees, invitees, or agents, but not the interior plumbing or interior electrical problems of the Premises. Landlord shall not be required to maintain windows, doors or the interior surface of exterior walls. Landlord shall provide maintenance and repairs of access road, parking lots, sidewalks and passageways, except those areas included and described within the Premises.

13. IMPOUND FOR ADDITIONAL RENT

(a) All utilities charges, taxes, common area charges, and other costs and expenses payable under this Lease by Tenant (together with any late charge or interest which may accrue if Tenant fails to pay such charges timely) and all damages, costs, and expenses which Landlord incurs by reason of Tenant's default, shall be deemed "Additional Rent." In the event of Tenant's nonpayment of Additional Rent, Landlord shall have all the same rights and remedies as Landlord has for the nonpayment of Base Monthly Rent. The terms "Rental" and "Rent" as hereinafter used in this Lease shall mean and include Base Monthly Rent and Additional Rent.

(b) If the Tenant defaulted, Landlord and Tenant agree that Landlord may estimate Tenant's Additional Rent for a period not more than twelve (12) months in advance, and may collect and impound Tenant's estimated share of Additional Rent in advance on a monthly or quarterly basis. On or before March 15th of each year, Landlord shall prepare and provide to Tenant a reconciliation of Tenant's account for the twelve (12) month period ending the preceding January 1st. The reconciliation shall set forth in reasonable detail the costs and

expenses paid by Landlord, and shall include a computation as to Tenant's pro rata share. If Tenant has overpaid Tenant's share of the estimated Additional Rent, Landlord shall accompany the reconciliation with a refund of the overpayment, and if an underpayment occurs, Tenant shall pay to Landlord the underpayment within thirty (30) days after receipt of the reconciliation.

14. IMPROVEMENTS AND STRUCTURAL CHANGES

No repairs, additions, improvements or structural changes shall be built, constructed or made to or upon the Premises or the Property by Tenant without the prior written consent of Landlord. Such consent shall not be unreasonably withheld.

15. STORAGE

Tenant agrees that Tenant shall not use the Premises or the Property for storage or warehousing of materials or other vehicles unrelated to educational purposes.

16. ASSIGNMENT AND SUBLETTING

Tenant shall not assign, sublease or hypothecate this Lease or the leasehold estate created hereby without the written consent of Landlord first obtained, which consent shall not be unreasonably withheld. Any such assignment, sublease or transfer without the written consent of Landlord shall be null and void and shall be cause of cancellation of this Lease by Landlord at Landlord's option. This provision against assignment, sublease and hypothecation shall be deemed to be a continuing condition and shall apply not only to Tenant but to any and all assignees and subtenants of the Premises, and to anyone who may, in any manner, acquire any interest therein. Should Landlord consent to such assignment, sublease or transfer, Tenant shall not be relieved of any of the liabilities and obligations of Tenant hereunder.

Any such assignment or sublease shall be in writing and any assignees or subtenants shall expressly assume and agree to perform all of the terms, covenants and conditions of this Lease on the part of Tenant to be performed, and taking of possession by any such assignee or subtenant shall be deemed to constitute the assumption by said assignee or subtenant of the terms, covenants and conditions of this Lease on the part of Tenant to be performed and the agreement of such assignee or subtenant to assume and perform the same.

17. INDEMNITY

(a) Tenant agrees to indemnify, defend and hold Landlord, and Landlord's employees, agents, and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments, including, but not limited to, attorney fees and costs, arising by reason of any death, bodily injury, personal injury, or property damage resulting from: (i) any cause of negligence or willful misconduct occurring in or about or resulting from an occurrence of negligence or willful misconduct in or about the Premises during the Term, (ii) act, work, or things done or permitted to be done or otherwise suffered, or any omission to act, in or about the Premises by Tenant or by any of Tenant's agents, officers, directors, employees, contractors, licensees, students, or invitees, (iii) the negligence or willful misconduct of Tenant or Tenant's agents, employees, students, invitees, licensees, contractors, and subcontractors, wherever it occurs, or (iv) an Event of Default by Tenant. The provisions of this Section 17(a) shall survive the expiration or sooner termination of this Lease.

(b) Except as otherwise provided in this Lease, Landlord shall not be liable to Tenant, nor shall Tenant be entitled to terminate this Lease or to any abatement of rent for any damage to Tenant's property or any injury to Tenant or any of Tenant's employees, agents,

students, or invitees, or loss to Tenant's business arising out of any cause, other than Landlord's sole negligence or willful misconduct, including, but not limited to, (i) the failure, interruption, or installation of any heating, air conditioning, or ventilation equipment; (ii) the failure, interruption, or installation of any fire sprinkler or alarms; (iii) the loss or interruption of any utility service; (iv) the failure to furnish or delay in furnishing any utilities or services; (v) the limitation, curtailment, rationing, or restriction on the use of water or electricity, gas or any other form of utility; (iv) vandalism, malicious mischief, or the forcible entry by unauthorized persons or the criminal act of any person; or, (vii) seepage, flooding, or other penetration of water into any portion of the Premises. The provisions of this Section 17(b) shall survive the expiration of sooner termination of this Lease.

18. INSURANCE

(a) Landlord agrees at all times during the Term to purchase and keep in force policy(ies) of insurance covering: (i) loss or damage to the Premises by reason of fire (extended coverage), flood, systems breakdown and those perils included within the classification of "all risks" insurance (with sprinkler damage and other appropriate endorsements), which insurance shall be in the amount of the full replacement value of the Premises as determined by insurance company appraisers or Landlord's insurance broker; (ii) Landlord's liability insurance; and, (iii) rental income insurance in the amount of one hundred (100%) percent of up to twelve (12) months' Base Monthly Rent (plus sums paid during such period as additional rent). Such coverage shall exclude routine maintenance and repairs and incidental damage or destruction caused by accidents or vandalism for which Tenant is responsible under this Lease. In the event the Tenant defaults in Tenant's insurance requirements, Tenant agrees to pay Landlord as Additional Rent in accordance with Section 13 of this Lease the cost of such insurance coverage,

or, if Tenant does not lease the entire Property, Tenant's proportionate share of the cost of such insurance coverage which shall be allocated during the Term to the Premises by square footage or other equitable basis as calculated and determined solely by Landlord or Landlord's insurance broker. If such insurance cost is increased due to Tenant's particular use of the Premises, Tenant agrees to pay to Landlord the full cost of such increase. Tenant shall have no interest in or any right to the proceeds of any insurance procured by Landlord for or with respect to the Premises, except for amounts specifically designated by the carrier as compensation for (i) tenant improvements installed and paid for by Tenant; (ii) Tenant's furniture, fixtures, and equipment; or, (iii) Tenant's moving or relocation costs.

(b) At all times during the Term, Tenant, at its sole expense, shall procure and maintain the following types of insurance:

(i) *General Liability and Workers' Compensation Insurance.* Tenant shall, at Tenant's expense, obtain and keep in force a policy of workers' compensation insurance and a policy of commercial general liability insurance with Broad Form Liability, and cross-liability endorsements, insuring Landlord and Tenant against any liability arising out of the use or occupancy of the Premises and all areas appurtenant thereto, including parking areas. Such insurance shall be in an amount of not less than \$1,000,000 per occurrence and \$3,000,000 annually in the aggregate for all claims; provided, however, that Tenant shall have the right to satisfy any coverage limit in excess of \$1,000,000 by virtue of umbrella. Such policy shall insure performance by Tenant of the indemnity provisions of Section 17 hereof.

(ii) *Insurance for Tenant's Personal Property, Fixtures and Equipment.* Tenant shall, at Tenant's expense, obtain and keep in force an "all risk" insurance

policy with a sprinkler damage endorsement for Tenant's personal property, inventory, alterations, fixtures, equipment, plate glass, and leasehold improvements located on the Premises, in an amount not less than one hundred percent (100%) of their actual replacement value, providing coverage for risk of direct physical loss or damage, including sprinkler leakage, vandalism, and malicious mischief. The proceeds of such insurance, so long as the Lease remains in effect, shall be used to repair or replace the personal property, inventory, alterations, fixtures, equipment, and leasehold improvements so insured. Provided such proceeds are applied as set forth in this Section 18(b)(ii), any insurance proceeds received by Tenant under such policy shall be the sole property of Tenant, and Landlord shall have no rights thereto.

(c) Each policy of insurance required to be carried by Tenant shall be issued by a responsible insurance company authorized to do business in California with an A.M. Best rating of at least A-, shall be issued in the name of Tenant, and with respect to Tenant's commercial general liability coverage shall name as an additional interest Landlord and any beneficiary under any deed of trust covering the Premises, if required by the deed of trust, as their respective interests may appear. Tenant shall deliver a certificate for each insurance policy to Landlord with all relevant endorsements. Each policy of insurance shall be primary and noncontributory with any policies carried by Landlord, to the extent obtainable, shall provide that any loss shall be payable notwithstanding any act or negligence by Landlord or any of Landlord's agents, employees, or contractors that might otherwise result in forfeiture of insurance, shall contain a cross-liability endorsement, and shall contain a severability clause. Each insurance policy shall provide that a thirty (30) day notice of cancellation and of any material modification of coverage shall be given to all named insureds. The insurance coverage provided under this Section may be carried by Tenant under a blanket policy insuring other

locations of Tenant's business, provided that the Premises are specifically identified as included under that policy. Tenant agrees that upon failure to insure as provided in this Lease, or to pay the premiums in the insurance, Landlord may contract for the insurance and pay the premiums, and all sums expended by Landlord for the insurance shall be considered Additional Rent under this Lease and shall be repayable immediately by Tenant.

(d) At all times during the Term, Tenant agrees to keep and maintain, or cause Tenant's agents, contractors, or subcontractors to keep and maintain, workers' compensation insurance and other forms of insurance as may from time to time be required by law or may otherwise be necessary to protect Landlord and the Premises from claims of any person who may at any time work on the Premises, whether as a servant, agent, or employee of Tenant or otherwise. This insurance shall be maintained at the expense of Tenant or Tenant's agents, contractors, or subcontractors and not at the expense of Landlord.

(e) Landlord agrees that it will tender and turn over to Tenant or to Tenant's insurers the defense of any claims, demands, or suits instituted, made, or brought against Landlord or against Landlord and Tenant jointly, within the scope of this Section 18. However, Landlord shall have the right to approve the selection of legal counsel, to the extent that selection is within Tenant's control, which approval shall not be unreasonably withheld or delayed. In addition, Landlord shall retain the right at Landlord's election to have Landlord's own legal counsel participate as co-counsel, to the extent that claims are made that may not be covered by Tenant's insurers.

(f) The parties hereto release each other, and their respective agents and employees, from any liability for injury to any person or damage to property that is caused by or

results from any risk insured against under any valid and collectible insurance policy carried by either of the parties which contains a waiver of subrogation by the insurer and is in force at the time of such injury or damage. However, neither party shall be released from any such liability to the extent any damages resulting from such injury or damage are not covered by the recovery obtained from such insurance. This release shall be in effect only so long as the applicable insurance policy contains a clause to the effect that this release shall not affect the right of the insured to recover under such policy. Each party shall use reasonable efforts to cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against the other party and its agents and employees in connection with any injury or damage covered by such policy. However, if any insurance policy cannot be obtained with a waiver of subrogation, or if such waiver of subrogation is only available at additional cost and the party for whose benefit the waiver is going to be obtained does not pay such additional cost, then the party obtaining such insurance shall notify the other party of that fact and thereupon shall be relieved of the obligation to obtain such waiver of subrogation rights from the insurer with respect to the particular insurance involved.

19. DAMAGE OR DESTRUCTION

(a) Partial Damage – Insured

Subject to the provisions of Sections 19(c), 19(d) and 19(e), if the Premises are damaged and such damage was caused by a casualty fully covered under an insurance policy maintained by Landlord, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect, but Landlord shall not repair or replace Tenant's fixtures, equipment or tenant improvements.

(b) Partial Damage – Uninsured

Subject to the provisions of Sections 19(c), 19(d) and 19(e), if the Premises are damaged at any time during the Term, except by a sole negligent or willful act of the Tenant (in which event Tenant shall make the repairs at Tenant's expense) and such damage was caused by a casualty not covered or only partially covered under an insurance policy maintained by Landlord, and provided further that the Landlord is in full compliance with the provisions of Section 18 regarding Landlord's insurance coverage obligations. Landlord may at Landlord's option either (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within fifteen (15) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such 10-day period, this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

(c) Damage Exceeding 50%

If 50% or more of the square footage of the Premises are damaged by fire or other casualty, either Landlord or Tenant, by giving written notice to the other party within fifteen (15) days after the occurrence, may terminate this Lease as of the date of the occurrence.

(d) Other Cause for Termination

If by reason of any laws, ordinances or regulations then in effect, the damaged Premises cannot be repaired or restored as a structure of the same class, then Landlord or Tenant, at any time within fifteen (15) days after the happening of such casualty, may terminate this Lease as of the date of the occurrence of such damage by delivering written notice to the other party. In the event of any damage hereunder, regardless of extent, which shall be estimated by Landlord's architect or contractor to require more than one hundred eighty (180) days to repair to its condition immediately prior to the casualty, Tenant shall have the option to terminate this Lease by written notice to Landlord within thirty (30) days of such determination.

(e) Abatement

In the event this Lease does not so terminate, then, during such time as the Premises or any part thereof are rendered unusable by Tenant on account of such casualty, the Rent as provided in this Lease shall be reduced by the same percentage that the area so rendered unusable bears to the total area of the Premises.

(f) Limitation of Liability

In no event shall Landlord be liable to Tenant for any damages resulting to Tenant for the happening of any such fire or other casualty, or from the repair or reconstruction of the Premises, or from the termination of this Lease as herein provided, nor shall Tenant be released thereby or in any such event from any of Tenant's obligations hereunder, except to the extent and upon the conditions expressly stated in this Section 19.

20. LANDLORD'S ENTRY FOR INSPECTION AND MAINTENANCE

Landlord reserves the right to enter the Premises at reasonable times and without notice for the purpose of examining or inspecting the Premises, making necessary repairs therein or obtaining ingress or egress to or from any other part of the Property, and Tenant agrees to let Landlord do so.

21. TRADE FIXTURES

(a) Tenant shall have the right, at any time and from time to time during the Term, at Tenant's sole cost and expense, to install and affix on the Premises items for use in Tenant's trade or business, (collectively, "Trade Fixtures"). Trade Fixtures installed in the Premises by Tenant shall remain the property of Tenant and may be removed at the expiration of the Term, provided that the damage to the Premises caused by the removal of the Trade Fixtures shall be repaired by Tenant, and further provided that Landlord shall have the right to keep any Trade Fixtures or to require Tenant to remove any Trade Fixtures that Tenant might otherwise elect to abandon.

(b) Any Trade Fixtures that are not removed from the Premises by Tenant within thirty (30) days after the Termination Date shall be deemed abandoned by Tenant and shall automatically become the property of Landlord as owner of the Property to which they are affixed.

(c) Landlord reserves the right to set fees and rental rates for any modular units placed on Landlord's property.

22. SIGNS

Tenant shall not place, maintain, or permit on any exterior door, wall, or window of the Premises any sign, awning, canopy, marquee, or other advertising without the express written consent of Landlord. Furthermore, Tenant shall not place any decoration, lettering, or advertising matter on the glass of any exterior window of the Premises without the written approval of Landlord. If Landlord consents to any sign, awning, canopy, marquee, decoration, or

advertising matter, Tenant shall maintain it in good appearance and repair at all times during this Lease. At the Termination Date, any of the items mentioned in this section that are not removed from the Premises by Tenant may, without damage or liability, be destroyed by Landlord. Notwithstanding the foregoing, the provisions of this Article 22 shall not be applicable to any signs, decorations or lettering installed by Tenant in the ordinary course of the operation of the Premises as a school. No new signage to be added without permission of Landlord.

23. EMINENT DOMAIN

(a) If at any time during the Term, Tenant is deprived of the Premises, any part thereof or any interest therein by condemnation or like proceedings or sold under the threat of the exercise of such power, this Lease and each and all of the obligations of Tenant herein shall terminate proportionately with the portion of the Premises so taken but shall remain in full force and effect as to the remainder of the Premises. Landlord shall be entitled to any and all income, rent, award or any interest herein whatsoever which may be paid or made in connection with such condemnation or threat of the exercise of such power, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums; provided however, that nothing in this Section 23(a) shall be construed to deprive Tenant of any right it may have to compensation or damages for Tenant's fixtures, personal property or relocation expenses.

(b) Notwithstanding the provisions of Section 23(a), if, as a result of any such condemnation or conveyance in lieu thereof, the Premises can no longer be used for the purposes contemplated hereby, Tenant may terminate this Lease as of the date the Premises can no longer be used. In the event of a termination pursuant to this Section 23(a), Tenant shall not be entitled

to receive compensation for the unexpired term of this Lease and hereby assigns any interest or claim it may have therefore to Landlord.

24. DEFAULT

Any of the following events or occurrences shall constitute a material breach of this Lease by Tenant and, after the expiration of any applicable cure period, shall constitute an event of default (each an “Event of Default”):

(a) The failure by Tenant to pay any amount in full when it is due under the Lease; where such failure continues for ten (10) days after written notice thereof by landlord or Tenant;

(b) The failure by Tenant to perform any other obligation under this Lease, if the failure has continued for a period of thirty (30) days after Landlord demands in writing that Tenant cure the failure. If, however, by its nature the failure cannot be cured within ten (10) days, Tenant may have a longer period as is necessary to cure the failure, conditioned upon Tenant’s promptly commencing to cure within the thirty (30) day period and thereafter diligently completing the cure. Tenant shall indemnify and defend Landlord against any liability, claim, damage, loss, or penalty which may be threatened or may in fact arise from such failure during the period the failure is uncured;

(c) Any of the following: a general assignment by Tenant for the benefit of Tenant’s creditors; any voluntary filing, petition, or application by Tenant under any law relating to insolvency or bankruptcy, whether for a declaration of bankruptcy, a reorganization, an arrangement, or otherwise; the abandonment, vacation, or surrender of the Premises by Tenant

without Landlord's prior written consent; or the dispossession of Tenant from the Premises (other than by Landlord) by process of law or otherwise;

(d) The appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets; or the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, unless the appointment or attachment, execution, or seizure is discharged within thirty (30) days; or the involuntary filing against Tenant, or any general partner of Tenant if Tenant is a partnership, of

(i) a petition to have Tenant, or any partner of Tenant if Tenant is a partnership, declared bankrupt, or

(ii) a petition for reorganization or arrangement of Tenant under any law relating to insolvency or bankruptcy, unless, in the case of any involuntary filing, it is dismissed within sixty (60) days; or,

(e) The abandonment of the Premises by Tenant.

25. REMEDIES

Upon the occurrence of an Event of Default, each party shall have such rights as are provided within the terms of this lease and such other rights and remedies at law or in equity. The Landlord, in addition to any other rights or remedies available to Landlord at law or in equity, shall have right to:

(a) terminate this Lease and all rights of Tenant under this Lease by giving Tenant written notice that this Lease is terminated, in which case Landlord may recover from Tenant the aggregate sum of:

(i) the worth at the time of award of any unpaid Rent that had been earned at the time of termination;

(ii) the worth at the time of award of the amount by which (A) the unpaid Rent that would have been earned after termination until the time of award exceeds (B) the amount of the Rental loss, if any, as Tenant affirmatively proves could have been reasonably avoided;

(iii) the worth at the time of the award of the amount by which (A) the unpaid Rent for the balance the term after the time of the award exceeds (B) the amount of the Rental loss, if any, as Tenant affirmatively proves could have been reasonably avoided;

(iv) any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform Tenant's obligations or that, in the ordinary course of things, would be likely to result from Tenant's failure; and,

(v) all other amounts in addition to or in lieu of those previously set out as may be permitted from time to time by applicable California law.

As used in clauses (i) and (ii) of Section 25(a), the worth at the time of the award is computed by allowing interest at the rate of ten percent (10%) per annum. As used in clause (iii) of Section 25(a), the worth at the time of the award is computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus

one percent (1%). As used in this Section, the term Rent shall include Base Monthly Rent, Additional Rent, and any other payments required by Tenant under this Lease.

(b) continue this Lease, and from time to time, without terminating this Lease, either:

(i) recover all Rent and other amounts payable as they become due or

(ii) relet the Premises or any part on behalf of Tenant on terms and at the Rent that Landlord, in Landlord's sole discretion, may deem advisable, all with the right to make alterations and repairs to the Premises, at Tenant's cost, and apply the proceeds of reletting to the Rent and other amounts payable by Tenant. To the extent that the Rent and other amounts payable by Tenant under this Lease exceed the amount of the proceeds from reletting, the Landlord may recover the excess from Tenant as and when due.

(c) Upon the occurrence of the Event of Default, Landlord shall also have the right, subject to applicable laws regarding forceable entry and detainer and due process, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises. Landlord may store the property removed from the Premises in a public warehouse or elsewhere at the expense and for the account of Tenant.

(d) None of the following remedial actions, alone or in combination, shall be construed as an election by Landlord to terminate this Lease unless Landlord has in fact given Tenant written notice that this Lease is terminated or unless a court of competent jurisdiction decrees termination of this Lease: any act by Landlord to maintain or preserve the Premises; any efforts by Landlord to relet the Premises; any re-entry, repossession, or reletting of the Premises;

or, any re-entry, repossession, or reletting of the Premises by Landlord pursuant to this Section 25. If Landlord takes any of the previous remedial actions without terminating this Lease, and if Landlord is entitled to terminate this lease. Landlord may nevertheless at any later time terminate this Lease by written notice to Tenant.

(e) If Landlord relets the Premises, Landlord shall apply the revenue from the reletting as follows: first, to the payment of any indebtedness other than the Rent due from Tenant to Landlord; second, to the payment of any cost of reletting, including without limitation finder's fees and leasing commissions; third, to the payment of the cost of any maintenance and repairs to the Premises; and fourth, to the payment of Rent and other amounts due and unpaid under this Lease. Landlord shall hold and apply the residue, if any, to payment of future amounts payable under this Lease as the same may become due, and shall be entitled to retain the eventual balance with no liability to Tenant. If the revenue from the reletting during any month, after application pursuant to the previous provisions, is less than the sum of (i) Landlord's expenditures for the Premises during that month and (ii) the amounts due from Tenant during that month, Tenant shall pay the deficiency to Landlord immediately upon demand.

(f) After the occurrence of an Event of Default, by Tenant, Landlord, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Event of Default by Tenant for the account at the expense of Tenant. However, Landlord, by ten (10) days' written notice, must first allow Tenant a reasonable opportunity to cure, except in cases of emergency, where Landlord may proceed without prior notice to Tenant. Tenant, upon demand, shall immediately reimburse Landlord for all costs, including costs of settlements, defense, court costs, and attorney fees, that Landlord may incur in the course of any cure.

(g) No security or guarantee for the performance of Tenant's obligations that Landlord may now or later hold shall in any way constitute a bar or defense to any action initiated by Landlord for unlawful detainer or for the recovery of the Premises, for enforcement of any obligation of Tenant, or for the recovery of damages caused by a breach of this Lease by Tenant or by an Event of Default by the Tenant.

(h) Except where this is inconsistent with or contrary to any provisions of this Lease, no right or remedy conferred upon or reserved to either party is intended to be exclusive of any other right or remedy, or any right or remedy given or now or later existing at law or in equity or by statute. Except to the extent that either party may have otherwise agreed in writing, no waiver by a party of any violation or nonperformance by the other party of any obligations, agreements, or covenants under this Lease shall be deemed to be a waiver of any subsequent violation or nonperformance of the same or any other covenant, agreement, or obligation, nor shall any forbearance by either party to exercise a remedy for any violation or nonperformance by the other party be deemed a waiver by that party of the rights or remedies with respect to that violation or nonperformance.

(i) Nothing herein shall be deemed to affect the right of Landlord to indemnification for liability arising prior to the termination of this Lease for personal injuries or property damage; nor shall anything herein be deemed to affect the right of Landlord to equitable relief where such relief where such relief is appropriate.

26. LATE CHARGE

Tenant acknowledges that Tenant's failure to pay any installment of the Base Monthly Rent, Additional Rent, or any other amounts due under this Lease as and when due may cause

Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain.

Accordingly, if any installment of the Base Monthly Rent, the Additional Rent, or any other amount due under the Lease is not received by Landlord within five (5) days after written notice from Landlord that it was not paid, as and when due, then, without any notice to Tenant, Tenant shall pay to Landlord an amount equal to five percent (5%) of the past due amount, which the parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant.

27. DEFAULT INTEREST

If Tenant fails to pay any amount due under this Lease as and when due, that amount shall bear interest at the maximum rate then allowable by law from the date due until paid.

28. WAIVER OF BREACH

Any express or implied waiver of a breach of any term of this Lease shall not constitute a waiver of any further breach of the same or other term of this Lease, and the acceptance of Rent shall not constitute a waiver of any breach of any term of this Lease, except as to the payment of Rent accepted.

29. ESTOPPEL CERTIFICATES

At any time, with at least fifteen (15) days' prior notice by Landlord, Tenant shall execute, acknowledge, and deliver to Landlord a certificate certifying:

- (a) the Commencement Date and the Term,
- (b) the amount of the Base Monthly Rent,
- (c) the dates to which Rent and other charges have been paid,
- (d) that this Lease is unmodified and in full force or, if there have been modifications, that this Lease is in full force, as modified, and stating the date and nature of each modification,
- (e) that no notice has been received by Tenant of any default by Tenant that has not been cured, except, if any exist, those defaults must be specified in the certificate, and Tenant must certify that no event has occurred that, but for the expiration of the applicable time period or giving notice or both, would constitute an Event of Default under this Lease,
- (f) that no default of Landlord is claimed by Tenant, except, if any, those defaults must be specified in the certificate, and
- (g) other matters as may be reasonably requested by Landlord.

Any certificate may be relied on by prospective purchasers, lenders, issuers, mortgagees, or beneficiaries under any deed of trust on the Premises or any part of it.

30. SURRENDER AND HOLDING OVER

- (a) Tenant agrees on the last day of the Term or on the sooner termination of this Lease, to surrender the Premises, together with all alterations, additions, and improvements which may have been made in, to, or on the Premises (except movable trade fixtures installed at the expense of Tenant), promptly and peaceably to Landlord in good condition and repair

(normal wear and tear excepted), including, without limitation: all interior walls freshly painted or cleaned so that they appear freshly painted; all floors cleaned and waxed; all carpets cleaned and shampooed; all broken, marred, stained, or non-conforming acoustical ceiling tiles replaced; all windows washed inside and out; the air conditioning and heating systems serviced by a reputable and licensed service firm, left in good operating condition and repair as so certified by such firm; the interior plumbing, electrical, and lighting systems left in good order and repair, including replacement of any burned out, discolored, or broken light bulbs, ballasts, or lenses; the lawn, shrubs, and trees in good condition, including the replacement of any dead or damaged plantings; the sidewalk, driveways, and parking areas in good order, condition, and repair, and any damaged surface or other portion having been repaired or replaced. If Tenant fails to surrender the Premises at the end of the Term, or other sooner termination of this Lease, then Tenant shall indemnify Landlord against loss or liability resulting from the delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Tenant prior to the expiration of the Term, and acceptance by Landlord of surrender by Tenant shall only flow from and must be evidenced by a written acknowledgement of acceptance of surrender signed by Landlord. The voluntary or other surrender of this Lease or the Premises by Tenant or a mutual cancellation of this Lease shall not work as a merger and, at the option of Landlord, shall either terminate all existing subleases or operate as an assignment or attornment to Landlord of such subleases as Landlord may elect to retain. After the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge, and deliver to Landlord, within ten (10) days after written demand from Landlord

to Tenant, any quitclaim deed or other document required by any reputable title company, licensed to operate in the State of California, to remove the cloud or encumbrance created by this Lease from the Property.

(b) At the end of the Term, should Tenant hold over for any reason, it is agreed that in the absence of a written agreement to the contrary, that the tenancy shall be from month-to-month only and not a renewal of this Lease, nor an extension for any further term. Tenant thereafter shall pay Base Monthly Rent in an amount equal to one hundred fifty percent (150%) of the Base Monthly Rent payable for the month immediately prior to the end of the Term or any extension thereof, and the month-to-month tenancy shall be subject to every other term, covenant, and condition in this Lease that is consistent with and not contrary to a month-to-month tenancy.

31. NOTICES

Any notice required or permitted to be given under this Lease shall be in writing. Any notice may be personally served by one party to the other, or may be served by mailing the same by certified mail, postage prepaid addressed to the parties hereto at the following addresses:

LANDLORD: LA CAÑADA UNIFIED SCHOOL DISTRICT
4490 Cornishon, La Cañada, CA 91011

TENANT: CHILD EDUCATION CENTER
140 Foothill Blvd., La Cañada, CA 91011

Delivery of such written notice shall be conclusively taken as sufficient if and when deposited in the United States mail, registered, with postage prepaid, addressed to either party, as the case may be at the above address. Any party hereto may change the aforesaid address by giving written notice to the other party.

32. CUMULATIVE RIGHTS

Each right of the parties hereto is cumulative and is in addition to each other legal right which the party may have in the event of any default of the other.

33. INTEGRATION; MODIFICATION; BINDING AGREEMENT

This Lease contains the entire agreement of the parties and supersedes all prior agreements and negotiations. This Lease may be modified only by an instrument in writing. This Lease is binding upon and inures to the benefit of the parties, their heirs, executors, administrators, successors and assigns.

34. SEVERABILITY

In the event any covenant, condition, or provision herein contained is held to be invalid by final judgment of any court of competent jurisdiction, the invalidity of such covenant, condition or provision shall not be deemed to affect other covenants, conditions, or provision of the Lease which shall remain in full force and effect.

35. ATTORNEYS' FEES

In the event of any action arising out of this Lease, the non-prevailing party shall pay to the prevailing party reasonable attorneys' fees.

36. TIME OF ESSENCE

Time is of the essence of each provision of the Lease.

37. AUTHORITY

If Tenant is a corporation, trust, or general or limited partnership, all individuals executing this Lease on behalf of that entity represent that they are authorized to execute and deliver this Lease on behalf of that entity. If Tenant is a corporation, trust, or partnership, Tenant shall, prior to the execution of this Lease, deliver to Landlord evidence of that authority and evidence of due formation, all satisfactory to Landlord. If Tenant is a partnership, Tenant shall furnish Landlord with a copy of Tenant's partnership agreement and with a certificate from Tenant's attorney, stating that the partnership agreement constitutes a correct copy of the existing partnership agreement of Tenant.

38. RENT

All monetary obligations of Tenant to Landlord under the Lease, including but not limited to Base Monthly Rent and Additional Rent, shall be deemed Rent.

39. SUBORDINATION

(a) This Lease shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or later placed upon the Premises and to any advances made on the security of it or Landlord's interest in it, and to all renewals, modifications, consolidations, replacements, and extensions of it. However, if any mortgagee, trustee, or ground landlord elects to have this Lease prior to the lien of its mortgage or deed of trust or prior to its ground lease, and gives notice of that to Tenant, this Lease shall be deemed prior to the mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of the mortgage, deed of trust, or ground lease, or the date of recording of

it. If any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, Tenant shall attorn to the purchaser at the foreclosure sale or to the grantee under the deed in lieu of foreclosure. If any ground lease to which this Lease is subordinate is terminated, Tenant shall attorn to the ground lessor. Tenant agrees to execute any documents, in form and substance reasonably acceptable to Tenant, required for the subordination, to make this Lease prior to the lien of any mortgage or deed of trust or ground lease, or to evidence the attornment. Landlord represents to Tenant that there is no deed of trust or mortgage that currently encumbers the Premises.

(b) If any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or if any ground lease to which this Lease is subordinate is terminated, this Lease shall not be barred, terminated, cut off, or foreclosed. Neither shall the rights and possession of Tenant under this Lease be disturbed, if Tenant is not then in default in the payment of Rental and other sums due under this Lease or otherwise in default under the terms of this Lease, and if Tenant attorns to the purchaser, grantee, or ground lessor as provided in Section 39(a) or, if requested, enters into a new lease for the balance of the term of this Lease on the same terms and provisions in this Lease. Tenant's covenant under Section 39(a) to subordinate this Lease to any ground lease, mortgage, deed of trust, or other hypothecation later executed is conditioned on each senior instrument containing the commitments specified in this subsection.

40. CHOICE OF LAW

This Lease shall be construed and enforced in accordance with the laws of the State of California.

41. SECURITY MEASURES

Tenant acknowledges that Landlord shall have no obligation to provide any guard service or other security measures for the Premises, and Tenant assumes all responsibility for the protection of Tenant, Tenant's agents, employees, invitees, and customers, as well as the property of Tenant and of Tenant's agents, employees, invitees, and customers from acts of third parties.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease, or caused it to be duly executed, as of the day and year first above written.

LANDLORD:
LA CAÑADA UNIFIED SCHOOL DISTRICT

By: _____
Wendy K. Sinnette
Superintendent

TENANT:
CHILD EDUCATIONAL CENTER

By: _____
Elyssa Nelson

TABLE OF CONTENTS

	Page
LEASE	1
RECITALS	1
OPERATIVE PROVISIONS	1
1. LEASE	1
2. TERM OF LEASE	2
3. DELAY IN POSSESSION	2
4. RENT	3
5. SECURITY DEPOSIT	5
6. USE OF PREMISES	6
7. PLAYING FIELDS, PARKING AND COMMON AREAS	7
8. UTILITIES	8
9. ASSESSMENTS AND TAXES	9
10. PERSONAL PROPERTY TAXES	11
11. CONDITION OF PREMISES	12
12. REPAIRS AND MAINTENANCE	12
13. IMPOUND FOR ADDITIONAL RENT	14
14. IMPROVEMENTS AND STRUCTURAL CHANGES	15
15. STORAGE	15
16. ASSIGNMENT AND SUBLETTING	15
17. INDEMNITY	16
18. INSURANCE	17
19. DAMAGE OR DESTRUCTION	21
(a) Partial Damage – Insured	21
(b) Partial Damage – Uninsured	22
(c) Damage Exceeding 50%	22
(d) Other Cause for Termination	23
(e) Abatement	23
(f) Limitation of Liability	23
20. LANDLORD’S ENTRY FOR INSPECTION AND MAINTENANCE	24
21. TRADE FIXTURES	25

TABLE OF CONTENTS
(continued)

	Page
22. SIGNS	25
23. EMINENT DOMAIN	26
24. DEFAULT	27
25. REMEDIES.....	28
26. LATE CHARGE.....	32
27. DEFAULT INTEREST	33
28. WAIVER OF BREACH	33
29. ESTOPPEL CERTIFICATES	33
30. SURRENDER AND HOLDING OVER	34
31. NOTICES.....	36
32. CUMULATIVE RIGHTS.....	37
33. INTEGRATION; MODIFICATION; BINDING AGREEMENT	37
34. SEVERABILITY	37
35. ATTORNEYS' FEES	37
36. TIME OF ESSENCE	37
37. AUTHORITY	38
38. RENT	38
39. SUBORDINATION.....	38
40. CHOICE OF LAW	39
41. SECURITY MEASURES.....	40