**LEASE AGREEMENT  
Shared Use Church Facility**

THIS LEASE AGREEMENT (“Lease”), dated and effective as of \_\_\_\_\_\_\_\_, 2000, is made at San Diego, California between [CHURCH A] (“Lessor”), and [CHURCH B] (“Lessee”), with reference to the following

**R E C I T A L S:**

Lessor is the owner of certain improved real property addressed at [CHURCH ADDRESS] (“Property”), which is more particularly described as:

The Property is used by Lessor as a church which operates pursuant to a Conditional Use Permit (“CUP”) issued by the City of [CITY] (“City”). The Property contains a church building (“Church Building”). The Property also contains several other structures, including a Parish Hall, a youth services building and a four-building complex for educational purposes.

Lessee wishes the right to use portions of the Property as delineated hereto in Exhibit A on a shared basis with [Church A], for the operation of a Christian Church and related activities.

**A G R E E M E N T**

1. **PREMISES**

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1.1 Lease of Premises. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, on a shared-use basis, for the term, at the rental, for the periods of time, and upon all of the conditions set forth herein, the following portions of the Property and interests therein, all of which are referred to collectively as the “Premises”:

(a) The Church grounds, subject to the shared use as described in Section 1.2 below by [Church A] and by [Church B].

(b) Subject to Section 1.2, the use of the facilities are scheduled as shown on Exhibit C for [Church A] and [Church B]. On Exhibit B the spaces shown for Rector's office, Secretary's office, Pastor's office and Secretary's office / copy room will be arranged by mutual agreement between the Rector of [Church A] and the Pastor of [Church B].

(c) Subject to Section 1.2, the use of:

(i) the Church Building for [Church B] services on Sundays from 10:45 a.m. to 12:30 p.m.;

(ii) the Parish Hall main hall for [Church B] services on Sundays from 9:15 a.m. to 10:30 a.m., and the main hall and kitchen for [Church B] luncheons and dinners on Sundays from 12:15 p.m. to 2:30 p.m.;

(iii) the choir room in the Parish Hall for [Church B] choir rehearsals on Sundays from 10:00 a.m. to 10:45 p.m., and the Youth House for [Church B] choir rehearsals on Sundays from 8:30 a.m. to 9:15 a.m.;

(iv) the nursery in the Parish Hall will be operated as a shared facility between Lessor and Lessee on Sundays during the hours the Church and Parish Hall are in use; and

(v) the six (6) classrooms in the day school and two (2) rooms in the Senior Day Care area will be used by [Church B] on Sundays from 9:15 a.m. to 10:15 a.m. for Sunday School and Adult Education.

1.2 Shared Use With [Church A] and [Church B].

(a) The parties intend that Lessee have use of the Property for normal Christian worship, fellowship and outreach activities. Lessee shall have no right to use the Property for political rallies or other activities outside the scope of worship, fellowship and outreach, nor shall Lessee have the right to make any portion of the Property available for third-party uses such as scouting, Alcoholics Anonymous, cooking classes, etc., all of which shall be coordinated by [Church A].

(b) At all times not specified above, [Church A]' use of the Property shall take precedence. A calendar shall be maintained for Lessor and Lessee to coordinate their use of the facilities. If Lessee desires the long-term use of the facilities, in addition to that as described herein, Lessors Vestry must be notified for approval/disapproval prior. Long-term use is defined as any activity four or more consecutive weeks of duration.

(c) Lessor reserves the option to the use of the facility for Holy Days, Days of Special Devotion and Days of Optional Observance, as defined by The Book of Common Prayer. This option shall take precedence over Lessee's previously scheduled activity, if Lessor desires to observe the occasion.

1.3 Use of Education Center Buildings. This Lease, and all rights of Lessee with respect to the Property, are expressly made subject to the rights of the current tenants of the Education Center buildings. Without limiting the generality of the foregoing, Lessee acknowledges and agrees that no use will be made of the Education Center buildings except for education purposes on Sundays.

1.4 Signage. Subject to Lessor's reasonable approval as to size, location and design, and as permitted by City's sign ordinance, Lessee shall be entitled to install, at Lessee's sole cost and expense, a sign or banner identifying Lessee's presence on the Property. Lessee shall also be entitled to be listed on one line on [Church A]' permanent monument sign. Except for the identified signage, Lessee shall not place or permit to be placed, any sign, advertise­ment, notice or other similar matter on the doors, windows, exterior walls, roof or other areas of the Premises which are open to the view of persons on the Property, except with the prior written consent of Lessor, which shall not be unreasonably withheld.

1.5 Parking. The parties intend that Lessee have full access to the Property's parking facilities on the same basis as applies to [Church A]' use of such parking facilities. Accordingly, in connec­tion with its use and occu­pancy of the Premises, and subject to the rules and regulations estab­lished by Lessor from time to time during the Term, Lessee shall have the right to park vehicles, on a non-exclusive, non-reserved and non-discriminatory basis in those portions of the Property designated for parking. The parking authorized by this Section shall be for the personal transportation of Lessee and its employees to and from the Premises, and not for long-term (*i.e.,* for more than forty-eight hours) storage of automobiles or for short- or long-term storage of boats, trailers, recreational vehicles, motorcycles or other types of vehicles or equipment. Lessor shall have the right to designate where the parking spaces to be used by Lessee shall be located and may reserve certain spaces from Lessee's use as, in Lessor's sole discretion, Lessor may determine.

**2. TERM**

. The term of this Lease (“Term”) shall be for a period beginning January 1, 2000 (“Commence­ment Date”), and continuing thereafter through June 30, 2001. After January 1, 2001, Lessee shall have the right to terminate this Lease on at least thirty (30) days' notice of termination; provided, however, that any termination shall occur as of the last day of a calendar month. If not terminated by June 30, 2001, the Term shall automatically continue on a month-to-month basis until such time as a party gives the other at least thirty (30) days' notice of termination; provided, however, that any termination shall occur as of the last day of a calendar month.

1. **RENT**

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3.1 Base Rent. Lessee shall pay to Lessor as rent for the Premises (“Base Rent”), monthly payments in the amount of $\_\_\_\_\_\_ per month, in advance on the first day of each calendar month throughout the Term thereafter. All Base Rent and other rent to be paid by Lessee to Lessor shall be in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand, to Lessor at the address set forth in Section 17.8 below.

3.2 Late Charges. Lessee's failure to pay rental promptly when due will cause Lessor to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Lessor. Therefore, if Lessor does not receive any rental payment within ten (10) days after it becomes due, Lessee shall pay Lessor a late charge in an amount equal to five percent (5%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of any such late payment. Acceptance of such late charges by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereun­der.

3.3 Interest. Any amount owed by Lessee to Lessor which is not paid within ten (10) days after the date due shall bear interest at the rate of ten percent (10%) per annum from and after the date due; provided, however, that (i) the interest shall not be payable on late charges payable pursuant to the preceding subsection, (ii) such payment of interest shall not excuse or cure any default by Lessee, and (iii) if the interest rate specified herein exceeds the maximum rate permitted by law, the interest rate herein shall be decreased to such maximum legal interest rate.

3.4 Security Deposit. Lessee shall pay to Lessor, immediately upon execution of this Lease, a security deposit in the amount of $\_\_\_\_\_\_ to be paid concurrently with execution and delivery of this Lease. The security deposit shall be held by Lessor as security for the faithful performance by Lessee of all of the terms, covenants and conditions of this Lease. If Lessee defaults with respect to any provision of the Lease, including, but not limited to, the provisions relating to the payment of rent, Lessor may (but shall not be required to) use, apply or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's default. If any portion of the security deposit is so used or applied, Lessee shall, upon demand therefor, deposit cash with Lessor in an amount sufficient to restore the security deposit to its original amount and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep this security deposit separate from its general funds, and Lessee shall not be entitled to interest on such deposit. If Lessee shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be re­turned to Lessee (or at Lessor's option, to the last assignee of Lessee's interests hereunder) at the expiration of the Term, provided that Lessor may retain the security deposit until such time as any amount due from Lessee in accordance hereof has been determined and paid in full.

**4. USE AND OPERATION**

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4.1 Permitted Uses. Lessee shall use the Premises solely for normal Christian worship, fellowship and outreach activities, subject to the rights of [Church A] and [Church B] as set forth herein, all as consistent with the CUP, and for no other uses without Lessor's prior written consent, which shall not be unreasonably withheld.

4.2 Compliance With Laws. Lessee shall not do or permit to be done in or about the Premises, nor bring, keep or permit to be brought or kept herein, anything which is prohibited by or will in any way conflict with any law, statute, ordinance or governmen­tal rule or regulation now in force or which may hereafter be enacted or promulgated. Lessee shall comply with all governmen­tal laws, ordinances and regulations applicable to the Premises and all covenants, conditions and restrictions affecting the Premises. Lessee shall obtain and pay for all permits required for Lessee's use of the Premises and shall promptly take all actions necessary to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by Lessee of the Premises. A copy of Lessor's current rules and regulations applicable to the Premises is attached as Exhibit C; Lessor reserves the right to reasonably amend the rules and regula­tions at any time by notice to Lessee, if Lessor reasonably determines such amend­ments to be to the best interests of the Property and its users.

4.3 Other Requirements. Lessee shall, at its expense, comply with all requirements of any insurer pertaining to the use of the Premises and reasonably necessary for mainte­nance of economic and proper fire, liability and other insurance required to be carried by Lessor. Lessee agrees, in using the Premises: not to commit any waste or suffer any waste to be committed upon the Premises; not to commit any public or private nuisance or any other act or thing which might or would disturb the quiet enjoyment of any occupant of nearby property; not to burn refuse or other materials in or about the Premises, or permit any activity or activities which might cause unreason­able annoyance to occupants of nearby property. Lessee also acknowledges receipt of a copy of Lessor's sexual misconduct policy and procedures, and agrees to implement screening, monitoring and reporting procedures to provide comparable protection against misconduct or abuse.

4.4 Compliance With Sexual Misconduct Policy. Lessee acknowledges and agrees at all times during the Term to comply with the following statement of policy of the Episcopal Diocese of San Diego:

“It is the policy of the Episcopal Diocese of San Diego not to tolerate sexual misconduct or sexual harassment, for both violate our common call to serve those entrusted by God to our care. Conduct, by clergy, employees and volunteers who regularly supervise youth activities, which falls within the definition of sexual misconduct is not tolerated or permitted in this Diocese. Persons suspected of child sexual abuse will be reported to the authorities immediately, in accordance with California law.

“No person who has a civil or criminal record of child sexual abuse, or who has admitted prior sexual abuse, or who is known to have a paraphiliac diagnosis, shall ever be allowed to interact with children or youth in the context of any church activity, to the extent the church has had an opportunity to choose such individual.”

**5. IMPROVEMENTS; MAINTENANCE AND REPAIR**

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5.1 Improvements. Lessee shall accept the Premises in their “as‑is” condition as of the Commencement Date.

5.2 Additions, Alterations, and Subsequent Improvements.

(a) Lessee shall make no improve­ments on or to the Premises without the prior written consent of Lessor. Plans and specifica­tions showing all proposed installations, additions or improvements, and alterations and changes thereto, shall be submitted to Lessor for approval along with the application for such consent. Lessor's consent shall not be unreasonably withheld or delayed. All installa­tions, additions or improvements, and alterations and changes made, with the written consent of Lessor, shall be made at the sole cost and expense of Lessee.

(b) All installations, additions or improve­ments erected or installed at any time upon the Premises during the Term, except furniture, trade fixtures and equipment installed and either belonging to or leased by Lessee, shall become the property of and belong to Lessor upon the expiration or other termination of this Lease.

(c) Lessor shall have the right to install new or additional utility and other facilities throughout the Premises and the Property for the benefit of Lessor, including without limitation plumbing, electri­cal systems, security systems, communication systems, and fire protection and detection systems.

5.3 Maintenance and Repair. Lessor, at Lessor's expense, shall keep in good condi­tion and repair the founda­tions, exterior walls, structural condi­tion of interior bearing walls, and roof of the facilities, and for any major capital repairs or replacements not made necessary by the acts of Lessee or its students or invitees. Lessor shall have no obliga­tion to make repairs under this Section until a reasonable time after receipt of written notice from Lessee of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition or repair.

5.4 Cleaning. Lessee shall ensure that at the completion of its activities, all trash has been emptied and other normal janitorial activities accomplished. Lessor shall retain a janitorial service to clean the Property prior to Sunday activities. Lessee shall contribute volunteers toward semi-annual (spring and fall) work days, which will include cleaning all windows and other major cleaning activities.

5.5 Condition on Termination. Upon the termination of the Lease, Lessee shall surrender the Premises to Lessor in the same general condition as received, except for ordinary wear and tear which Lessee was not otherwise obligated to remedy under any provision of this Lease. Lessor may require Lessee to remove Lessee's signs and bulletin board and any other alterations, additions or improvements made by Lessee prior to the termination of the Lease and to restore the Premises to its prior condition (*i.e.,* the condition as of the Commence­ment Date), all at Lessee's expense. In the event of any dispute as to Lessee's obligations hereunder, Lessor's reasonable decision shall be determinative. All alterations, additions and improve­ments, which are not already Lessor's property and which Lessor does not require Lessee to remove, shall become Lessor's property and shall be surrendered to Lessor upon termination of the Lease. In no event shall Lessee remove any fixtures, alterations, addi­tions or improvements from the Premises without Lessor's prior written consent.

**6. LIENS**

. Lessee agrees to pay promptly for all labor done or materials furnished for any work of repair, maintenance, improvement, alteration or addition done by Lessee in connection with the Premises, and to keep and to hold the Premises free, clear and harmless of and from all liens that could arise by reason of any such work. If any such lien shall at any time be filed against the Premises, Lessee shall either cause the same to be discharged of record within ninety (90) days after the date of filing the same, or if Lessee, in its discretion and in good faith, determines that such lien should be contested, Lessee shall furnish such security as may be necessary or required to prevent any foreclosure proceedings against the Premises during the pendency of such contest. If Lessee shall fail to discharge such lien within such period or fail to furnish such security, then, in addition to any right or remedy, Lessor may but shall not be obligated to discharge the same, either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court or by giving security or in such other manner as is or may be prescribed by law. Lessee shall repay to Lessor on demand all sums disbursed or deposited by Lessor pursuant to the foregoing provisions hereof, including Lessor's costs, expenses and reasonable attorney's fees incurred by Lessor in connection therewith. Nothing contained herein shall imply any consent or agreement on the part of Lessor to subject Lessee's interest in the real property, of which the Premises are a part, to liability under any mechanic's lien law. Lessor shall at all times have the right to post and keep posted on the Premises Notices of Non‑Responsibility and any such other notices provided for under the laws of the State of California for the protection of the Premises from mechanic's liens or liens of a similar nature.

**7. UTILITIES**

. Electricity, trash collection and water shall be paid by Lessor. Lessee shall arrange for its own telephone service (if required), and shall pay, prior to delinquency, all charges for any other utilities separately supplied to Lessee at the Premises during the Term.

**8. TAXES**

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8.1 Lessee's Personal Property. Lessee shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Lessee. Lessee shall attempt to have such personal property taxes assessed separately from the Premises. If any of Lessee's personal property is taxed with the Premises and the real property taxes for the Premises are separately assessed, Lessee shall pay such personal property taxes to Lessor no later than fifteen (15) days after receipt of a written statement from Lessor. If any of Lessee's personal property is taxed with the Premises, and the Premises is not separately assessed, the amount due by Lessee for personal property taxes shall be reasonably determined by Lessor, and Lessee shall pay the amount due for said personal property taxes to Lessor within fifteen (15) days after receipt of Lessor's written statement.

8.2 Other Taxes. Lessee shall pay all taxes and license fees levied, assessed or imposed by reason of Lessee's use of the Premises, and all taxes on Lessee's personal property located on the Premises. Lessor shall pay all real property taxes or assessments with respect to the Premises.

**9. INSURANCE**

. Lessee, at its own expense, shall obtain from, and shall thereafter keep in force with, companies reasonably acceptable to Lessor, either comprehensive general liability in­surance or commercial general liability insurance applying to the use and occupancy of the Premises, or any part thereof or any areas adjacent thereto, and the facility and any other busi­nesses operated by Lessee or any other occupant on or from the Prem­ises. Such insurance shall have a minimum combined single limit liability of at least One Million Dollars ($1,000,000) and shall include broad form contractual liability insurance coverage insuring all of Lessee's indem­nity obliga­tions under this Lease. All such policies shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, however occa­sioned, occurring during the policy term. All such insurance shall name both Lessor and [Church A] as named or additional insureds; shall provide for severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. Lessee shall furnish Lessor with a certificate of such policy within thirty (30) days after the Commencement Date and whenever required shall satisfy Lessor that such policy is in full force and effect. Each policy shall be endorsed to provide that its coverage shall be primary and non­contri­buting with any insurance carried by Lessor. Each policy shall be further endorsed to provide that it shall not be canceled or altered without twenty (20) days prior written notice to Lessor. All policies of insurance to be provided for herein by Lessee shall be issued by companies having not less than Best's A rat­ing/Class IX and shall be issued in the names of Lessee and Lessor and for the mutual and joint benefit and protection of the parties. All liability policies shall contain a provision that Lessor, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss, injury or damage to Lessor, its servants, agents and employees by reason of the negligence of Lessee. Lessee agrees that on or before twenty (20) days prior to the expiration of any insurance policy, Lessee shall deliver to Lessor written notification in the form of a receipt or other similar document from the applicable insurance company that said policy or policies have been renewed, or deliver certificates of coverage from another good and solvent insurance company for such coverage.

**10. INDEMNITY AND WAIVER**

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10.1 Indemnity. Lessee shall defend, indemnify and hold harmless Lessor from and against any and all claims arising from the Lessee's use of the Property, or from the conduct of the Lessee's business or from any activity, work or things done, permitted or suffered by the Lessee in or about the Premises or elsewhere, and shall further indemnify and hold harmless the Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on the Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of the Lessee's agents, contractors or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action brought against the Lessor by reason of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against the Lessor by reason of any such claim, the Lessee upon notice from the Lessor shall defend the same at the Lessee's expense by counsel satisfactory to the Lessor. This indemnification provision shall be applicable during the entire Term and is also applicable to claims presented after the expiration or termination of this Lease in respect of injuries or damages sustained by third persons during the Term.

10.2 Waiver of Liability. Lessor shall not be liable at any time for any loss, damage or injury to the property or person of any person whomsoever at any time occasioned by or arising out of any act or omission of Lessee, or of anyone holding under Lessee or the occupancy or use of the Premises or any part thereof by or under Lessee, or directly or indirectly from any state or condition of the Premises or any part during the Term, other than arising from the willful or negligent acts or omissions of Lessor.

10.3 Waiver of Subrogation. Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other for loss or damage arising out of or incident to the perils insured against which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. Lessee and Lessor shall, upon obtaining the policies of insurance required give notice to the insurance carrier that the foregoing mutual waiver of subrogation is contained in this Lease.

**11. ASSIGNMENT AND SUBLETTING**

. Lessee shall not assign this Lease or any interest hereof, or sublet the Premises or any portion thereof, or permit any other person to occupy the Premises or any portion thereof without the express written consent of Lessor, which consent may be withheld at Lessor's sole and absolute discretion. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease. Consent to one assignment or subletting shall not constitute a waiver of this provision or consent to any further assignment or subletting. No assignee for the benefit of credit­ors, trustee in bankruptcy or purchaser at any execution sale, shall have any right to possess or occupy the Premises or any part thereof, or claim any right hereunder or assign­ment. No transfer permitted by this Section shall release Lessee, or change Les­see's primary liability to pay the rent and to perform all other obligations of Lessee under this Lease. Lessor's accep­tance of rent from any other person is not a waiver of any provision of this Article. If Lessee's transferee defaults under this Lease, Lessor may proceed directly against Lessee without pursuing remedies against the transferee. Lessor may consent to subsequent assignments or modifica­tions of this Lease by Lessee's transferee, without notifying Lessee or obtaining its consent. Such action shall not relieve Lessee's liability under this Lease.

**12. DEFAULTS; REMEDIES**

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12.1 Events of Default. The occurrence of any of the following shall constitute a default by Lessee:

(a) Failure by Lessee to pay rent when due if the failure continues for three (3) days after notice has been given to Lessee that the rent is delinquent.

(b) Failure by Lessee to perform any provision of this Lease required of it other than payment of rent if the failure is not cured within ten (10) days after notice has been given to Lessee. If, however, the failure cannot reasonably be cured within the cure period, Lessee shall not be in default of this Lease if Lessee commences to cure the failure within the cure period and diligently and in good faith continues to cure the failure.

(c) The occurrence of any of the following: (i) Lessee makes a general assignment or general arrangement for the benefit of creditors; (ii) a case proceeding under any law, either now in effect or hereafter enacted, relating to bankrupt­cy, insolvency, reorganization or other debtor relief is com­menced by or against Lessee and is not dismissed within thirty (30) days; (iii) a trustee, receiver, or other custodian is appointed to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease and possession is not restored to Lessee within thirty (30) days; or (iv) Lessee's interest in this Lease or substantially all of Lessee's assets located at the Premises are subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days.

Notices given under this Section shall specify the alleged breach and the applicable Lease provisions, and shall demand that Lessee perform the provisions of this Lease or pay the rent that is delin­quent, as the case may be, within the applicable period of time or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice. The purpose of the notice requirements in this Section is to extend the notice requirements of the unlawful detainer statutes. Such notice shall, however, be in lieu of and not in addition to any notice required under the unlawful detainer statutes.

12.2 Lessor's Remedies. Lessor shall have the following remedies if Lessee commits a default. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law:

(a) Lessor may terminate Lessee's right to possession of the Premises at any time. No act by Lessor other than giving notice of termination to Lessee shall terminate this Lease. Acts of maintenance, efforts to relet the Premises or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this Lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor shall have the right to recover from Lessee:

(i) The worth at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease.

(ii) The worth at the time of the award of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided.

(iii) The worth at the time of the award of the amount by which unpaid rent for the balance of the Term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reason­ably avoided.

(iv) Any other amount, including court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

The phrase “worth at the time of the award” as used in clauses (a) and (b) above is to be computed by allowing interest at the rate of ten percent (10%) per annum, but not to exceed the then legal rate of interest. The same phrase as used in clause (c) above is to be 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%).

### (b) Lessor may exercise the remedy provided in California Civil Code 1951.4, *i.e.,* Lessor may continue this Lease in full force and effect, and collect rent as it becomes due, so long as Lessor does not terminate Lessee's right to possession. After Lessee's default and for so long as Lessor does not terminate Lessee's right to possession of the Premises, if Lessee obtains Lessor's consent (which shall not be unreasonably withheld during any such period of Lessee default), Lessee shall have the right to assign or sublet its interest in this Lease, but Lessee shall not be released from liability. If Lessor elects to relet the Premises as provided in this Section, rent that Lessor receives from reletting shall be applied to the payment of: (i) first, any indebtedness from Lessee to Lessor other than rent due from Lessee; (ii) second, all costs, including for mainten­ance, incurred by Lessor in reletting; and (iii) third, rent due and unpaid under the Lease. After deducting the payments referred to in this Section, any sum remaining from the rent Lessor receives from reletting shall be held by Lessor and applied in payment of future rent as rent becomes due under this Lease. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Lessee shall pay to Lessor, in addition to the remaining rent due, all costs, including for maintenance, Lessor incurred in reletting which remain after applying the rent received from the reletting.

(c) Lessor may, at any time after Lessee commits an event of default, seek appoint­ment of a receiver to collect rent. Neither the filing of a petition for appointment of a receiver nor the appointment itself shall constitute an election by Lessor to terminate this Lease.

(d) Lessor may, after expiration of Lessee's cure period in Section, unless there is an emergency, correct or remedy any failure of Lessee not timely cured. The reasonable cost paid by Lessor to correct or remedy any such default shall immediately become due and payable to Lessor as additional rent.

12.3 No Waiver. Lessor's failure to take advantage of any default or breach of covenant on the part of Lessee shall not be, or be construed as a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of Lessor to insist upon the perfor­mance by Lessee of any term, covenant or condition hereof, or to exercise any rights given him on account of any such default. A waiver of a particular breach or default shall not be deemed to be a waiver of the same or any other subsequent breach or default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease.

12.4 Default by Lessor. Lessor shall be in default if Lessor fails to perform any provision of this Lease required of it and the failure is not cured within thirty (30) days after notice has been given to Lessor. If, however, the failure cannot reasonably be cured within the cure period, Lessor shall not be in default of this Lease if Lessor commences to cure the failure within the cure period and diligently and in good faith continues to cure the failure. Notices given under this Section shall specify the alleged breach and the applicable Lease provisions. If Lessor shall at any time default beyond the applicable notice and cure period, Lessee shall have the right to cure such default on Lessor's behalf. Any sums expended by Lessee in doing so, and all reasonably necessary incidental costs and expenses incurred in connection therewith, shall be payable by Lessor to Lessee within thirty (30) days following demand therefor by Lessee; provided, however, that Lessee shall not be entitled to any deduction or setoff against any rent otherwise payable to Lessor under this Lease.

12.5 Mitigation. Lessor and Lessee shall each exercise best efforts to mitigate the damages caused by the other party's breach of this Lease. Efforts to mitigate damages shall not be construed as a waiver of the non‑breaching party's right to recover damages.

12.6 Right of Lessor to Re‑Enter. In the event of any termination of this Lease, Lessor shall have the immediate right to enter upon and repossess the Premises, and any personal property of Lessee may be removed from the Premises and stored in any public warehouse at the risk and expense of Lessee.

**13. EMINENT DOMAIN**

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13.1 Total Taking. If during the Term there shall be a total taking by a public authority under the power of eminent domain, then the leasehold estate of Lessee in the Premises shall cease and terminate as of the date on which Lessee is obligated to vacate the Premises. “Total taking” is defined to be the taking of the entire Premises under the power of eminent domain or a partial taking of so much of the Premises as to prevent or substantially impair the conduct of Lessee's business therein in a commercially reasonable manner.

13.2 Partial Taking. If during the Term there shall be a partial taking of the Premises, this Lease shall terminate as to the portion of the Premises taken upon the date Lessee is obligated to vacate the Premises pursuant to eminent domain proceedings, but this Lease shall continue in force and effect as to the remainder of the Premises. The monthly Base Rent payable by Lessee for the balance of the Term shall be abated in the ratio that the area of the Premises taken bears to the total area of the Premises at the time of such taking. “Partial taking” is defined to be the taking of only a portion of the Premises under the power of eminent domain which does not constitute a “total taking” as defined above.

13.3 Taking for Limited Time. If as a result of any such condemnation proceedings, a leasehold interest or a right of possession only is so condemned or taken under the power of eminent domain, and is for a limited period of time less than the then unexpired Term, Base Rent due and owing from Lessee shall be abated in full during such limited period, and this Lease shall otherwise continue in full force and effect and the award shall be payable to Lessor; provided, however, that if the taking is for a period of more than one (1) year, either party shall have the right to terminate the Lease by giving written notice of termination to the other within thirty (30) days following such taking.

13.4 Allocation of Condemnation Award. All compensation and damages awarded for the taking of the Premises, or any portion or portions thereof, shall, except as otherwise herein provided, belong to and be the sole property of Lessor; provided however, that Lessee shall be entitled to any award amount expressly allocated to Lessee pursuant to such award, for diminution in value of its leasehold hereunder or for the value of any unexpired Term, together with any award that may be made for the taking of or injury to, or on account of any cost or loss Lessee may sustain in loss of Lessee's business and the removal of Lessee's merchan­dise, fixtures, equipment and furnishings.

13.5 Effect of Termination. If this Lease is terminated, in whole or in part, pursuant to any of the provisions of this Article, all rentals and other charges payable by Lessee to Lessor hereunder and attributable to the Premises taken, shall be paid up to the date upon which Lessee is obligated to vacate the Premises, and the parties shall thereupon be released from all further liability in relation thereto.

**14. SUBORDINATION AND ESTOPPEL**

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14.1 Subordination. Lessee agrees that this Lease shall be subject and subordinate to any mortgage or trust deed that now is, or (at Lessor's election) may hereafter be, placed upon the Premises or upon the real property of which the Premises are a part, and to any and all advances to be made thereunder, and to the interest thereon, and to renewals, replacements and extensions thereof; provided, however, that subordination of this Lease to the lien of any mortgage or deed of trust that is placed on the Premises hereafter shall be contingent upon the mortgagee or beneficiary thereof providing Lessee a non‑disturbance, attornment and subordination agreement in form reasonably satisfactory to Lessee. If any mortgagee or beneficiary elects to have this Lease be prior to the lien of its mortgage or deed of trust, then, in such event, upon such mortgagee's or beneficiary's notifying Lessee in writing to that effect and complying with the requirement for delivery of a non‑disturbance and attornment agreement, if applicable, this Lease shall be deemed prior to the lien of such mortgage or deed of trust, whether this Lease is dated or recorded prior to or subsequent to the date of such mortgage or trust deed, and in such event, upon any foreclosure of such mortgage or trust deed, the mortgagee or beneficiary shall be bound by all of the terms of this Lease. Subject to the foregoing, Lessee shall, upon written demand of Lessor, execute such instru­ments as may be required at any time, and from time to time, to subordinate the rights and interests of Lessee under this Lease to the lien of any mortgage or deed of trust at any time placed upon the Premises or upon the real property of which the Premises are a part. In the event of the foreclosure of any mortgage or trust deed to which this Lease is subordinated, the right of Lessee to continue to occupy the Premises, pursuant to the terms of this Lease, shall not be disturbed so long as Lessee is not in default hereunder.

14.2 Estoppel Certificate. Lessee shall execute and deliver to Lessor, within ten (10) days after receipt of Les­sor's request, any estoppel certificate or other statement to be furnished to, and relied upon by, any prospective purchaser of or any lender against the Premises. Such estoppel certificate shall acknowl­edge and certify each of the follow­ing matters, to the extent each may be true: that the Lease is in effect and not subject to any rental offsets, claims or defenses to its enforce­ment; the commencement and termination dates of the Term; that Lessee is paying rent on a current basis; that the Lease consti­tutes the entire agreement between Lessee and Lessor relating to the Premises; that Lessee has accepted the Premises and is in possession thereof; that the Lease has not be modified, altered or amended except in specified re­spects by specified instruments; and that Lessee has no notice of any prior assignment, hypotheca­tion or pledge of rents or the Lease.

**15. HAZARDOUS MATERIALS**

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15.1 Compliance With Laws. Each party shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations (“Hazardous Materials Laws”) relating to industri­al hygiene, environmental protection or the use, analysis, generation, manufac­ture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioac­tive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any “hazardous substances,” “hazardous wastes,” “hazardous materials” or “toxic sub­stances” under any such laws, ordinances or regulations (collective­ly, “Hazardous Materials”).

15.2 Permits and Licenses. Lessee shall not store, use, manufacture, process, distribute, treat, transport, handle, emit, discharge, release or threaten release into the environment, or dispose of any Hazardous Materials on or around the Premises (or allow any of the foregoing) without Lessor's written consent. If Lessor's consent is obtained, Lessee shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Lessee's use of the Premises, includ­ing, without limitation, discharge of (appropri­ately treated) materials or wastes into or through any sanitary sewer serving the Premises.

15.3 Notice to Other Party. Each party shall immediately notify the other party in writing of: (a) any enforcement, cleanup, removal or other governmen­tal or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (b) any claim made or threatened by any person against the notifying party or the Premises relating to damage, contribu­tion, cost recovery compensa­tion, loss or injury resulting from or claimed to result from any Hazardous Materials; and (c) any reports made to any environ­mental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises, including any complaints, notices, warnings or asserted violations in connection therewith.

15.4 Indemnity. Each party shall indemnify, defend (by counsel reason­ably acceptable to the other party), protect, and hold the other party, and each of the other party's employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including attorneys' fees) or death of or injury to any person or damage to any property what­soever, arising from or caused in whole or in part, directly or indirectly, by that party's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises, or that party's failure to comply with any Hazardous Materials Law.

**16. GENERAL PROTECTIVE PROVISIONS**

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16.1 Holding Over. Lessee agrees that upon the expiration or termination of this Lease, including any period of month-to-month tenancy pursuant to Section 2 above, Lessee shall immediately and peace­ably to yield up and surrender the Premises; notice to quit or vacate is hereby expressly waived. Lessee shall be liable to Lessor for any and all damages incurred by Lessor as the result of any failure by Lessee, timely, to surrender possession of the Premises as required herein. If Lessee should hold over after the expiration of the Term for any cause, such holding over shall be deemed a tenancy at sufferance or, at the sole discretion of Lessor, a tenancy from month‑to‑month only, in which event such month‑to‑month tenancy shall be upon the same terms, conditions and provi­sions set forth in this Lease, including the Base Rent in effect as of the expiration of the Term.

16.2 No Merger. The voluntary or other surrender of this Lease by Lessee, or mutual cancellation thereof, shall not work a merger and shall, at the option of Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to Lessor of any or all such subleases or subtenancies.

16.3 No Recordation. Neither Lessor nor Lessee shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.

16.4 Entry by Lessor. Lessor shall be entitled, at all reasonable times and upon reason­able notice, to go on the Premises for the purpose of inspecting the Premises, or for the purpose of inspecting the performance by Lessee of the terms and conditions of this Lease, or for the purpose of posting and keeping posted thereon notices of non‑responsibility for any construc­tion, alteration or repair thereof, as required or permitted by any law or ordinance.

16.5 Quitclaim. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to Lessor, within five (5) days after written demand from Lessor to Lessee, any quitclaim deed or other document reasonably required by any reputable title company to remove the cloud of this Lease from the Premises.

**17. MISCELLANEOUS PROVISIONS**

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17.1 Arbitration. Any disputes which arise between Lessor and Lessee under this Lease with respect to any of its provisions shall be subject to final, binding arbitration upon written request by either party in accordance with this Section; provided, however, that in no event shall Lessor be required to arbitrate any such dispute that can fairly be made the subject of an action by Lessor to recover possession of the Premises from Lessee pursuant to the unlawful detainer provisions of California law. Any such dispute will be submitted before the American Arbitra­tion Association (“AAA”) within thirty (30) days after the requesting party gives notice in accordance with the AAA's Commercial Arbitra­tion Rules as modified by this Section; a decision will be issued within thirty (30) days after the close of the record; and judgment upon the award may be entered in any court having jurisdiction over the judgment. The substantive law of California shall be applied by the arbitra­tor, and this requirement will be deemed jurisdictional. This arbitra­tion provision shall be deemed self‑executing. If either party fails to appear at any properly noticed arbitration proceed­ing, an award may be entered against such party notwith­standing such failure to appear. Nothing herein shall restrict or limit Lessor's access to the remedy of unlawful detainer in the event of Lessee's failure to pay any installment of rent or perform any covenant when and as required hereunder. If the parties disagree on the choice for an arbitrator, the parties shall jointly request the AAA to furnish a list of five available attorneys, businessmen, or both, experienced generally in commercial matters. After receipt of such list and an opportunity to consider the names, each party may designate in writing to the AAA not more than two names to be eliminated from the selection process. If more than one name remains after such eliminations are made, the selection of the arbitrator shall be made by lot from the remaining names. If either party makes demand upon the other for arbitration, the arbitration shall be conducted at the AAA offices in San Diego, California. The parties may mutually agree to another location. The expenses, wages and other compensa­tion of any witnesses called before the arbitrator shall be borne by the party calling the witnesses. Other expenses incurred, including wages of participants, and preparation of briefs and data to be presented to the arbitrator, shall be borne separately by the respective parties. The fee for the arbitration, the arbitrator's fees and expenses and the cost of any hearing room shall be borne by Lessor and Lessee equally.

17.2 Conditions and Covenants. All of the provisions of this Lease shall be deemed as running with the land, and construed to be “conditions” as well as “covenants” as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

17.3 No Waiver. No failure by either Lessor or Lessee to insist upon the strict perfor­mance by the other of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this Lease, but each and every covenant, condition, agreement and term of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

17.4 Time of Essence. Time is of the essence of this Lease and of each provision.

17.5 Inurement. Each and all of the covenants, conditions and restrictions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of Lessor, the authorized encumbrancers, assignees, transferees, subtenants, licensees and other successors in interest of Lessee.

17.6 Brokers. Each of the parties represents and warrants that it has dealt with no brokers or agents, and that there are and will be no claims for brokers' commissions or finder's fees in connection with the execution of this Lease, for which the other party is or would be liable. Each party agrees to indemnify and hold the other party harmless from any cost, liability and expense (including attorneys' fees) which the other party may incur as the result of the untruth or invalidity of the foregoing represen­ta­tion and warranty. Lessee shall indemnify and hold Lessor harmless from any cost, liability and expense (including attorneys' fees) which Lessor may incur as the result of any actual or alleged claim that Lessor is or may be obligated to pay any commission in connection with any assignment or sublease of all or any part of the Premises.

17.7 Attorneys' Fees. In case suit shall be brought for any unlawful detainer of the Premises, for the recovery of any rent due on the provisions of the Lease, because of the breach or alleged breach of any other covenant herein contained on the part of either party to be kept or performed, or for declaratory relief, the prevail­ing party shall recover from the non‑prevailing party all costs and expenses incurred therein, including reasonable attorneys' fees and attor­neys' fees and expenses incurred in enforcing any judgment.

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| 17.8 Notices. All rents or other sums, notices, demands or requests from one party to another may be personally delivered, sent by overnight express delivery service or sent by certified mail, postage prepaid, to the addresses stated in this section. Notices shall be deemed received upon actual delivery to the addressee with respect to personal or express service delivery and three (3) days after deposit in the mails with respect to mailing. Each party shall have the right, from time to time, to designate a different address by notice given in conformity with this Section to the other party; provided, however, that each address for notice must include a street address and not merely a post office box. All notices, demands or requests from Lessee to Lessor shall be given to Lessor addressed to both of the following addresses: |  |

All notices, demands or requests from Lessor to Lessee shall be given to Lessee addressed as follows:

17.9 Counterparts. This Lease may be executed by the parties in several counter­parts, each of which shall be deemed to be an original copy.

17.10 No Partnership. This Lease shall not be construed to constitute any form of partnership or joint venture between Lessor and Lessee.

17.11 Construction.

(a) Section titles or captions contained in this Lease are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Lease or any provision hereof.

(b) Unless defined otherwise, the words used in this Lease shall be construed according to their plain meaning in the English language. The language used in this Lease shall not be interpreted strictly for or against either party. The word “including” is used in a non‑exclusive sense. The word “law” includes federal, state and local constitutions, statutes, orders, writs, injunctions, decrees, ordinances, requirements, laws, rules and regulations. The word “termination” is used in an all‑inclusive sense, that is, it includes the concepts of the expiration of this Lease by lapse of time, rescission and ending by reason of default. The word “transfer” is used in an all‑inclusive sense, that is, it includes each and every manner of disposing of any interest in or rights, privileges or obligations under any part of this Lease, including any sale, gift or assignment. The word “notice” means notices, requests, demands and other communications, and includes all payments to be made and all materials to be submitted for review or approval and all approvals or disapprovals. The term “rent” means Base Rent and all other sums required to be paid by Lessee pursuant to the terms of this Lease. The term “representative” means officers, directors, partners, employees, agents and authorized contractors of a party when acting in such capacity.

(c) If any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning that renders it valid.

(d) The singular includes the plural and vice‑versa, and the masculine includes the feminine and neuter, whenever the context so requires.

(e) No provision in this Lease is to be interpreted for or against either party because that party or his legal representative drafted such provision.

17.12 Applicable Law. The laws of the State of California shall govern the validity, performance and enforcement of this Lease. This Lease shall be deemed made and entered into in San Diego County.

17.3 Entire Agreement. This Lease constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, fully supersedes any and all prior understandings, representations, warranties and agreements between the parties hereto, or any of them, pertaining to the subject matter hereof, and may be modified only by written agreement, signed by all of the parties hereto.

17.14 Binding Power. Each person executing this Lease warrants and represents that he or she is duly authorized to execute this Lease on behalf of Lessor or Lessee.

**IN WITNESS WHEREOF,** the undersigned have executed this Lease in duplicate as of the dates specified immediately under their respective signatures.

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| **Lessor:**  [CHURCH A]  By:  Its:  By:  Its: | **Lessee:**  [CHURCH B]  By:  Its:  By:  Its: |

EXHIBIT A  
DIAGRAM OF PREMISES

[ATTACH A SITE PLAN, IDENTIFYING THE “CHURCH BUILDING” AND THE “DAY CARE BUILDING” LABELED AS SUCH, AND ALSO IDENTIFY­ING THE LOCATION OF THE CLASSROOMS LESSEE IS ALLOWED TO USE ON SUNDAYS.]

EXHIBIT B  
RULES AND REGULATIONS

Lessee and its employees, agents, licensees and visitors shall at all times observe faithfully, and comply strictly with, the Rules and Regulations set forth on this Exhibit B. Lessor may from time to time reasonably amend, delete or modify existing rules and regulations, or adopt reasonable new rules and regulations for the use, safety, cleanliness and care of the Premises and the Property, and the comfort, quiet and convenience of occupants of the Property. Modifications or additions to the Rules and Regulations shall be effective upon notice to Lessee from Lessor. In the event of any breach of any rules or regulations or any amendments or additions to such Rules and Regulations, Lessor shall have all remedies which this Lease provides for default by Lessee, and will, in addition, have any remedies available at law or in equity, including the right to enjoin any breach of such Rules and Regulations. Lessor shall not be liable to Lessee for violation of such Rules and Regula­tions by any other tenant, its employees, agents, visitors or licensees, or any other person. In the event of any conflict between the provisions of this Lease and the Rules and Regulations, the provisions of the Lease shall govern. Lessee shall not be in default until written notice of a violation of one or more of the Rules and Regulations is given to Lessee.

A. There shall be no smoking in the Premises or elsewhere on the Property.

B. The plumbing facilities shall not be used for any purpose other than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision shall be borne by Lessee who shall, or whose employees, agents and invitees shall, have caused it.

C. Lessee shall not deface wall, ceilings, glass, partitions, floors, doors, wood, paint, stone or metal work of the Premises by marking, nailing, drilling or otherwise defacing.

D. Lessee shall not use, keep or permit to be used or kept, any foul or obnoxious gas or substance in the Premises or permit or suffer the Premises to be used or occupied in any manner offensive or objectionable to Lessor or other occupants of the Property by reason of any noise, odors and/or vibrations.

E. Keys for the Premises shall be provided to Lessee by Lessor and Lessee shall return to Lessor any such keys upon termination of the Lease. Lessee shall not change locks or install other locks on doors of the Premises without providing Lessor with appropriate keys for such locks.

F. Lessee shall not burn any trash or garbage at any time in or about the Property.

G. No waiver of any rule or regulation by Lessor shall be effective unless expressed in writing and signed by Lessor or its authorized agent.

H. Lessee shall abide by any additional rules or regulations which are ordered or requested by any governmental or military authority.