

Commercial Lease Agreement

Dated: _____, 2014

By and Between

Gerardo G.S. Salinas and/or Assigns
And

Headstart

Concerning the premise commonly known as

615 Gale St.
Laredo, Texas 78041

Lease Agreement

This Lease Agreement (this "Lease") is entered into as of the ____ day of _____, 2014 (the "Effective Date") by and between the Lessor and the Lessee hereinafter named.

ARTICLE I

1.1. Fundamental Lease Provisions.

- (a) Lessor: Gerardo G.S. Salinas and/or Assigns
- (b) Lessor's Address: 5904 West Dr.
Suite 12
Laredo, Texas 78041
- (c) Lessee: Headstart
- (d) Lessee's Address:
- (e) Leased Premises:
Approximate square feet: 3,400 Square Feet (further described by Exhibit "A").

Name of building: Gale Frontage Building
Street Address/Suite 615 Gale St.
City, State, Zip Laredo, Texas 78041
- (f) Rent Commencement and Possession Date: _____, 2014 or when finish out is completed and certificate of occupancy is granted, whichever is sooner.
- (g) Lease Term: The Lease shall commence on the Effective Date and continue in full force and effect for a term of 60 months, subject to earlier termination as provided herein.

- (h) Renewal Options: Lessee shall have the option to renew this Lease for one (1) additional term (the "Renewal Term") of 60 months (the "Renewal Period") on the terms and conditions set forth below. The exercise of such a renewal option shall extend the Lease Term by the Renewal Period.
- (i) Option to Purchase: Lessee shall have the Option to purchase the Premises at the end of the Initial Term and at the end of the Renewal Term for a price to be decided by Lessor and Lessee at that time. (At the time of the execution of this lease, Lessor shall have provided an Option to Purchase Addendum to be executed contemporaneously by the parties.)
- (j) Monthly Base Rent: The Initial Monthly Base Rental Rate is \$1.00 per sq. ft. (\$3,400.00) and shall be adjusted accordingly on an annual basis in _____ of each year to reflect CPI annual increase for the prior twelve month period, but in no event shall any increase be more than \$100.00 per month.
- (k) Permitted Lease Use: The Leased Premises may only be used for (list of services provided by Headstart.)
- (l) Permitted Operating Hours: 6:00 am to 1:00 am
- (m) Security Deposit: Lessee shall deposit with Lessee the sum of **(\$3,400.00) DOLLARS** to secure performance of Lessee's obligations under this Lease during the term of this Lease including any renewals or extension periods. This amount shall be payable upon the execution of this lease agreement. If Lessee fails to pay rent or other sums when due, the security deposit may, at Lessor's option, be applied to such unpaid amounts. If the security deposit is drawn against in whole or in part, Lessee shall restore the security deposit to its original amount immediately upon written request by Lessor. The security deposit (or an accounting thereof) shall be returned to Lessee within Sixty (60) days after surrender of the Leased Premises by Lessee and Sixty (60) days after Lessee provides Lessor with a correct forwarding address, whichever is later, less lawful deductions for damages and other sums due under this Lease. Upon receipt of the security deposit Lessor shall make certain repairs to the leased premises agreed upon by Lessor and Lessee in a separate instrument. The security deposit will not earn interest. The security deposit is not a prepayment of last month's rent.
- (n) Prepaid Advance Rent: \$3,400.00 which constitutes the first month's rent.

1.2. Definitions

"Rent" means Base Rent plus any other amount due Lessor by Lessee.

“Essential Services” means utility connections reasonably necessary for occupancy of the Premises for the Permitted Lease Use.

“Common Areas” means all facilities and areas of the building that are intended and designated by Lessor from time to time for the common, general, and nonexclusive use of all the tenants of the building. Lessor has the exclusive control over and right to manage the Common Areas.

“Improvements” means the improvements to be constructed by Lessor and/or Lessee on the Property, including, without limitation, alterations of Improvements.

“Subject Property” and “Premises” and “Leased Premises” will refer to leased space identified on Exhibit “A” within the Project.

“Closing Date” means that date certain upon which title will transfer from the Seller of the Premises to the Lessor currently estimated to be on or around May 31st, but is subject to change.

- 1.3. Effect of Reference to Fundamental Lease Provisions. Each of the foregoing definitions and fundamental Lease provisions shall be construed in conjunction with and limited by the references thereto in the other provisions of this Lease.

ARTICLE II

CLAUSES AND COVENANTS

2.1. Lessee’s Agreements

(a) Lease. Lessee agrees to lease the Leased Premises for the Lease Term beginning on the Effective Date.

(b) Pay Rent. Lessee agrees to pay the Rent to Lessor on the first day of each month, commencing on the Rent Commencement Date.

(c) Obey Laws. Lessee agrees to obey all laws, ordinances, rules, regulations, statutes, building codes and other matters of all governmental authorities having jurisdiction over the Leased Premises, including, without limitation, all health, environmental and regulatory requirements and all rules and regulations adopted by the Lessor.

(d) Vacate Leased Premises upon Termination. Lessee agrees to vacate the Leased Premises and return all keys to the Leased Premises on termination of the Lease.

(e) Payment of Other Amounts. Lessee agrees to pay, as additional rent, all other amounts due under this Lease, to include, but not limited to late charges and penalties, and prorata share of CAM.

(f) Late Charge. Lessee agrees to pay a late charge of \$200 if the Rent is not received by Lessor by the fifth business day after it is due. Thereafter, if rent is still not paid in full to Lessor by the 10th day after it is due, then an additional late charge of \$50 per day shall accrue until such rent is paid.

(g) Utility Services. Lessee agrees to obtain and pay for all utility services used by Lessee, to include, but not limited to electrical, gas, telephone, and cable television, but excluding water, which shall be paid for by Lessor.

(h) Personal Property Taxes. Lessee agrees that it will be responsible for any and all personal property taxes that accrue in the Lease Term.

(i) Entry by Lessor. Lessee agrees to allow Lessor or Lessor's agents, upon 24-hour notice to Lessee, to enter the Leased Premises to perform Lessor's obligations, inspect the Leased Premises, and show the Leased Premises to prospective purchasers or tenants.

(j) Repairs and Maintenance. Lessee agrees to repair, replace, and maintain all portions of the Leased Premises other than the roof, foundation and structural components. All windows, storefronts, doors, and HVAC shall be repaired, replaced and/or maintained by Lessee.

(k) Adjacent Areas. Lessee agrees to keep the sidewalks, service ways, and loading areas adjacent to the Leased Premises neat, clean, unobstructed, and substantially free from dirt or rubbish at all times.

(l) Repairs. Lessee agrees to repair any damage to the Property caused by Lessee including but not limited to wall and ceiling penetrations from Lessee use, and signage attached to building

(m) Insurance Requirements. Lessee agrees to, at Lessee's sole cost and expense, obtain and maintain insurance covering the Leased Premises as follows:

(i) Comprehensive general liability insurance against claims for bodily injury, death or property damage occurring on, in, or about the Leased Premises in the amount of \$1,000,000 per occurrence/\$2,000,000 in the aggregate and \$1,000,000 umbrella coverage with financially sound companies acceptable to Lessor. This coverage shall be increased by Lessor periodically to a level

appropriate under then market conditions and industry standards, as reasonably determined by Lessor.

(ii) Worker's compensation insurance covering all persons employed by Lessee in connection with any work done on the Leased Premises relating to construction or finish-out. This provision is to apply to all contractors and sub-contractors.

(iii) Property insurance covering the replacement value of Lessee's inventory, fixtures, equipment, leasehold improvements, and Lessee's other property in the Leased Premises. (All property kept, stored or maintained within the Leased Premises by Lessee shall be at Lessee's sole risk.)

Such policies of insurance for the Leased Premises and the conduct of Lessee's business must:

(i) Name Lessor, Lessor's lender as additional insured's (to the extent possible), and as an additional loss payees with regard to property policies, and provide that they may not be canceled or terminated without prior written notice to Lessor, and Lessor's lender,

(ii) State that such insurance is primary over any insurance carried by Lessor, and

(iii) Contain an endorsement in favor of Lessor, waiving such insurance company's rights of subrogation against Lessor to the extent such endorsement is available.

(n) Certificates of Insurance. Lessee agrees to deliver certificates of insurance to Lessor evidencing the insurance required above before the Rent Commencement Date and thereafter when requested.

(o) Indemnification. Subject only to the extent permitted by Texas and/or Federal Law, Lessee does hereby indemnify Lessor for and shall hold Lessor harmless from all fines, suits, claims, demands, liabilities and actions (including expenses of defending against the same) alleged to result from any breach or nonperformance of any provision of the Lease by Lessee or alleged to result from any action by Lessee, or alleged to result from any action or inaction by Lessee's agents, employees, licensees, invitees, visitors, customers, assigns and sublessees or from the use of the Leased Premises by Lessee, as its employees, agents, licensees, invitees, visitors, customers, assignees or sublessees. Lessor shall not be liable to Lessee or Lessee's agents, employees, licensees, invitees, visitors, costumers, assignees or sublessees for any damage to person or property of the Lessee or the Lessee's agents, employees,

licensees, invitees, visitors, customers, assigns nor for any damage for any reason to Lessee's contents or the contents of any other person or party.

(p) Continuous Use. Lessee agrees to continuously and in good faith conduct on the entire Leased Premises, the type of business for which the Leased Premises are leased, in an efficient and reputable manner.

(q) Operation during Permitted Operating Hours. Lessee agrees to keep the Leased Premises open for business during Lessee's business hours, which must fall within the Permitted Operating Hours, except during reasonable periods for repairing, cleaning, and decorating.

(r) Lessee Estoppel Certificates. On request made by Lessor from time to time, execute any estoppel certificate that states the Rent Commencement Date of the Lease, identifies any amendments to the Lease, describes any rights to extend the Term or purchase rights, lists defaults by Lessor, if any, confirms that there are no claims are offset by Lessor (or if such claims or offsets exist, lists same) and provides any other information and/or confirmations reasonably requested, within 10 days of receipt of request.

(s) NSF Charges. Lessee shall pay directly to Lessor upon demand, a \$35.00 charge for each check returned to Lessor, by Lessee's bank, tendered on an account with non-sufficient funds. Lessor will only accept payment of the lease rental, NSF charges, and any applicable late charges from Lessee by cashier's or certified check.

(t) Condominium Association. Lessee agrees to abide by all Condominium Association Declaration and By-Laws if an association is created. Lessee acknowledges the fact that the Leased Premises may be part of a Condominium Association in the future.

(u) Lessor's Rules and Regulations. Lessee acknowledges that the Leased Premises is part of a larger Project and that Lessor will maintain the unified concept of the Project through rules and regulations that will be followed by the Lessee.

2.2. Lessee's Negative Agreements

(a) Unauthorized Uses. Lessee agrees not to use the Leased Premises for any purpose other than the Permitted Lease Use.

(b) Nuisance. Lessee agrees not to create a nuisance.

(c) Interference with other Lessees. Lessee agrees not to interfere with any other Lessee's normal business operations or Lessor's management of the Project.

- (d) Waste. Lessee agrees not to permit any waste.
- (e) Hazardous uses. Lessee agrees not to use the Leased Premises or Common Areas in any way that is hazardous, would increase insurance premiums, or would void insurance on the Building.
- (f) Locks. Lessee agrees not to change Lessor's lock system without written notification of such action. Lessor may change the locks according to the Texas Property Code if Lessee is in default.
- (g) Alterations. Lessee agrees not to alter the Leased Premises without Lessor's written consent.
- (h) Liens. Lessee agrees not to allow any lien to be placed on the Leased Premises. Lessor has the right to demand the payment of any amount pertaining to a lien regardless of whether the Lessee owes such amount. Lessor will also have the right to pay-off any lien and then demand immediate payment by the Lessee, regardless of the validity of the lien.
- (i) Assignment. Lessee may not sublet the Leased Premises or any part thereof, without the prior written approval of Lessor. Lessee shall not assign this Lease or allow it to be assigned in whole or in part, by operation of law or otherwise, without prior written approval of Lessor. Lessee shall not mortgage or pledge this Lease in any manner. Lessor shall not be obligated to approve any sub-lease or assignment.
- (j) Signs. Lessee agrees not to place any signs on the Leased Premises or Common Areas without the Lessor's prior written consent. Lessee shall have the right, at its own cost, to construct signage on the building, but only after the design, materials and size are approved by the Lessor in writing. The Lessee must obtain the approval from the Lessor of the design and materials of the sign.
- (k) Obstruction of Vehicular & Pedestrian Traffic. Lessee agrees not to obstruct or interfere with vehicular traffic or pedestrian traffic across the Property.
- (l) Lessee agrees to conduct all business within the Leased Premises. Lessee will not conduct any business in the common areas.

2.3. Lessor's Agreements

- (a) Lease. Lessor agrees to lease the Leased Premises to Lessee for the Lease Term.

- (b) Utility Connections. Lessor agrees to provide normal utility service connections (i.e., sanitary sewer, water and electricity) to the Leased Premises. Tenant shall be responsible for its own utilities, which shall be separately metered, excluding water which shall be paid for by Lessor.
- (c) Certain Repairs and Maintenance. Lessor agrees to repair, replace, and maintain the (1) roof, (2) foundation, (3) parking and Common Areas, and (4) structural soundness of the exterior walls, excluding windows, store fronts, and doors.
- (d) Insurance. Lessor agrees to insure the Building against all risks of direct physical loss in an amount equal to the full replacement cost of the Building. Lessee will have no claim to any proceeds of Lessor's insurance policy.

2.4. Lessor and Lessee agree to the following:

- (a) Abatement. Lessee's covenant to pay Rent and Lessor's covenants are independent. Except as otherwise provided, Lessee will not be entitled to abate Rent for any reason.
- (b) Release of Claims/Subrogation. Lessor and Lessee release each other from any claim, by subrogation or otherwise, for any damage to the Leased Premises, the Building, or personal property within the Building, by reason of fire or the elements, regardless of cause, including negligence of Lessor or Lessee. This release applies only to the extent that it is permitted by law, the damage is covered by insurance proceeds, and the release does not adversely affect any insurance coverage.
- (c) Notice to Insurance Companies. Lessor and Lessee will notify the issuing insurance companies of the release set forth in the preceding paragraph and will have the insurance policies endorsed, if necessary, to prevent invalidation of the insurance coverage.
- (d) Casualty/Total or Partial Destruction
 - (1) In the event of a partial or total damage or destruction of the Leased Premises as a result of fire or other insured casualty, Lessor shall promptly rebuild and restore the same if sufficient insurance proceeds are available to Lessor for such rebuilding and restoration and if the Base Lease has not been terminated by Base Lease Landlord pursuant to the terms of the Base Lease. Such restoration shall be completed in the same manner as the initial construction completed by Lessor. If Lessor is required to rebuild and restore pursuant to the foregoing, such rebuilding and restoration shall be continuously and diligently pursued by Lessor until completion. Rent shall not abate

following such casualty if such casualty was the fault of Lessee. Otherwise, Rent shall be abated pending rebuilding and restoration based on the ratio of the portion of Leased Premises rendered unusable by such damage or destruction to the total Leased Premises.

(e) Condemnation/Substantial or Partial Taking

(1) If more than ten percent (10%) of the floor area of the Demised Premises should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, this Lease shall terminate and the rent shall be abated during the unexpired portion of the Lease, effective on the date physical possession is taken by the condemning authority.

(2) If less than ten percent (10%) of the floor area is of the Demised Premises should be taken under possession for any public or quasi-public use by the condemning authority, Lessor shall make all necessary repairs or alterations within the scope of Lessor's original work necessary to make the Demised Premises an architectural whole.

(3) In the event of a loss, any election to terminate this Lease following condemnation shall be made within thirty (30) days after the date on which physical possession is taken by the condemning authority. All compensation awarded for any taking (or the proceeds of private sale in lieu thereof), whether for the whole or a part of the Demised Premises, shall be the property of the Lessor, and Lessee shall have no interest in any award made for the loss of business or for the taking of the Demised Premises. Lessee will have no claim to the condemnation award or proceeds in lieu of condemnation.

(f) Uniform Commercial Code. If Lessee defaults in paying rent or any other sum due from Lessee to Lessor under this lease, Lessor has a lien on all fixtures, chattels, or other property of any description belonging to Lessee that are placed in, or become a part of, the premises as security for rent due and to become due for the remainder of the current lease term and any other sum Lessee owes Lessor. This lien is not in lieu of, nor in any way affects, the statutory Lessor's lien particularly Section 54.021 of the Texas Property Code; and Lessor's statutory lien and contractual lien shall be considered encumbrances properly fixed on such property for statutory and contractual lien purposes when the Lessee's property is placed on the premises. Exercise of statutory lien shall not waive Lessor's contractual lien; and vice versa. Lessee grants Lessor a security interest in all of Lessee's property placed in or on the premises for purposes of this contractual lien. This does not prevent Lessee's selling any merchandise in the ordinary course of business free of such Lessor's lien. If Lessor exercises the option to terminate the leasehold, reenter,

and relet the premises as provided in the preceding paragraph and gives Lessee reasonable notice of the intent to take possession and an opportunity for a hearing on the matter, Lessor may take possession of all of Lessee's property on the premises and sell it at public or private sale after giving Lessee reasonable notice of the time and place of any public sale or of the time after which any private sale is to be made, for cash or on credit, for the prices and terms that Lessor considers best, with or without having the property present at the sale. The proceeds of the sale will be applied first to the necessary and proper expense of removing, storing, and selling the property, then to the payment of any rent due or to become due under this lease; any balance will paid to Lessee. This Lease is a security agreement for the purposes of the Uniform Commercial Code. Landlord may file a UCC-1 financing statement evidencing the lien granted by this lease.

(g) Parking. Lessee shall, and shall cause its agents, employees, invitees, licensees, and visitors to, park their vehicles only in those areas designated by Lessor, as set forth in Exhibit "B", and shall comply with all laws and restrictive covenants, by laws, rules, restrictions and declarations with respect to parking. Subject to the provision set forth below, Lessor, at its sole discretion, may designate the specific space or area in which vehicles shall be parked and may change the same from time to time. Lessor may make, modify, or enforce rules and regulations relating to the parking of vehicles, and Lessee hereby agrees to obey such rules and regulations.

(h) Default by Lessor/Events. Defaults by Lessor are failing to comply with any provision of this Lease within thirty days after written notice if compliance within 30 days is commercially reasonable or, if not, within a commercially reasonable period of time.

(i) Default by Lessor/Lessee's Remedies. Lessee's sole remedy for Lessor's default shall be any and all statutory remedies as prescribed by Texas Law, to be enforced through Arbitration. Lessee will not have any right to set off or any right to consequential or punitive damages. **IN THE EVENT LITIGATION SHOULD ARISE OUT OF THE LEASE AGREEMENT OR ANY OTHER MATTER RELATED THEREOF WHATSOEVER OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OR INTERACTIONS BY LESSOR, IT IS HEREBY STIPULATED AND AGREED BY LESSEE AND LESSOR THAT THEY SHALL WAIVE AND DO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ALL RIGHTS TO DEMAND A TRIAL OF ANY SUCH MATTER BY OR BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT TO LESSOR TO LEASE THE HEREIN DESCRIBED LEASE PREMISES.**

(j) Default by Lessee/Events. Defaults by Lessee are (i) failing to pay Rent, Late Fees and penalties, and/or NSF Charges, when due, (ii) abandoning or vacating a substantial portion of the Leased Premises, and (iii) failing to comply within thirty (30) days after written notice with any provision of this Lease other than the defaults set forth in (i) and (ii) above.

(k) Default by Lessee/Lessor's Remedies. Lessor may elect, at Lessor's sole discretion, to pursue any or all of the following remedies for Lessee's default; (i) enter and take possession of the Leased Premises, after which Lessor may relet the Premises on behalf of Lessee and receive the rent directly by reason of the reletting, and Lessee agrees to reimburse Lessor for any expenditures made in order to relet and any deficiencies in the Rent due from Lessee and not satisfied by said reletting; (ii) enter the Leased Premises and perform Lessee's obligations; and (iii) terminate this Lease by written notice and sue for damages. Lessor, in addition to the other remedies, may enter and take possession of the Leased Premises by self-help, by picking or changing locks if necessary, and may lock out Lessee or any other person who may be occupying the Leased Premises, until the default is cured, without being liable for damages.

(l) Default/Waiver/Mitigation. It is not a waiver of default if the non-defaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this Lease does not preclude pursuit of other remedies in this Lease or provided by law. To the full extent allowed by applicable law, Lessee hereby waives any duty on the part of Lessor to mitigate damages.

(m) Holdover. If Lessee does not vacate the Leased Premises following termination of this Lease, Lessee will become a tenant at will and must vacate the Leased Premises on receipt of notice from Lessor. No holding over by Lessee, whether with or without the consent of Lessor will extend the Lease Term; and in no event will the Lease Term extend beyond the term of the Base Lease. Holding-over lease payment shall be equal to 1.5 times that of the normal monthly lease amount, to be paid monthly, in advance.

(n) Venue. Venue is in the county in which the Premises are located.

(o) Entire Agreement. This Lease, together with the attached exhibits and riders, is the entire agreement of the parties, and there are no oral representations, warranties, agreements, or promises pertaining to this Lease or to any expressly mentioned exhibits and riders not incorporated in writing in this Lease.

(p) Amendment of Lease. This Lease may be amended only by an instrument in writing signed by Lessor and Lessee.

(q) Notices. Any notice required or permitted under this Lease must be in writing. Any notice required by this Lease will be deemed to be delivered (whether actually

received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address for such recipient shown in this Lease. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

(r) Abandoned Property. Lessor may retain, destroy, or dispose of any property left on the Leased Premises at the end of the Term.

(s) Mortgages. Lessee accepts this Lease subject and subordinate to any mortgage(s) and/or deed(s) of trust now or at any time hereafter constituting a lien or charge upon the Property or the Lessor's leasehold interest under the Base Lease, provided, however, that if the mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Lessee's interest in this Lease superior to any such instrument, then by notice to Lessee from such mortgagee, trustee or holder, this Lease shall be deemed superior to such lien, whether this Lease was executed before or after said mortgage or deed of trust. Lessee shall at any time hereafter on demand execute any instruments, releases or other documents which may be required by any mortgagee for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage. If the interests of the Lessor under this Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of any mortgage or deed of trust on the Property or the Lessor's leasehold interest under the Base Lease, Lessee shall be bound to the transferee (sometimes called the "Purchaser") at the option of the Purchaser, under the terms, covenants, and conditions of this Lease for the balance of the Lease Term remaining, including any extensions and renewals exercised by Lessee, with the same force and effect as if the Purchaser were Lessor under this Lease, and if requested by the Purchaser, Lessee agrees to submit to the Purchaser, including the mortgagee under any such mortgage if it be the Purchaser, as its landlord.

(t) Monument and Building Signage. Lessor may, but is not obligated to construct a monument sign for the benefit of the Lessees, identifying the retail center by name, and address. Upon written agreement by and between Lessor and Lessee and at sole cost of Lessee shall be allowed to have designed, fabricated, and installed a sign face on the pylon sign, so identifying Lessee's business, as set forth above. Signage must complement building architectural design, and is subject to Lessor review and approval. All signs to include "building signage and pylon sign faces" shall be designed, fabricated, and installed by the signage company so designated by Lessor to insure the integrity and conformity of all property signage. No alternate sign company can be used unless Lessee receives prior written consent by Lessor.

ARTICLE III
USE OF PREMISES

3.1. Use. The Premises shall be used by the Lessee only for the Permitted Lease Use and for no other purpose without the prior written consent of Lessor. The Leased Premises may only be used by Lessee as permitted by, and in compliance in all material respects with, all restrictive covenants applicable to the Leased Premises.

3.2. Limitations on Use.

(a) Lessee shall not, without Lessor's prior written consent, keep anything within the Leased Premises or use the Leased Premises for any purpose which invalidates any insurance policy carried on the Leased Premises.

(b) Lessee shall not permit any reasonably objectionable odors to emanate from the Leased Premises; nor place any antenna, awning, or other projection on the exterior of the Leased Premises without prior written consent of the Lessor; nor take any other action that would constitute a legal nuisance. Lessee shall comply with local noise ordinances in the operation of radios, televisions, loudspeakers or amplifiers on the Leased Premises.

(c) No adult-oriented (i.e., sexually oriented) businesses may be conducted on the Leased Premises.

(d) Lessee shall store all garbage within the Leased Premises or in such area designated by Lessor for trash storage area. Lessee shall not operate an incinerator nor burn trash or garbage.

ARTICLE IV
CONSTRUCTION AND ACCEPTANCE OF PREMISES

4.1. Construction and Acceptance

(a) The Building will be constructed substantially in accordance with the floor plan attached hereto as Exhibit "A". Lessee shall inspect the Leased Premises and shall accept the Leased Premises as long as they conform with the floor plan attached hereto as Exhibit "A."

(b) Lessor agrees to begin construction of the finish out of the Leased Premises upon the Closing Date.

4.2. Ownership of Improvements. All improvements of any nature constructed by Lessor or Lessee on the Premises shall be owned and shall be the property of the Lessor.

ARTICLE V
RENEWAL OPTIONS

5.1. If (i) there is not an event of default by Lessee under this Lease, and (ii) if this Lease has not been terminated by operation of law or otherwise, then Lessee shall have the option (the "Option") to exercise one (1) Renewal Terms of 60 month. The new Monthly Base Rental Rate for the renewal option shall continue to be the existing ongoing rate at the termination of the most recent term adjusted on an annual basis to reflect CPI increases which shall in no event exceed \$100.00 per month.

5.2. Lessee shall give Lessor written notice that Lessee is exercising the Option to renew at least 60 days prior to the expiration of the then current term of this Lease (the term "current term" being inclusive of any Renewal Period the Option with respect to which has been exercised in accordance with the terms of this Lease). Unless Lessee gives said written notice at least 60 days prior to the expiration of the then current term of this Lease, Lessee's Option to renew the term of this lease shall be null and void and may not be exercised by Lessee. Lessor and Lessee agree that once any notice is given hereunder it shall be irrevocable. The Option may be enforced by Lessee or Lessor and shall not be assigned, mortgaged or encumbered, nor shall it pass by operation of law or otherwise. Any attempted transfer or disposition of the Option shall be null and void. Any termination of this Lease shall terminate all rights of renewal hereunder.

Lessor:

ATTEST:

Danny Valdez
Webb County Judge

Margie Ramirez Ibarra
Webb County Clerk

APPROVED AS TO FORM:

Marco A. Montemayor

Webb County Attorney

*By law, the county attorney's office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorney(s).

Exhibit "A"
Layout of Project Identifying Leased Premises