



October 10, 2022

MISSION HILLS LAND LEASE HOMEOWNER

RE: MISSION HILLS (PSL121A) - Successor Sublease

THE NEW 99 YEAR SUBLEASE IS APPROVED AND THE CLOCK IS RUNNING!!

Since 1984, our firm has negotiated and marketed leasehold extensions, new subleases and/or options on more than 2000 subleases throughout the Coachella Valley. We know the value created through extending the term of your sublease. I am sorry that you could not attend one of our Successor Sublease presentations – the feedback from your neighbors that attended was very positive! I am sure that it would have been informative and given you the opportunity to ask questions.

The graphs included in the enclosed material are based on our 54 years of experience in sales of subleasehold properties using actual side by side sales comparisons of properties which did and did not extend their subleases. As these graphs illustrate, without the extension, future price increases will belong to your landlord (not to you) and, in fact, your share of your property's value will begin to decrease. **The bottom line is protecting and enhancing VALUE by ensuring the ability to refinance or sell at the best price.**

Negotiations between your lessor (Mission Hills Country Club) and the landowners were extensive and took over six years. We have received formal approval from the BIA on the new sublease and the early commitment discount period has begun! Enclosed please find the information on the new sublease for your review.

The cost of converting to this new lease (**for those who act by December 31, 2022**) is only **\$17,650.00** which includes a fee to the landowner, as well as, all costs of title search, a brand new title policy, drawing the sublease documents, securing approval from the BIA, recording, legal and our fees. **The new monthly rent of \$496.00 will begin on November 1, 2022 (regardless of when you sign up for the new lease during this initial early commitment discount period)** and your first Cost of Living Adjustment under the new lease won't be until November 1, 2027, please see the attached Residential Successor Sublease Agreement and Receipt for Deposit and the accompanying package for other changes including expanded transfer and finance fees, among other revisions and modifications.

After December 31, 2022, the cost of the new sublease will be \$23,400 and the base monthly rent will be \$667.00! Further increases are scheduled for those who choose to extend beyond 04/30/2023. See the enclosed approved rent schedule and one-time fee schedule for further increases.

I am sure that you will have questions after you have read the material. [We have a website and email address dedicated to the new sublease offering at Mission Hills to help better field your calls and questions.](#) **To take advantage of this discounted opportunity, please return the enclosed Residential Successor Sublease Agreement and Receipt for Deposit and Title Vesting & Encumbrance Memorandum with your deposit check in the amount of \$2,500.00 payable to Fey's Canyon Realtors.** The balance of the new sublease fee will be due when your documents are ready for signature, or on December 31, 2022.

Sincerely,

Julie Fey-Clark
DRE# 01147178
Enclosures

www.mhcclease.info contactus@mhcclease.info



1001 South Palm Canyon Drive • P.O. Box 2849 • Palm Springs, CA 92263 • (760) 325-0905 • FAX (760) 327-1247



MISSION HILLS

SUCCESSOR SUBLEASE

Presenters:
Julie Fey-Clark
Fey's Canyon, Realtors®
DRE License #01147178
David Driskill
Fey's Canyon Financial Services

AGENDA

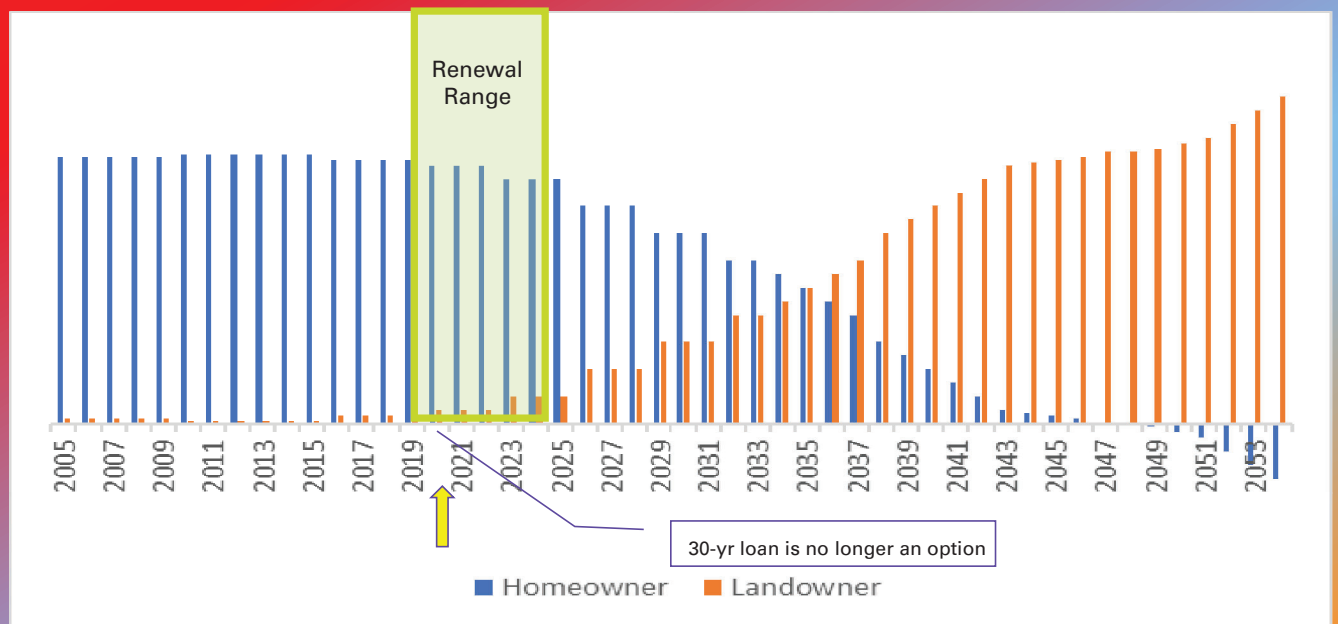
- **Equity Comparison**
 - Life of a Land Lease
 - Under current lease
 - Typical 65-year Restatement
 - 99-year Successor Sublease
 - Side by side comparison
- **Summary of Modifications**
 - Transfer Fee
 - Encumbrance Fee
 - Land Rent
 - Adjustments
- **New Land Rent**
 - Comparisons
- **One-time initiation fee**
 - Early sign-up incentive
- **FAQs and Timeline**
- **Potential Added Costs**
 - Title defects & Unapproved loans
 - Curative processes & Fees
- **Document Package**
 - Pdf of presentation
 - Draft of New Lease
 - Acceptance & Deposit Agreement

Closing Q&A



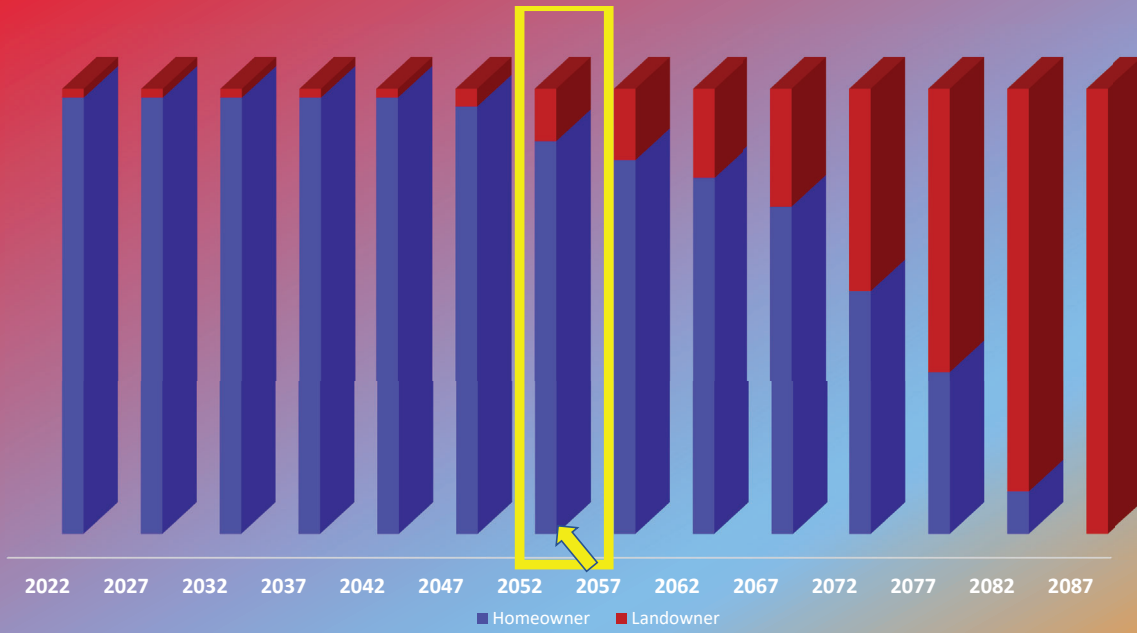
Equity Trend

Under the current sublease



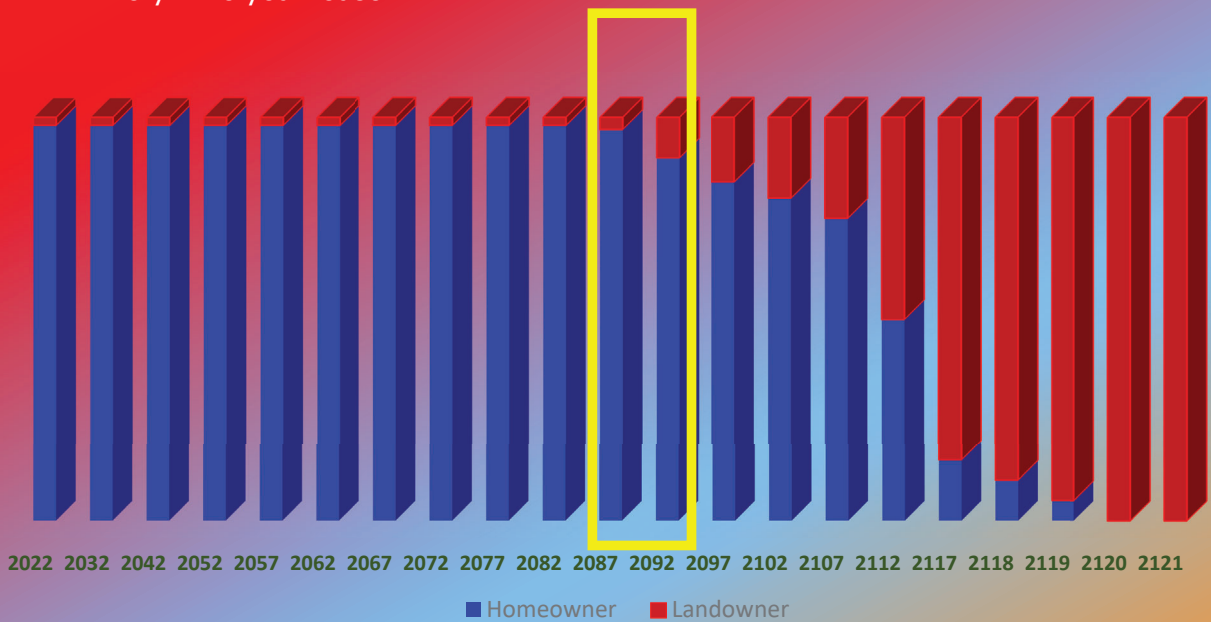
Equity Trend

Sixty-five year lease



Equity Trend

Ninety-nine year lease



SUMMARY OF MODIFICATIONS



- **ARTICLE 4 – TERM.** The term of this Successor Sublease runs until April 28, 2121. (This is a 99-year sublease!)
- **ARTICLE 7(a) – RENT.** This article establishes the new monthly rent under the Successor Sublease 121A/121B and establishes a late charge and interest due if the rent is not received by the 15th day of the month.
 - This article imposes a late charge of 10% and provides for interest at 8% per annum.
- **ARTICLE 7(b) – RENTAL ADJUSTMENT.** This article updates the Cost-of-Living Adjustments to a new common date of November 1, 2027 and every 5 years thereafter and places a cap of 25% on any adjustment period.



SUMMARY OF MODIFICATIONS



- **ARTICLE 11 – FIRE AND DAMAGE INSURANCE.** This article has been updated and amended to allow the HOA to provide the insurance.
- **ARTICLE 13 – LIABILITY INSURANCE.** This article has been updated and amended to require \$1,000,000 liability insurance and to allow the HOA to provide the insurance.
- **ARTICLE 17 – ASSIGNMENT AND SUBLETTING.** This article establishes a transfer fee equal to twelve (12) times the then current monthly rent when the property is assigned or ownership is transferred.
 - This article also establishes that the transfer fee is due for transfers for value to a third party and notes that the fee shall NOT be due for transfers to one's revocable trust, for family gifts or transfers to a foreclosing Approved Encumbrancer acquiring the sublease in a foreclosure sale.



SUMMARY OF MODIFICATIONS



- **ARTICLE 18 – ENCUMBRANCES.** This article has been updated to comply with many lender’s requirements and establishes a fee to be paid for the approval of every new loan or refinance of an existing loan.
 - The Loan approval fee is equal to three (3) times the then current monthly rent and is due to the Lessor at the time the encumbrance is submitted for approval by the Lessor and the BIA.



What
does
this all
mean?

Brand new 99-year Sublease -No need to amend the lease for 64 years!!

Cost of Living Adjustments every 5 years beginning on November 1, 2027 with a cap of 25% for any adjustment period

Transfer Fee equal to 12 months rent

Finance approval fee equal to 3 months rent

Increased marketability

For those that sign up during the early commitment discount period, the new monthly rent starts on November 1st, 2022 regardless of when you sign.



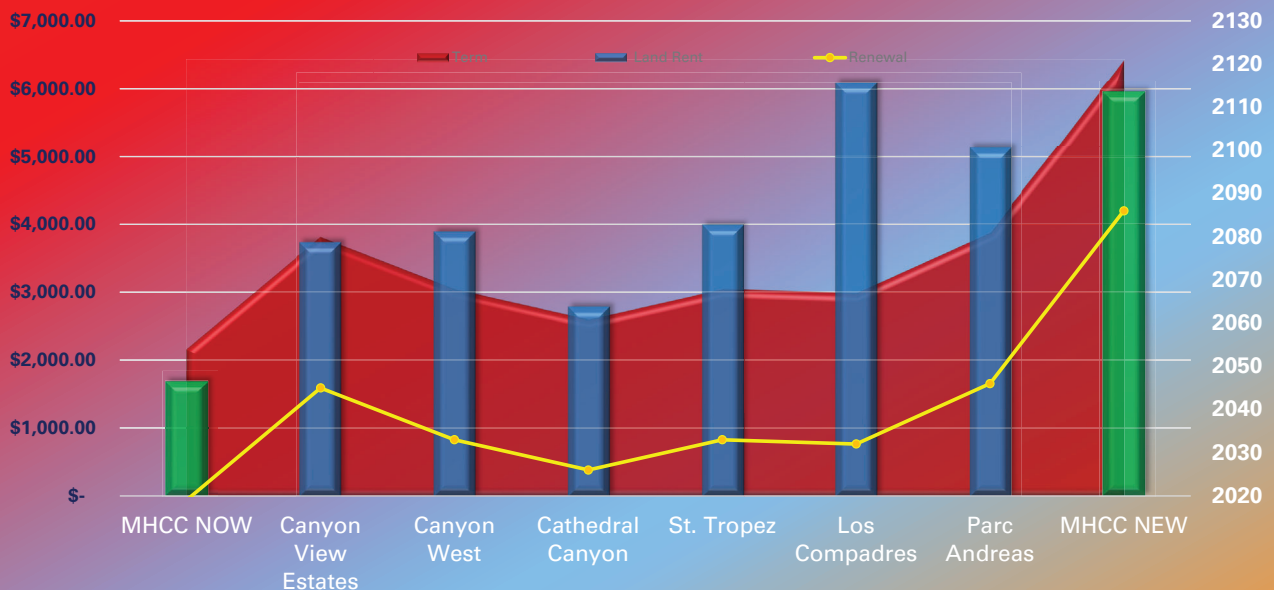
LAND RENT

MONTHLY LAND RENT

Deadlines to Renew Sublease

Early Sign-up Window	Land Rent begins at the Contracted Amount (Window 2)	Window 3
12/31/2022	1/1/2023 to 4/30/2023	05/01/2023 to 10/31/2023
\$496	\$667	\$667*
Becomes effective 11/1/2022	First of the month following the date of the Sublease	First of the month following the date of the Sublease
<i>*the rent will remain the same, but the one-time fee is increased</i>		

RENT COMPARISONS



COST TO RENEW

ONE-TIME FEE

INCREASE SCHEDULE

Early Sign-up	Start of Contracted Fee (Window 2)	Window 3
12/31/2022	1/1/2023 to 4/30/2023	5/1/2023 to 10/31/2023
<u>\$17,650</u>	<u>\$23,400</u>	<u>\$28,400</u>

SIGNED AGREEMENT AND FULL AMOUNT MUST BE RECEIVED BEFORE LAST DAY OF RATE OFFER

ONE-TIME COST COMPARISONS

		Early Sign-up (ended date)	Window 2 (end date)	Window 3 (end date)	Window 4	Most recent offer	
Villa Alejo	25 yr. extension	12/31/17	6/30/18	12/31/18	2019	2022	
		<u>\$7,350</u>	<u>\$8,100</u>	<u>\$10,000</u>	<u>\$11,000</u>	<u>\$13,250</u>	
		5/31/16	12/31/16	12/31/17		2021	
St. Tropez*	25 yr. extension	<u>\$7,325</u>	<u>\$8,825</u>	<u>\$9,825</u>		<u>\$19,000</u>	
		*this is a mini-master leasehold, no position between landowner and lessee (BIA governed)					
		5/31/20	12/31/20	2021			
Estados South*	20 yr. extension	<u>\$5,800</u>	<u>\$7,800</u>	<u>\$9,800</u>			
		*mini-master (private lease)					
		Parc Andreas	34-year new lease*		\$20,000	*a new lease that becomes effective when the current lease ends in 2047	

YOU MIGHT BE ASKING YOURSELF...

SELF?



18

I am old and my children do not care about this house, or I do not have any heirs.

This is about preserving VALUE & EQUITY that you may need to draw on later
You are preserving the value of your ESTATE
in fact, if you hold the property in a trust, as Trustee you are obligated to protect the
value of assets held in trust

I cannot afford it.

This lease extension will allow you to REFINANCE your home for a longer term and at a
lower rate thus reducing your payments.
And the INCREASED VALUE will let you take cash out!

I am already spending enough!

History has shown that a lease extension (if available) will cost more when you need it
Canyon Country Club, the original extension cost was \$4,416 in 1999, for 2008 it was
\$50,000; and
Today, the cost of the same extension term will cost well over \$500,000

Timeline



Possible Title Defects

Unauthorized /Unrecognized Transfers

- Transfer or Title change by Grant Deed or Quitclaim Deed
- Trustee Sale – Foreclosure by Lender
- Probate or Inter Vivos gift
- Addition of a joint tenant or co-tenant

Unauthorized Encumbrance

- Any lien where the property is identified as collateral to secure a finance agreement (Deed of Trust) without approval by the Lessor and BIA
- Loan Modifications without Lessor and BIA approval
- Regardless of loan having been paid off

Curative Processes and fees

Unrecognized transfers (involuntary)

- Involuntary Transfers are not subject to a transfer fee
- Lessor Admin fee of \$350
- BIA fee of \$250 - \$500
- Document preparation and curative services will vary

Unauthorized title changes or transfers

- Subject to the transfer fee as defined in the current sublease
- Lessor Admin fee of \$350
- BIA fee of \$250 - \$500
- Document preparation and curative services will vary

Unauthorized Encumbrance

- Subject to the encumbrance fee as defined in the current sublease
- Lessor Admin fee of \$350
- BIA fee of \$500
- Document preparation and curative services will vary

We are referring title defects to
PS LEASEHOLD SERVICES
INFO@PSPLEASE.COM



You may also contact or be referred to
AGUA CALIENTE TRANSACTIONAL SERVICES



TRANSACTIONALSERVICES@AGUACALIENTE.NET
(760)699-6452

THE DOCUMENTS

[AGREEMENT](#)

[SUCCESSOR SUBLEASE](#)

[BIA Supporting Documents](#)

[County Required Forms](#)

RED FIELDS ARE REQUIRED - WE WILL COMPLETE THE OPTIONAL FIELDS
RESIDENTIAL SUCCESSOR SUBLEASE AGREEMENT AND RECEIPT FOR DEPOSIT
for Residential Subleases under PSL 121 for use until December 31, 2022

PALM SPRINGS, CALIFORNIA _____ 20_____
Clubcorp Mission Hills Country Club, Inc., Lessor and _____
Lessee agree as follows:

In consideration of the sum of \$ _____ (Successor Sublease fee) and other conditions enumerated below (as more fully described in the SUCCESSOR SUBLEASE), said sublease covering property located at _____, Rancho Mirage, California shall be extended to April 28, 2121.

- 1) Monthly Rent. The minimum Monthly Rent shall be \$ _____ beginning on November 1, 2022.
- 2) Other Sublease changes such as Cost of Living Adjustments, Transfer Fee and Loan Approval Fee are summarized on Exhibit A attached hereto.

The above charges are those in effect as of September 1, 2022 and will change on January 1, 2023.

- 3) Corrections or Changes to Title. In the event that corrections to or changes in the manner in which Title to the Leasehold is held are required, the costs for such Title corrections/Changes shall be paid solely by the Lessee.

Received from Lessee a deposit of _____ dollars \$ _____ to be applied to the above fee payable to Fey's Canyon, Realtors

Lessor and Lessee hereby acknowledge that Fey's Canyon, Realtors is acting as the agent for the Lessor exclusively in this transaction. All of the terms and conditions shown on the sample SUCCESSOR SUBLEASE Agreement are incorporated as part of this agreement.

This is an offer to amend and restate the terms of the existing Residential Sublease with a brand new Successor Sublease between the parties on the above terms and conditions. Unless payment in full of the Successor Sublease fee is received, acceptance is signed by the Lessor (or Lessor's agent) and a signed copy delivered in person, by mail, by email or by facsimile to the Lessee prior to December 31, 2022, this offer shall be deemed revoked and the deposit shall be returned to the Lessee. The restatement must be executed and recorded within 120 days of the date first written above or this agreement is voidable at Lessor's option.

LESSEE _____ LESSEE _____
LOT _____ TRACT _____ TELEPHONE _____

**TITLE VESTING & ENCUMBRANCE
MEMORANDUM**

DATE: _____
Subject Property Address: _____
I(we) currently hold title on the subject property as: _____

And
I(we) declare that the subject property is FREE FROM ANY ENCUMBRANCES,
Except for Deed of Trust of record dated _____, in the amount of
\$ _____-and/or other Encumbrance(s) as described: _____

Date

Date
Mailing Address: _____
Phone: _____ e-mail: _____

**Fey's Canyon Financial Services relies on your statement as to how title is held and whether or not there is an outstanding approved Deed of Trust. We will notify you if the manner in which you state title is held differs from our records before submitting the extension to the BIA.

If your file is rejected by the Bureau because of undisclosed items, any additional costs for correcting the title or getting the Trust Deed Approval is your responsibility.

RESIDENTIAL SUCCESSOR SUBLEASE AGREEMENT AND RECEIPT FOR DEPOSIT
for Residential Subleases under PSL 121 **for use until December 31, 2022**

PALM SPRINGS, CALIFORNIA _____ 20 _____

Clubcorp Mission Hills Country Club, Inc., Lessor and _____,
Lessee agree as follows:

In consideration of the sum of \$ 17,650.00 (Successor Sublease fee) and other conditions enumerated below (as more fully described in the SUCCESSOR SUBLEASE), said sublease covering property located at _____, Rancho Mirage, California shall be extended to April 28, 2121.

- 1) Monthly Rent. The minimum Monthly Rent shall be \$ 496.00 beginning on November 1, 2022.
- 2) Other Sublease changes such as Cost of Living Adjustments, Transfer Fee and Loan Approval Fee are summarized on Exhibit A attached hereto.

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LESSEE _____

LESSEE _____

LOT _____ TRACT _____

TELEPHONE _____

The undersigned, agent for Lessor, acknowledges receipt of the above offer on the above terms and conditions.

FEY'S CANYON, REALTORS

By _____

Date _____

The undersigned Lessor accepts the above offer on the above terms and conditions.

Clubcorp Mission Hills Country Club, Inc.

By _____, Agent

Date _____

Please return your completed and signed contract, along with your check payable to Fey's Canyon Realtors to: Fey's Canyon Realtors, P.O. Box 2849, Palm Springs, CA 92263

Mission Hills Country Club
PSL-121A & 121B
Exhibit A
Summary of Sublease Modifications

1. ARTICLE 4 – TERM. The term of this Successor Sublease runs until April 28, 2121. (This is a 99-year sublease!)
2. ARTICLE 7(a) – RENT. This article establishes the new monthly rent under the Successor Sublease 121A/121B and establishes a late charge and interest due if the rent is not received by the 15th day of the month.
 - a. This article imposes a late charge of 10% and provides for interest at 8% per annum.
3. ARTICLE 7(b) – RENTAL ADJUSTMENT. This article updates the Cost of Living Adjustments to a new common date of **November 1, 2027** and every 5 years thereafter and places a cap of 25% on any adjustment period.
4. ARTICLE 11 – FIRE AND DAMAGE INSURANCE. This article has been updated and amended to allow the HOA to provide the insurance.
5. ARTICLE 13 – LIABILITY INSURANCE. This article has been updated and amended to require \$1,000,000 liability insurance and to allow the HOA to provide the insurance.
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 - a. This article also establishes that the transfer fee is due for transfers for value to a third party and notes that the fee shall NOT be due for transfers to one's revocable trust, for family gifts or transfers to a foreclosing Approved Encumbrancer acquiring the sublease in a foreclosure sale.
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 - a. The Loan approval fee is equal to three (3) times the then current monthly rent and is due to the Lessor at the time the encumbrance is submitted for approval by the Lessor and the BIA.

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MEMORANDUM**

DATE: _____

Subject Property Address: _____

I(we) currently hold title on the subject property as: _____

And

I(we) declare that the subject property is FREE FROM ANY ENCUMBRANCES,

Except for Deed of Trust of record dated _____, in the amount of

\$ _____-and/or other Encumbrance(s) as described: _____

_____.

Date

Date

Mailing Address: _____

Phone: _____ e-mail: _____

**Fey's Canyon Financial Services relies on your statement as to how title is held and whether or not there is an outstanding approved Deed of Trust. We will notify you if the manner in which you state title is held differs from our records before submitting the extension to the BIA.

If your file is rejected by the Bureau because of undisclosed items, any additional costs for correcting the title or getting the Trust Deed Approval is your responsibility.

SUCCESSOR SUBLEASE

Master Lease: Successor Lease PSL-121(A)
Sublease No. _____
Address: _____

Lot No.: _____ Unit No.: _____
Tract No.: _____
APN: _____

THIS SUCCESSOR SUBLEASE (“Successor Sublease”) is executed as of _____, by and between CLUBCORP MISSION HILLS COUNTRY CLUB, INC., a Delaware corporation, herein referred to as “Lessor” and _____, herein referred to as “Lessee”.

RECITALS:

A. Lessor is the owner of a leasehold estate in and to the real property of which the premises sublet hereunder is a part under that certain Business Lease No. PSL-121, Contract No. 14-20-0550-1736, approved by the Bureau of Indian Affairs, Department of the Interior (the “BIA”) on July 3, 1969, recorded with the County Recorder of Riverside County on April 23, 1970 as Instrument No. 37878, as assigned, amended and supplemented by various assignments and supplemental agreements (the “Original Master Lease”).

B. The Original Master Lease was amended and restated in its entirety by Supplemental Agreement No. 7 to Business Lease PSL-121 which was approved by the BIA on April 29, 2022, and recorded in the Official Records of Riverside County, California on May 13, 2022, as Instrument No. 2022-0223898 (the Original Master Lease as amended and restated is hereinafter collectively referred to as “PSL-121”), and concurrently therewith the parties to PSL-121 entered into two successor leases, Successor Lease PSL-121(A) recorded in the Official Records of Riverside County, California on May 13, 2022, as Instrument No. 2022-0223899 (“Successor Lease PSL-121(A)”), and Successor Lease PSL-121(B) recorded in the Official Records of Riverside County, California on May 13, 2022, as Instrument No. 2022-0223900 (“Successor Lease PSL-121(B)”).

C. PSL-121, together with Successor Lease PSL-121(A) and Successor Lease PSL-121(B), provide the Lessor with a long term extension of its leasehold estate until April 28, 2121, and authorize Lessor to enter into new subleases under Successor Lease PSL-121(A) and/or Successor Lease PSL-121(B) (as applicable) such as this Successor Sublease.

D. Lessor (through a predecessor in interest) and Lessee (individually or through a predecessor in interest), are parties to that certain SUBLEASE (and said Sublease, or a short form or memorandum thereof) recorded on _____, as Instrument No. _____ of the Official Records of Riverside County, California, and any amendments and/or supplemental agreements thereto, concerning the improved leasehold real property described in Exhibit "A" attached hereto (the "Original Sublease").

E. In the absence of entering into this Successor Sublease, the Original Sublease would continue to be interpreted under its terms and the provisions of PSL-121, without enjoying the longer term as provided under this Successor Sublease and the provisions of Successor Lease PSL-121(A) and/or Successor Lease PSL-121(B)(as applicable). This Successor Sublease constitutes a complete and total amendment and restatement of the terms of the Original Sublease. Upon execution and recordation of this Successor Sublease in the Official Records of Riverside County, California, the Lessee shall be considered bound under the terms of this Successor Sublease, subject to the provisions of Successor Lease PSL-121(A) and/or Successor Lease PSL-121(B) (as applicable).

F. Lessor and Lessee mutually desire to amend and restate the Original Sublease in its entirety and replace the Original Sublease with this Successor Sublease on the terms contained in this Successor Sublease.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor and Lessee hereby agree to this Successor Sublease as follows:

1. BOUND BY SUCCESSOR LEASE PSL-121(A). With the execution of this Successor Sublease, the Lessee agrees to be bound by the terms and conditions of Successor Lease PSL-121(A). Upon recordation of this Successor Sublease, Lessee shall no longer be bound by the terms of PSL-121, but rather, the Successor Sublease shall be subject to the terms and conditions of Successor Lease PSL-121(A), with the exception that any encumbrancer under the Original Sublease who fails to approve this Successor Sublease will continue to be bound by the terms of the Original Sublease under the provisions of PSL-121.

2. DEFINITIONS. The following terms, as used in this Lease, shall have the meanings assigned below:

(A) The term "Lease" or "this Lease" shall refer to this Successor Sublease and the term "Leasehold" shall mean the subleasehold estate created hereby.

(B) The term "Master Lease" shall refer to Successor Lease PSL-121(A), and the term "Master Lessor" shall refer collectively to the persons identified as lessors in the Master Lease, and to their successors in interest.

(C) The term "Secretary" shall mean the Secretary of the United States Department of the Interior or his or her authorized representative.

3. LEASED PREMISES. The property which is subject to this Lease is situated in the County of Riverside, State of California, and is described in Exhibit "A" attached hereto and made a part hereof (the "Leased Premises").

4. TERM. The term of this Lease shall commence upon execution of this Successor Sublease and continue until April 28, 2121, subject to earlier termination as hereinafter provided in Article 19 of this Lease.

5. USE OF PREMISES. Lessee shall use the Leased Premises solely for private residential purposes, including recreational activity incidental thereto, and Lessee shall not erect or maintain thereon or suffer or permit to be erected or maintained thereon more than one single-family dwelling (or condominium unit). Lessee shall not use or suffer or permit any person to use said Leased Premises, or any portion thereof, to disturb the neighborhood or occupants of the adjoining units or other units within the land covered by the Master Lease, in their peaceful use, occupancy and enjoyment of the premises leased to them (or owned by them), or to constitute a nuisance in violation of any public law, ordinance, or regulation in any way applicable thereto.

6. IMPROVEMENTS. All structures that are erected or maintained on the Leased Premises shall have complied with and received the appropriate approvals of the building department of the City of Rancho Mirage. No addition to or alteration of any structure erected on the Leased Premises shall be commenced unless and until plans and specifications covering the proposed addition or alteration shall have been first submitted to, and approved by, the City of Rancho Mirage when necessary, and otherwise approved by Lessor. When the approved construction of any building or other structure on said Leased Premises, or any addition thereto or alteration thereof, is commenced, the same shall be prosecuted with reasonable diligence until completed, and shall conform to all public laws, ordinances, and regulations applicable thereto, and shall be constructed and completed at the sole cost and expense of Lessee and without any cost, expense or liability of the Lessor or Master Lessor whatsoever.

7. RENTAL.

(A) Monthly Rental. As minimum rental for the use and occupancy of the Leased Premises, Lessee agrees to pay Lessor the sum of \$ _____ per month, payable in advance on the first day of each calendar month throughout the term hereof, commencing on _____. All such payments shall be made to Lessor at 34600 Mission Hills Dr. Rancho Mirage, CA 92270, or at such other place as the Lessor may, from time to time, indicate by written notice to Lessee. The rental is subject to rental adjustment as set forth below in paragraph (B).

If Lessee should fail to pay the full monthly rental amount within fourteen (14) days after the due date (i.e. by the 15th day of each month), Lessee agrees that it would be impracticable or extremely difficult to fix the actual damage to Lessor caused by that failure and therefore agrees to pay a late charge of equal to ten percent (10%) of the monthly rental due ("Late Charge"), plus interest at the rate of eight percent (8%) per annum commencing on the date on which the

delinquent rental was due (“Default Interest”). (In the event the Late Charge or Default Interest rate are determined to exceed the highest rate permissible under California Law, the Late Charge or Default Interest rate shall be limited to the highest permissible rate then in effect). The amounts due as a Late Charge and/or Default Interest under this paragraph are in addition to and not in lieu of any other remedies of Lessor. Acceptance of any Late Charge and Default Interest, without curing the entire default, shall not constitute a waiver of Lessee’s default with respect to the overdue amount, or prevent Lessor from exercising any of the other rights and remedies under this Lease.

(B) Rental Adjustment. The monthly rental shall be adjusted on November 1, 2027, and further adjusted on November 1 every five (5) years thereafter, by the same percentage as the CPI (defined below) has increased during the preceding 5-year period (calculated as specified below), provided that in no event shall the monthly rental decrease and in no event shall any such 5-year cost of living increase in the monthly rental be more than 25% (i.e., the adjusted monthly rental shall be no less than 100% and no more than 125% of the monthly rental in effect immediately prior to the increase regardless of whether the CPI has decreased or whether the CPI has increased by more than 25% over said 5-year period).

The cost of living index to be used is that reflected by the Consumer Price Index, All Items, All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA - (1982-84=100), published by the Bureau of Labor Statistics of the United States Department of Labor (“CPI”). If, for any reason whatsoever, there is any change in the method of calculation or formulation of the price index, or if that index is no longer published, then another index generally recognized as authoritative will be substituted by Lessor. In any event, the base used by any new index will be reconciled to the 1982-1984 Consumer Price Index.

The cost of living adjustment that is made on November 1, 2027 shall be based on the difference between the CPI published for the month of August 2022 and the CPI published for the month of August 2027, with such increase not to be more than twenty percent (25%). The monthly rental shall be increased on November 1st every five (5) years thereafter (i.e., 11/01/2032, 11/01/2037, 11/01/2042, etc.) by the same percentage that the CPI published for the immediately preceding month of August has increased over the CPI published for the month of August five (5) years prior, with such increase not to be more than twenty percent (25%). In the event that this Successor Sublease is entered into following any adjustment date described above, the first adjustment to the monthly rental shall be made on the next adjustment date as described above.

8. TAXES AND OTHER CHARGES. In addition to the rents hereinabove provided, Lessee shall pay (or cause to be paid), when and as the same become due and payable, but not later than thirty (30) days prior to the delinquency date thereof, all taxes, general and special assessments and other charges of every description which may be levied or assessed during the term of this Lease upon or against the Leased Premises and all interests therein and improvements and other property thereon, whether belonging to Master Lessor or Lessor or Lessee, or to which any of them may become liable in relation thereto; and Lessee agrees to protect and hold harmless the Lessor and the Leased Premises and all interests therein and

improvements thereon from any and all such liens, assessments and other charges, including any interest, penalties, and other expenses which may thereby be imposed and from any lien therefor or sale or other proceedings to enforce payment thereof. Provided, that during the term hereof, all taxes and assessments levied upon or against any improvements and/or personal property situated in, on or about the Leased Premises may be levied or assessed separately from the Leased Premises and be paid by Lessee before the same become a lien upon said Leased Premises.

9. UTILITIES. Lessee shall pay (or cause to be paid) all charges for water, sewage, gas, electricity, cable television, trash collection, and any other utility services furnished to the Leased Premises. All such charges shall be paid before delinquency, and Lessor and Master Lessor and said Leased Premises shall be protected and held harmless therefrom by Lessee.

10. REPAIRS, ADDITIONS, AND ALTERATIONS. During the term of this Lease, Lessor shall not be called upon or be required to make any changes, alterations, additions, improvements, or repairs in, on or about the Leased Premises, or any part thereof.

At all times during the term of this Lease, Lessee shall, without any cost or expense to Lessor, keep and maintain, or cause to be kept and maintained, the Leased Premises and every part thereof in a clean, sanitary, and orderly condition, and all walks, curbs, parkways, and other facilities and improvements constructed and installed on the Leased Premises in good order and repair and in safe condition, and Lessee shall cause to be constructed, maintained, and repaired all walls, sewers, drains, and other improvements which may be required at any time by law to be constructed, maintained and repaired upon or adjoining or in connection with or for use of the Leased Premises, or any part thereof, and Lessee shall make or cause to be made any and all additions to or alterations or repairs in any structure or other facility erected or installed in, on or about the Leased Premises which may be required by, and Lessee shall otherwise observe and comply with, any public law, ordinance and regulation for the time being applicable to the Leased Premises and Lessee hereby indemnifies and agrees to save Lessor harmless against all actions, claims and damages by reason of Lessee's failure to comply with and perform the provisions of this Article as hereinabove provided.

All repairs, additions, and alterations, in and about said Leased Premises as hereinabove in this Article provided shall conform to all public laws, ordinances, and regulations thereto and all work in connection therewith shall be prosecuted and the same shall be completed with reasonable diligence, and the work thereon shall be done at the sole cost and expense of Lessee without any cost or expense on the part of the Master Lessor or Lessor.

Should Lessee fail or refuse to make any repairs, additions, or alterations as required by the terms of this Article after sixty (60) days written notice from Lessor so to do, then Lessor may, at its option, make such repair, addition, or alteration, and all costs, expenses, and other sums incurred or paid by Lessor in connection therewith shall be paid to Lessor by Lessee, including interest at the rate of ten percent (10%) per annum from the date incurred or paid until repaid. (In the event the foregoing interest rate should be determined to exceed the highest rate permissible under California law, said interest rate shall be limited to the highest permissible rate

then in effect). Any default in such repayment shall constitute a breach of the covenants and conditions of this Lease.

11. FIRE AND DAMAGE INSURANCE.

(A) Lessee shall at all times keep (or cause to be kept) the improvements on the Leased Premises insured against loss or damage from fire, vandalism, malicious mischief and the perils of the extended coverage endorsement to the California standard fire policy, or any form of coverage providing equal or greater protection, which insurance shall be carried in the amount of the full insurable value of such improvements. The policy or policies representing such insurance shall name the Lessor and Master Lessor as additional named insureds and shall contain a loss payable endorsement in favor of any Approved Encumbrancer (as defined in Article 18(A) below). Such insurance shall be primary insurance and shall be carried with responsible insurance companies, who are admitted carriers in the State of California, having a rating of at least A - Class VII or better in the current edition of Best's Insurance Guide. Lessee shall pay all premiums and other charges payable in respect to such insurance. Lessee shall deliver certificates with respect to the policies required by this Article to Lessor on or before ten (10) days prior to the effective date of said policies. Each policy shall have attached thereto, and the certificates of insurance shall so reflect, endorsements to the effect that such policy shall not be canceled or modified without at least thirty (30) day's prior written notice to Lessor and that no act or omission of Lessee shall affect or limit the obligation of the insurer to pay the amount of any loss sustained.

Without limiting the foregoing, the insurance required by this Article shall in all events be sufficient to comply with the requirements of any Approved Encumbrancer. Additionally, Lessee shall maintain such other insurance, and in such amounts, as may from time to time be reasonably required by Lessor against other insurable hazards, casualties and liabilities which at the time are commonly insured against in the case of premises similarly situated or used and occupied. Further, if by reason of changed conditions, economic or otherwise, the insurance amounts referred to in this Article become inadequate, Lessee agrees to increase the amounts thereof within sixty (60) days after Lessor's written request.

Lessee agrees to release Lessor, Master Lessor and the BIA, and their authorized representatives, from any claims for damage to the Leased Premises and the building and other improvements located on the Leased Premises, and to the fixtures, personal property, tenant's improvements, and alterations of Lessee in or on the Leased Premises whether or not caused by or resulting from risks insured against under any insurance policies carried by the parties and in force at the time of such damage. Lessee further agrees to waive on its own behalf, and on behalf of each carrier under each policy required under this Article, all rights of recovery by way of subrogation against Lessor, Master Lessor and the BIA.

(B) Except as otherwise provided in subparagraph (C) of this Article, in the event of any loss or damage for which insurance funds are received, all funds so received shall be deposited into an escrow approved by Lessor, and Lessee shall deposit into such escrow all additional funds required to cover the work required of Lessee pursuant to Article 12 hereof.

Escrow instructions shall include provisions that all funds so deposited shall be used to reconstruct the damaged improvements, and funds shall be disbursed during the progress of reconstruction on receipt of industry standard contractor's certificates. If Lessee is not in default under this Lease, all money in escrow after reconstruction has been completed and construction costs paid shall be paid to Lessee. If Lessee is in default, said money shall remain in escrow as security for performance by Lessee until said default is corrected, after which, funds remaining shall be paid to Lessee. If Lessee does not correct the default within the cure period specified in Article 12 of this Lease, said funds shall be paid to the Lessor up to the amount needed to remedy such default. Should the cost of work required of Lessee under said Article 12 be less than Fifty Thousand Dollars (\$50,000.00), this subparagraph (B) shall not apply.

(C) An Approved Encumbrancer may be named as a loss payee under the insurance mentioned herein (if required by the Approved Encumbrancer under its loan documents), and in the event of loss or damage to the buildings on the Leased Premises while an Approved Encumbrance remains unpaid, the proceeds of such insurance shall be paid to the Approved Encumbrancer and held pending disbursement for repair of the loss or damage. If such amount paid to the Approved Encumbrancer is sufficient to repair the loss or damage with respect to which it was paid, or if insufficient to repair the loss or damage, and Lessor or Lessee shall within three (3) months after such payment by the insurer to the Approved Encumbrancer deposit with the Approved Encumbrancer sufficient funds to completely repair the loss or damage when added to the amount paid by the insurer to the Approved Encumbrancer, the Approved Encumbrancer shall, upon written order of Lessor and/or Lessee (as may be appropriate), and in compliance with commercially reasonable disbursement procedures established by the Approved Encumbrancer, pay such monies for such repair, and it shall not be deemed a payment or credit on the Approved Encumbrance. However, if prior to the expiration of such three (3) month period, the Lessor or Lessee shall not so deposit money with the Approved Encumbrancer, or, if the repair of the loss or damage is not commenced as required by this Lease, the said sum so paid by the insurer to the Approved Encumbrancer shall be applied and credited to the Approved Encumbrance, but only to the extent of the Approved Encumbrance.

12. RESTORATION OF PREMISES. In the event of partial or total destruction of, or any damage to, any building, structure or other improvement on the Leased Premises, then or after as the same shall occur, Lessee, at Lessee's sole cost and expense, whether or not such destruction or damage shall have been insured and whether or not insurance proceeds, if any, shall be sufficient for the purpose and whether or not the Approved Encumbrancer (as defined in Article 18(A) below) shall permit such insurance proceeds to be used for such purposes, shall promptly repair, restore and replace such building, structure or other improvement at least to the extent of the value and as nearly as possible to the character of the improvement existing immediately before such occurrence and, in all events, in accordance with detailed building plans and specifications as shall have been previously approved as set forth in Article 6 above. Without limiting the foregoing, Lessee shall commence such repair, restoration and replacement work within one hundred eighty (180) days of such destruction or damage and shall complete such work with due diligence within one (1) year of such commencement date.

Should Lessee fail or refuse to repair or restore said damaged dwelling or to clean up and restore said Leased Premises as hereinabove provided, or if the Lessee or Approved Encumbrancer, if any, after thirty (30) days written notice by Lessor as provided in Article 21 hereof, shall fail or refuse to undertake and complete such work on behalf of Lessee, then in either of such events, all insurance proceeds so collected shall be forthwith paid to Lessor and this Lease shall continue in force and effect until terminated as elsewhere herein. The receipt of any such insurance proceeds by Lessor under this paragraph shall not be deemed a waiver of the Lessee's obligation to complete such repair, restoration and replacement work.

This Lease shall not be affected in any manner by reason of any partial or total destruction of, or any damage to, any building, structure or other improvement on the Leased Premises, or by reason of the untenability of the Leased Premises or any such improvement for any reason whatsoever, and Lessee, notwithstanding any present or future law, waives any and all rights to quit or surrender the Leased Premises or any part thereof. Lessee's agreements and obligations under this Lease, including the payment of rent and all other amounts, shall continue the same as though none of said events had occurred and without abatement, suspension or reduction of any kind.

13. PUBLIC LIABILITY INSURANCE. Lessee shall obtain, pay for, and at all times during the term of this Lease maintain (or cause to be obtained, paid for, and maintained), in full force and effect, a One Million Dollar (\$1,000,000.00) combined single limit public liability and property damage policy of insurance, insuring against any and all loss arising out of or in connection with any use or occupation of or activity of Lessee on the Leased Premises. The policy or policies representing such insurance shall name the Lessor, Master Lessor and the BIA as additional named insureds. Such insurance shall be primary insurance and shall be carried with responsible insurance companies, who are admitted carriers in the State of California, having a rating of at least A - Class VII or better in the current edition of Best's Insurance Guide. All premiums and other charges payable in respect to such insurance shall be paid by Lessee. Lessee shall deliver certificates of insurance with respect to the policies required by this Article to Lessor on or before ten (10) days prior to the effective date of said policies. Each policy shall have attached thereto, and the certificates of insurance shall so reflect, endorsements to the effect that such policy shall not be canceled or modified without at least thirty (30) day's prior written notice to Lessor and that no act or omission of Lessee shall affect or limit the obligation of the insurer to pay the amount of any loss sustained. Lessor may from time to time request, in writing, that Lessee increase the amount of such coverage and Lessee shall be obligated to so increase the coverage provided that Lessor can demonstrate to Lessee's reasonable satisfaction that either the amount of the existing coverage is inadequate under the circumstances at that time or that other prudent owners of similar properties in the City of Rancho Mirage obtain and maintain insurance coverages in amounts equal to the coverage requested by Lessor.

Lessee agrees to release Lessor, Master Lessor and the BIA, and their respective authorized representatives, from any claims for public liability that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of such damage. Lessee further agrees to waive on its own behalf, and on behalf of each carrier

under each policy required under this Article, all rights of recovery by way of subrogation against Lessor, Master Lessor, and the BIA.

14. LIENS AND CLAIMS. Lessee shall not suffer or permit to be enforced against the Leased Premises, or any part thereof, any mechanic's, laborer's, materialman's, contractor's, subcontractor's or other liens arising from or any claim for damages growing out of any work of construction, repair, restoration, replacement, or improvement as in this Lease authorized or provided, or any other claim or demand howsoever the same may arise, but Lessee shall pay or cause to be paid all of said liens, claims and demands before any action is brought to enforce the same against the Leased Premises; and Lessee hereby indemnifies and agrees to hold the Master Lessor and Lessor and said Leased Premises free and harmless from all liability for any and all such liens, claims and demands, together with all costs and expenses in connection herewith; provided that if Lessee shall in good faith contest the validity of any such lien, claim, or demand, then Lessee shall, at its expense, defend itself and Lessor and the Master Lessor against the same and shall pay and satisfy any adverse judgment that may be rendered before the enforcement thereof against Lessor or the Master Lessor, or the Leased Premises, and if Lessor and/or Master Lessor shall require, Lessee shall furnish to Lessor and/or Master Lessor a surety bond satisfactory to them in an amount equal to the contested lien, claim, or demand indemnifying Lessor and Master Lessor against liability for the same.

At least fifteen (15) days before the commencement of any work or construction of any building, structure, or other improvement on the Leased Premises, or of any substantial repairs, alterations, additions, or replacements or restorations costing in excess of Fifty Thousand Dollars (\$50,000.00) in and about the Leased Premises as in this Lease provided, Lessee shall give or cause to be given to Lessor written notice thereof specifying the nature and location of the intended work and the expected date of commencement thereof; and Lessor, and the Master Lessor, shall have the right at any time and from time to time to post and maintain on the Leased Premises, or any part thereof, such notices of non-responsibility as may be provided by law.

In the event that Lessee should commence any work of construction in connection with any building, structure, or other improvement on the Leased Premises costing in excess of Fifty Thousand Dollars (\$50,000.00), or of any substantial repairs, alterations, additions, or replacements or restorations costing in excess of Fifty Thousand Dollars (\$50,000.00) in and about the Leased Premises as in this Lease provided, Lessee shall furnish to Lessor a surety bond or other security, in such form and in such amount as shall be approved by Lessor, guaranteeing the completion of any such work free and clear of any of the liens, claims, and demands hereinabove specified.

15. LESSOR'S NON-LIABILITY. Lessor, the BIA, and the Master Lessor shall not be liable for any loss, damage or injury of any kind or character to any person or property arising from any use of the Leased Premises, or any part thereof, caused by or arising from any act or omission of Lessee or any of its agents, employees, subtenants, licensees, or invitees or by or from any accident on the Leased Premises or any fire or other casualty thereon or occasioned by the failure of Lessee or any subtenant, licensee, or invitee of Lessee to maintain said Leased Premises or cause the same to be maintained in safe condition or by any nuisance made or

suffered thereon, or arising from any other cause whatsoever; and Lessee, as a material part of the consideration of this Lease, hereby waives on its behalf all claims and demands against Lessor, the BIA, and the Master Lessor, and hereby indemnifies and agrees to hold Lessor, the BIA, and the Master Lessor entirely free and harmless from all liability for claims of Lessee or other persons for any such loss, damage, or injury, together with all costs and expenses arising therefrom, including any and all actual attorneys' fees.

16. LESSOR'S PAYING CLAIMS. Should Lessee fail to pay and discharge or cause to be paid and discharged, when due and payable as herein provided in Article 8 hereof, any tax assessment or other charge upon or in connection with the Leased Premises, or any insurance premium or other charge in connection therewith as hereinabove provided in Articles 11 and 13 hereof, or any claim or lien for labor or material employed or used in, or any claim for damages arising out of, the construction, repair, replacement, maintenance and use of the Leased Premises and the buildings, structures, facilities, and other improvements thereon, or to satisfy any judgment rendered on any such contested lien or claim as hereinabove provided in Article 14 hereof, and if Lessee, after thirty (30) days written notice from Lessor, shall fail to pay and discharge the same, then Lessor may, at its option, pay any such tax, assessment, insurance premium or expense, lien, claim or demand, or settle or discharge any action therefor or satisfy any judgment thereon, and all costs, expenses and other sums incurred or paid by Lessor in connection therewith shall be paid to Lessor by Lessee upon written demand, together with interest thereon at the rate of ten percent (10%) per annum from the date incurred or paid until repaid, and any default in any such repayment shall constitute a breach of the covenants and conditions of this Lease (In the event the foregoing interest rate should be determined to exceed the highest rate permissible under California law, said interest rate shall be limited to the highest permissible rate then in effect). The option herein provided Lessor shall not, however, serve as a waiver of any breach or default on the part of Lessee, but shall be construed as an additional and cumulative remedy hereby granted Lessor.

17. ASSIGNMENT AND SUBLETTING. Lessee shall not sublease, assign or otherwise transfer this Lease, or any right or interest herein, without first obtaining the written consent of Lessor and until the Lessee (assignor/transferor or assignee/transferee) pays the Lessor a "Transfer Fee" equal to twelve (12) months of the then current monthly rental and such assignment has been approved by the BIA; provided, however, that nothing herein contained shall alter or impair the provisions of Article 18, "ENCUMBRANCE". Assignment forms prescribed by Lessor and approved by the BIA shall be used to effectuate an assignment, and consent to an assignment may not be unreasonably withheld by Lessor provided there are no then existing uncured defaults under this Lease, and the transferee shall covenant in writing to keep, perform and be bound by each and all of the covenants and conditions of this Lease herein provided to be kept and performed by Lessee, and unless and until the transferor or transferee shall pay the Transfer Fee.

No such assignment or transfer, whether voluntary or involuntary, by operation of law under legal process or proceedings (including, but not limited to, transfers resulting from a probate or non-probate transfer following the death of a lessee), by assignment for the benefit of creditors, by receivership, in bankruptcy, or otherwise, or sublease and/or subletting for a term

longer than twelve (12) months, shall be valid or effective without such prior written consent and approval. Should Lessee attempt to make or suffer to be made any such assignment, transfer, or subletting, except as specifically authorized above, or should any right or interest of Lessee under this Lease be attached, levied upon, seized under legal process and the same shall not have been released therefrom within thirty (30) days, or should a receiver or liquidator be appointed to take possession of the Leased Premises, or should Lessee be adjudged bankrupt or insolvent, and such appointment or adjudication shall not have been discharged within thirty (30) days, then any of the foregoing events shall be deemed a breach of the conditions and restrictions of this Lease, and thereupon Lessor may, at its option, terminate this Lease forthwith by written notice to Lessee and upon such termination, this Lease shall cease and end and thenceforth be of no further force or effect, except as hereinafter otherwise provided. Should Lessor consent to any such assignment, transfer, or subletting, none of the restrictions of this Article shall be thereby waived, but the same shall apply to each successive assignment, transfer, or subletting hereunder and shall be severally binding upon each and every assignee, transferee, sublessee, and other successor in interest of Lessee.

The Transfer Fee shall be payable each time a Lessee's interest in the Lease is assigned, subject to the exceptions listed in the following paragraph.

Notwithstanding the foregoing paragraphs, the Transfer Fee shall only be due and payable on a transfer for value to a third party (i.e. the consent of Lessor and approval of BIA is still required for such transfer along with any administrative fees related thereto, but no Transfer Fee for family gifts or transfers to revocable trusts, or transfer of the sublease to a foreclosing Approved Encumbrancer acquiring the sublease in a foreclosure sale; or transfer of the sublease to an Approved Encumbrancer in an assignment in lieu of foreclosure, etc.).

18. ENCUMBRANCES.

(A) Consent to Encumbrance. This Lease, or any right to or interest in this Lease or any of the improvements, may be encumbered (an "Encumbrance") by a lender or other encumbrancer for any purpose permitted under Federal law and regulations upon the written approval of the Lessor and the BIA, and payment of an Encumbrance Fee (defined below) (if applicable), provided that the Encumbrance is confined to the Leasehold interest of Lessee, or the interest of Lessee in any improvement, fixture or equipment, and does not jeopardize in any way the Master Lessor's fee interest in the Leased Premises or reversionary interest in any improvements. No Encumbrance or any addition thereto or extension thereof shall be valid without said approvals. Lessee agrees to furnish as requested any financial statements or analyses pertinent to the Encumbrance that the BIA, and/or Lessor, may reasonably deem necessary to justify the amount and terms of said Encumbrance. Lessee further agrees to authorize an Approved Encumbrancer to furnish the Secretary, BIA, and/or Lessor, upon written request from the Secretary, BIA, and/or Lessor, any specific information regarding the status of the Approved Encumbrance at any time during the term of this Lease. For purposes of this Lease, an Encumbrance when duly executed and approved by the Lessor and the BIA shall be referred to as an "Approved Encumbrance," and the holder of an Approved Encumbrance shall be an "Approved Encumbrancer." Nothing contained herein shall prohibit a future assignment of

an Approved Encumbrance, in whole or in part, by an Approved Encumbrancer, provided that written notice of such assignment, together with any reasonable supporting documentation that is requested by the BIA, is provided to the BIA no later than thirty (30) days after the assignment and there is no amendment or modification to the Approved Encumbrance. Any assignee of an Approved Encumbrance shall, upon such assignment, be an Approved Encumbrancer. Master Lessor consent is not required for an Approved Encumbrance and the laws of the State of California shall apply in case of foreclosure.

Lessee shall pay Lessor an "Encumbrance Fee" equal to three (3) times the then current monthly rental each time there is a refinancing of any then-existing Approved Encumbrance or the granting of a new Encumbrance approval granted by the Lessor and the BIA. The Encumbrance Fee shall be remitted to the Lessor at the time the Encumbrance is submitted for approval by the Lessor and the BIA.

(B) Default by Lessee. Upon default by the Lessee under any of the terms of an Approved Encumbrance, the Approved Encumbrancer shall furnish the BIA and the Lessor copies of any notice of default sent Lessee, and the Approved Encumbrancer may exercise any rights provided in the Approved Encumbrance; provided, however, that before any sale of the Leasehold or any fractional part thereof, whether under power of sale or foreclosure, the Approved Encumbrancer shall give to the Lessor and BIA notice of the same character and duration as is required to be given to Lessee by the Approved Encumbrance as well as by the laws of the State of California.

(C) Acquisition and Assignment by Approved Encumbrancer. If the Lessee's interest in the Leasehold is sold under power of sale or foreclosure of the Approved Encumbrance or is acquired by an assignment in lieu of foreclosure, and the Leasehold is thus acquired by the Approved Encumbrancer, the Approved Encumbrancer may sell and assign the Leasehold, fractional part thereof or subleasehold without consent and thereby be relieved of further liability under the Lease upon giving the BIA and Lessor at least thirty (30) days' notice in advance of such assignment (and subject further to prior compliance with the notice provisions of subparagraph (B) above and the use of assignment forms approved as to form by the BIA), subject to the condition that the assignee shall have agreed in writing (on assignment forms approved as to form by the BIA) to be bound by all of the terms and conditions of this Lease, including but not limited to the obligations to cure all monetary and other curable defaults, pay rent, and pay the Transfer Fee to Lessor.

(D) Acquisition by Other Acquirer. If Lessee's Leasehold interest or fractional part thereof or a sublessee's subleasehold interest is acquired by a party and/or parties other than the Approved Encumbrancer by way of foreclosure of the Approved Encumbrance or assignment in lieu of foreclosure, said party and/or parties will automatically be bound by all of the terms of this Lease, including the payment of the Transfer Fee, and will assume all of the obligations of the Lessee in writing (on forms approved as to form by the BIA), including the obligation to cure all monetary and other curable defaults.

(E) Rental. Upon acquisition of the interest of the Lessee by foreclosure of an Approved Encumbrance or assignment in lieu of foreclosure, the acquirer and its successors-in-interest shall pay full rental (including any delinquent rental) in accordance with the Lease, it being understood that the term "rental" includes the rent, interest, and late fees, if any, that are payable to Lessor under this Lease.

(F) Non-curable Defaults. An acquirer of the interests of Lessee in this Lease by foreclosure of an Approved Encumbrance or assignment in lieu of foreclosure shall cure all defaults of Lessee which can be reasonably construed to be curable, including without limitation all monetary defaults and all unapproved transfers or encumbrances, but shall not be required to cure any type of non-financial default which because of its nature can be reasonably construed to be noncurable (each, a "non-curable default").

(G) Notice of Default. Lessor agrees to deliver to an Approved Encumbrancer, at the same time as delivery to Lessee, at the Approved Encumbrancer's address set forth in the Approved Encumbrance or such other address provided by the Approved Encumbrancer in writing to the Lessor in a written change of address notice delineating the name of the Lessee and the address of the Leased Premises in said notice, written notice of (1) any default by Lessee under this Lease, (2) any proposed termination of this Lease, and (3) the failure by Lessee to cure any default under this Lease after the expiration of any applicable cure period provided to Lessee. No notice of default given to Lessee, and no exercise of any remedy by Lessor as a result of any such default, except for the collection of money from Lessee, shall be effective against Approved Encumbrancer unless such notice shall have been delivered to Approved Encumbrancer, which may be a copy of the notice provided to Lessee. Further, Approved Encumbrancer shall have the right to cure any monetary or non-monetary default by Lessee under this Lease. With regard to monetary defaults by Lessee, Approved Encumbrancer shall be afforded after the expiration of any cure period provided to Lessee, thirty (30) additional days to cure any such monetary default of Lessee, so long as all interest accrued on such monetary sums as provided in this Lease is paid as well. In addition, with regard to non-monetary defaults by Lessee, Approved Encumbrancer shall be afforded, after the expiration of any cure period provided to Lessee, sixty (60) additional days to cure any such non-monetary default of Lessee; or in the event that any such non-monetary default of Lessee cannot, with reasonable diligence, be cured within the additional cure period provided to Approved Encumbrancer in this subsection, such longer period as may be reasonably required to complete such cure, including, without limitation, such time as may be required for Approved Encumbrancer to gain possession of Lessee's interest under this Lease pursuant to a foreclosure or receivership action, provided that Approved Encumbrancer notifies the BIA and Lessor, in writing, of Approved Encumbrancer's intention to cure such default and Approved Encumbrancer promptly commences and diligently pursues such cure to completion and diligently pursues such foreclosure or receivership action with respect to the cure of nonmonetary defaults requiring possession in order to cure; however, during any cure period afforded to Approved Encumbrancer and until the completion of the cure (or end of the cure period) of a nonmonetary default or foreclosure proceedings, as applicable, the Approved Encumbrancer shall pay the rents due and payable by the Lessee under this Lease; shall maintain all insurance as required by the Lease; shall pay all taxes due and unpaid on the taxable property covered by the Lease until the

Leased Premises is either sold upon foreclosure pursuant to the terms of the Approved Encumbrance or released or reconveyed thereunder. Approved Encumbrancer shall not be obligated to cure a non-curable default as described in subparagraph (F) above. Nothing herein shall in any manner limit, restrict or impair the right of Lessor to terminate this Lease and recover possession of the Leased Premises in the event of a default by Lessee subject to the rights provided to the Approved Encumbrancer in this Lease.

(H) Bankruptcy. Bankruptcy, receivership, or insolvency of Lessee shall not obligate any Approved Encumbrancer to pay any monies to cure or terminate the bankruptcy, receivership or insolvency, and the Approved Encumbrancer shall be required to do not more than is required of said Approved Encumbrancer by the terms of this Lease.

(I) Elections Under the Bankruptcy Code. Lessor acknowledges and agrees that (i) any right of election arising under Section 365(h)(1) of the Bankruptcy Code shall be exercised by the Approved Encumbrancer and not by Lessee; (ii) without limiting the generality of the foregoing, Lessee shall not, without the Approved Encumbrancer's prior written consent, elect to treat the Lease as terminated or to remain in possession of the Leased Premises under Section 365(h)(1) of the Bankruptcy Code, 11 U.S.C. § 365(h)(1); and (iii) any exercise or attempted exercise by Lessee of such right of election in violation of the preceding clauses shall be void.

(J) Rejection; Termination. Any rejection of this Lease by Lessee, by Lessee as debtor-in-possession, or by any trustee of Lessee pursuant to Section 365(h) of the Bankruptcy Code, shall not terminate this Lease. This Lease shall not be treated as terminated under Subsection 365(h)(1) of the Bankruptcy Code, and it shall continue in full force and effect in accordance with its terms. In no event shall any Approved Encumbrance of an Approved Encumbrancer, the lien of any such Approved Encumbrance, the security interests of any such Approved Encumbrance, or any note or other obligation secured by any such Approved Encumbrance be affected or impaired by any rejection of this Lease pursuant to Section 365(h) of the Bankruptcy Code.

(K) Rejection; Possession. Lessor acknowledges and agrees that if Lessee, Lessee as debtor-in-possession, or any trustee of Lessee shall reject this Lease pursuant to Section 365(h) of the Bankruptcy Code, (a) Lessee shall without further act or deed be deemed to have elected under Section 365(h)(1) of the Bankruptcy Code to remain in possession of the Leased Premises for the balance of the term of this Lease and Approved Encumbrancer shall have the right to exercise any one or more of the extension options provided for in this Lease (if any); and (b) any exercise or attempted exercise by Lessee of any right to treat this Lease as terminated under Subsection 365(h)(1) of the Bankruptcy Code shall be void.

(L) Possession; Sublease; Sub-Sublease. For the purposes of Section 365(h) of the Bankruptcy Code, the term 'possession' as used herein shall mean the right to possession of the Leased Premises granted to Lessee under this Lease, whether or not all or any part of the Leased Premises shall have been subleased.

(M) Rejection by Lessee or Other Termination of Lease. Should Lessee reject or attempt to reject this Lease pursuant to Section 365(a) of the Bankruptcy Code, or should this Lease otherwise be terminated, Lessor shall give each Approved Encumbrancer written notice of such rejection or termination, together with a statement of all sums at the time due under this Lease (without giving effect to any acceleration), and of all other defaults under this Lease then known to Lessor. Each Approved Encumbrancer shall have the right, but not the obligation, to give written notice to Lessor within thirty (30) days after receipt of the rejection or termination notice provided for in the preceding sentence (but, with respect to a rejection, not later than thirty (30) days following the Bankruptcy Court's approval of such rejection), that Approved Encumbrancer has elected to: (i) enter into a new lease with Lessor, or shall assume this Lease, and (ii) cure all such defaults outstanding thereunder (other than non-curable defaults) by concurrently curing such monetary defaults at the date of assumption and by curing such other defaults within a reasonable period of time after the date of such assumption, except for defaults of the type specified in Subsection 365(b)(2) of the Bankruptcy Code and any other non-curable default. If Approved Encumbrancer gives the written notice and election described above, then, as between Lessor and Approved Encumbrancer: (1) the rejection of this Lease by Lessee or other termination shall not constitute a termination of this Lease; (2) Approved Encumbrancer may assume the obligations of Lessee under this Lease without any instrument of assignment or transfer from Lessee, other than as may be reasonably required by Approved Encumbrancer to evidence the continued existence of this Lease or a new lease as described above, as the case may be; (3) Approved Encumbrancer's rights under this Lease shall be free and clear of all rights, claims and Approved Encumbrances of or in respect to Lessee; (4) Approved Encumbrancer shall consummate the assumption of this Lease and the payment of the amounts payable by it to Lessor pursuant to this paragraph at a closing to be held at the office of Lessor at the address set forth herein or such other place as such parties may mutually agree upon, on the thirtieth (30th) Business Day after Approved Encumbrancer shall have given the written notice hereinabove provided for; and (5) upon any assignment of this Lease by Approved Encumbrancer, Approved Encumbrancer shall be relieved of all obligations and liabilities arising under this Lease or any new lease, as the case may be, from and after the date of any such assignment. Any such re-instated Lease or new lease shall be equal in priority to this Lease.

(N) Assignment in Lieu. Acquisition of the interest of Lessee by an Approved Encumbrancer (or an affiliate of Approved Encumbrancer) by assignment in lieu of foreclosure shall confer upon the Approved Encumbrancer (or an affiliate of Approved Encumbrancer) the same rights as if such Approved Encumbrancer (or an affiliate or designee of such Approved Encumbrancer) had acquired title by foreclosure action such as at a trustee's sale.

(O) Rights of Approved Encumbrancer as Lessee. In connection with the exercise of its remedies under its loan documents or upon becoming the lessee under this Lease or a new lease as described above, an Approved Encumbrancer (or an affiliate of such Approved Encumbrancer) shall succeed to all of Lessee's rights, title, and interest in and to the improvements situated on the Leased Premises, which improvements are owned by Lessee during the term of this Lease.

(P) No Right of Lessor to Terminate Lease on Foreclosure. Notwithstanding anything in this Lease to the contrary, Lessor agrees that neither the sale of the Leasehold estate by way of judicial or non-judicial foreclosure of an Approved Encumbrance nor the appointment by Approved Encumbrancer of a receiver to collect rents or the actual collection of rents from the Leased Premises by the Approved Encumbrancer shall give Lessor any right to terminate the Lease, provided that there is otherwise no default under the Lease.

(Q) No Modifications. Without the prior written consent of the Approved Encumbrancer of record, Lessor and Lessee shall not mutually agree to modify, terminate, amend, alter or cancel this Lease or effect the surrender of the Leased Premises and any such action taken without the Approved Encumbrancer's written consent shall be of no force or effect. The foregoing provision does not in any manner limit, restrict, or impair the right of Lessor to terminate this Lease and recover possession of the Leased Premises in the event of a default by Lessee subject to the rights of the Approved Encumbrancer in this Lease.

19. DEFAULT AND TERMINATION. Each of the following shall be a default and/or breach by Lessee under this Lease:

(A) Lessee's failure to pay any installment of rent or any part thereof or any other payments of money, costs, expenses or fees to be paid by Lessee under this Lease, when due, and the continuance of such failure for a period of ten (10) days after written notice from Lessor specifying such failure;

(B) Lessee's failure to keep, observe or perform one or more of the covenants, agreements, terms, provisions, and conditions of this Lease and the continuance of such failure for a period of thirty (30) days after written notice from Lessor specifying such failure (unless such failure requires work to be performed, acts to be done or conditions to be removed which cannot by their nature reasonably be performed, done or removed, as the case may be, within such thirty (30) day period, in which case no default or breach shall be deemed to exist so long as Lessee shall have commenced curing the same within such thirty (30) day period, and shall diligently and continuously prosecute the same to completion);

(C) Lessee's use of the Leased Premises or Lessee's permitting the Leased Premises to be used for any purpose other than as authorized in this Lease;

(D) Lessee's failure to maintain Lessee's improvements or to carry out the work of repair or restoration (including removal of debris) required of Lessee in the event of damage to or destruction of such improvements at the times and in the manner herein provided;

(E) Lessee's failure to pay or cause to be paid any tax, assessment, insurance premium, lien, judgment or other charge provided in this Lease to be paid or caused to be paid by Lessee at the times and in the manner herein provided;

(F) Lessee's default under the terms of any Encumbrance of this Leasehold; or

(G) Should any right or interest of Lessee under this Leasehold be attached, levied upon or seized under legal process and the same shall not have been released therefrom within thirty (30) days or should a receiver or liquidator be appointed to take possession of the Leased Premises, or should Lessee be adjudged bankrupt or insolvent, and such appointment or adjudication shall not have been discharged within thirty (30) days.

If any such default or breach shall continue uncured or unrectified for a period of ten (10) days for items (A) and (E) and thirty (30) days for items (B), (C), (D), (F), and (G), from and after written notice thereof by Lessor to Lessee, in which notice Lessor shall specify the nature of the claimed default or breach, then and in any such event Lessor shall have the following rights and remedies:

- (1) Lessor may cause Lessee to pay all collection and attorney's fees in connection with the breach of this Lease by Lessee, whether or not Lessor commences an action to enforce or protect its rights and remedies herein.
- (2) Lessor may terminate this Lease, or the Leasehold interest created by it, by giving written notice of such termination and thereupon this Lease shall cease and terminate and Lessee's rights in and to the Leased Premises and all buildings, structures, improvements and facilities thereon shall cease and end, and Lessor may, without further notice or demand or legal process reenter and take possession of the Leased Premises and all buildings, structures, improvements and facilities thereon and oust Lessee and all persons claiming under Lessee therefrom, and Lessee and all such persons shall quit and surrender possession of the Leased Premises and all buildings, structures, improvements and facilities thereon to Lessor; provided, however, that such termination shall not relieve Lessee from the payment of any monies then due and payable from Lessee. Additionally, upon such termination, Lessor may recover from Lessee all damages incurred by reason of such default or breach, including:
 - a. The worth at the time of the award of the unpaid rent which had been earned at the time of termination;
 - b. The worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;
 - c. The worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Lessee proves could have been reasonably avoided; and

- d. Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform his obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of the award" of the amounts referred to in subparagraphs a. and b. hereinabove is computed by allowing interest at the rate of ten percent (10%) per annum. The "worth at the time of the award" of the amount referred to in subparagraphs c. hereinabove is computed by discounting such amount at the discount rate of the time of the award plus one percent (1%). Lessor may relet the Leased Premises prior to the time of the award for breach of this Lease by Lessee.

- (3) Efforts by Lessor to mitigate the damages caused by Lessee's breach of this Lease do not waive Lessor's right to recover damages under this Article and nothing herein shall affect the right of Lessor to indemnification for personal liability arising prior to termination of this Lease for personal injuries or property damage as otherwise provided in this Lease.
- (4) Anything to the contrary notwithstanding, as an additional option, even though Lessee has breached this Lease and abandoned the Leased Premises, this Lease continues in effect for so long as Lessor does not enforce all his rights and remedies under this Lease including the right to recover rent as it becomes due under this Lease, this remedy being granted pursuant to the provisions of Section 1951.4 of the Civil Code of the State of California. For purposes of this paragraph, the following acts do not constitute a termination of Lessee's right to possession:
 - a. Acts of maintenance or preservation or efforts to relet the property; and
 - b. The appointment of a receiver on initiative of Lessor to protect his interest under this Lease.

20. REMOVAL. All buildings and improvements, excluding removable personal property, on the Leased Premises shall remain on said property after the termination of this Lease and shall become the property of the Lessor or the Master Lessor, as the case may be. The term "removable personal property" as used in this Article shall not include property which normally would be attached or affixed to the buildings, improvements or land in such a way that it would become a part of the realty, regardless of whether such property is in fact so placed in or on or affixed or attached to the buildings, improvements or land in such a way as to legally retain the characteristics of personal property. The Lessee expressly waives the provisions of Section 1013.5 of the California Civil Code pertaining to improvements affixed to the land by any person acting in good faith and erroneously believing because of a mistake either of law or fact that he has a right to remove such improvements.

21. PAYMENTS AND NOTICES. Any notice to be given or other document to be delivered by either party to the other hereunder may be delivered in person, or may be deposited

in the United States mail, within California, certified or registered, with postage prepaid, return receipt requested, and addressed to the party for whom intended as follows: to Lessor at **34600 Mission Hills Dr, Rancho Mirage, CA 92270**, and Lessee at the Leased Premises or at Lessee's last known address as maintained by Lessor. Either party hereto may from time to time, by written notice to the other, designate a different address which shall be substituted for the one above. Notice to the Secretary or BIA shall be addressed to the Palm Springs Agency, P.O. Box 2245, Palm Springs, CA 92263. If any notice or other document is sent by certified or registered mail, as aforesaid, the same shall be deemed served or delivered forty-eight (48) hours after mailing thereof as provided above. Should Lessee consist of more than one person, the personal delivery or mailing of such notice to any one of such persons shall constitute complete service upon all such persons. Any notice to be given by Lessor to any Approved Encumbrancer of Lessee shall be served in the same manner as hereinabove provided and shall be delivered or directed to the Approved Encumbrancer at the Approved Encumbrancer's address set forth in the Approved Encumbrance or such other address provided by the Approved Encumbrancer in writing to the Lessor in a written change of address notice.

22. **REMEDIES**. Each right and remedy of Lessor provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now and hereafter existing at law or in equity or by statute or otherwise, and the exercise or the beginning of the exercise by Lessor of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all other rights and remedies. No failure by Lessor to insist upon the strict performance of any covenant, agreement, term, provision, or condition herein or to exercise any right or remedy consequently upon the default or breach thereof, and no acceptance of full or partial rent or any other payment during the continuance of any such default or breach shall constitute a waiver of any such default or breach of such covenant, agreement, term, provision, or condition. No covenants, agreements, terms, provisions, or conditions herein to be performed or complied with by Lessee, and no default or breach hereof, shall be waived, altered or modified except by a written instrument executed by Lessor. No Waiver of any default or breach shall affect nor alter this Lease, but each and every covenant, agreement, term, provision, and condition herein shall continue in full force and effect with respect to any other then existing or subsequent default or breach thereof. No receipt of any monies by Lessor from Lessee after termination hereof, or after giving of any notice of termination of this Lease, shall reinstate, continue or extend the term of this Lease or affect any notice theretofore given to Lessee, or operate as a waiver of any right of Lessor to enforce the payment of rent and any other sums of money and other charges herein agreed to be paid by Lessee then due or thereafter falling due, or operate as a waiver of the right of Lessor to recover possession of the Leased Premises by proper remedy. In the event of any breach or threatened breach by Lessee of any of the covenants, agreements, terms, provisions, and conditions contained herein, Lessor shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right or remedy allowed at law or in equity or by statute or otherwise as though reentry, summary proceedings, and other remedies were not provided for herein. Lessee shall pay upon demand all, late charges, interest, Lessor's costs, expenses and fees, including the fees of attorneys, agents and others retained by Lessor, incurred by Lessor to

enforce Lessee's agreements and obligations herein or incurred by Lessor in any litigation, negotiation or transaction in which Lessee causes Lessor to become involved or concerned.

Should Lessor institute any collection activities or any action to enforce or protect or establish any of its rights and remedies hereunder, then Lessee agrees to pay Lessor all costs incurred in said action, including a reasonable sum as collections costs and attorneys' fees, whether said collection activities or action is prosecuted to judgment or not. In the event that Lessee should default under the terms of this Lease, Lessor shall have the right, but not the obligation, to record a "Notice of Sublease Default" in the Official Records of Riverside County, California, giving public notice of a default under the terms of this Lease. Should Lessor elect to record a Notice of Sublease Default," Lessee shall be responsible for all reasonable costs associated with the preparation and recording of such notice, including its removal from title should Lessee cure the default.

23. CONDEMNATION. If at any time during the term hereof the Leased Premises, or any part hereof, is taken or condemned by public authority under the laws of eminent domain, then and in every such case, the Leasehold estate and interest of Lessee in the Leased Premises, or part thereof taken, shall forthwith terminate, and all compensation awarded by reason of such condemnation shall be paid to Lessee, Lessor, and Approved Encumbrancer as their interests may appear. If only a part of the Leased Premises shall be taken or condemned this Lease shall continue as to the remainder thereof, provided that if any portion of the Leased Premises be so taken or condemned, the rent thereafter payable hereunder for the remainder of the term hereof shall be reduced in the proportion that the area of the Leased Premises so taken bears to the total area of the Leased Premises, and Lessor shall refund to Lessee the unearned portion, if any, of the monthly rental which shall have been paid by Lessee in advance, and provided further, that in the event the result of the taking or condemnation is to substantially impair the usefulness of the Leased Premises for the intended purposes, Lessee may terminate this Lease by written notice to Lessor given within sixty (60) days after possession of the Leased Premises so taken or condemned has passed to such public authority, in which event Lessee shall pay Lessor any rent accruing hereunder to the date of termination and all unpaid taxes and assessments then a lien upon the Leased Premises. In the event of a dispute between the parties concerning their respective rights pursuant to the provisions of this Article, such dispute shall be determined by arbitration under the rules of the American Arbitration Association.

24. HOLDING OVER. This Lease shall terminate and become null and void without further notice upon the expiration of the term herein specified; Any holding over by Lessee after the expiration of said term shall not constitute a renewal hereof or give Lessee any rights hereunder or in or to the Leased Premises, except as otherwise provided herein, it being understood and agreed that this Lease cannot be renewed, extended or in any manner modified except in writing signed by both parties hereto and approved by the BIA, provided, however, that nothing in this Article shall be construed to alter or impair the provisions of Article 20 hereof.

25. REPRESENTATIONS. Lessee covenants and agrees that he has examined the Leased Premises and that the same are delivered to him in good order and condition and that no representations as to the Leased Premises have been made by Lessor or by any person or agent

acting for Lessor, and subject to the provisions of Article 26 hereof, it is agreed that this document contains the entire agreement between the parties hereto and that there are no verbal agreements, representations, warranties, or other understandings affecting the same, and Lessee, as a material part of the consideration hereof, hereby waives all claims against Lessor for rescission, damages or otherwise by reason of any alleged covenant, agreement, or understanding not contained in this Lease.

26. LEASE SUBJECT TO MASTER LEASE. It is specifically understood and agreed that this Lease is and shall be subject to each and all of the covenants, conditions, and restrictions set forth in the Master Lease and to the rights and interests of the Master Lessor thereunder. Reference is made to the Master Lease for particulars, and the same is incorporated as a part of this Lease as if set forth at length herein. In the event of a conflict, the terms and conditions of the Master Lease will prevail.

27. HOMEOWNERS ASSOCIATION. It is specifically understood and agreed that this Leasehold interest and Lessee is and shall be subject to each and all of the covenants, conditions, and restrictions set forth in the declaration of covenants, conditions, and restrictions, as amended, recorded and covering the subdivision in which the Leased Premises is located, if any (the "Declaration"). Lessee covenants and agrees to comply with the provisions of said Declaration and to pay regular and special homeowners' association assessments when due and faithfully perform all of the other obligations of Lessees in the lots of the subdivision as may be required by the Declaration.

28. RESERVATION OF EASEMENT RIGHTS. In addition to any rights of record, Lessor reserves the right of ingress and egress over any streets, easements or other rights of way, for itself, its guests and/or invitees, and its successors, and further reserves the right to grant to others, to and for any other parts of their development, easements and rights of way for ingress and egress over, along and across any streets, easements or rights of way.

29. SURRENDER. Termination of the Master Lease, by cancellation or otherwise, before the expiration of the term of this Lease shall not serve to cancel this Lease and/or any subtenancy hereunder but shall only operate as an assignment to the Master Lessor of the Lessor's interest in this Lease. Until the Lessee is notified of any such termination of the Master Lease by or on behalf of the Master Lessor, there shall be no liability to the Master Lessor for the performance of the covenants and conditions herein which have been performed for the benefit of the Lessor herein.

30. CONSTRUCTION AND EFFECT. Time is of the essence of this Lease. The article headings herein are used only for the purpose of convenience and shall not be deemed to contain the subject matter of the articles hereof, nor to be considered in the construction hereof. This Lease and each and all of the covenants, conditions and restrictions hereof shall inure to the benefit of and shall bind the successors and assigns of Lessor, and subject to the restrictions of Article 17 hereof, the heirs, executors, legal representatives, encumbrancers, assignees, successors and sub-tenants of Lessee. If Lessee consists of more than one person, the covenants and obligations of Lessee hereunder shall be the joint and several covenants and obligations of

such persons. The masculine gender includes the feminine and neuter, and the singular number includes the plural, wherever the context so requires.

31. AMENDMENT. Any modification or amendment to this Lease shall not be valid or binding upon either party hereto unless and until such amendment is in writing, signed by both parties, and approved by the BIA.

32. UTILITY SERVICE. Lessor reserves and excepts and shall at all times have the right and authority to determine, approve and agree with the Southern California Edison Company, or such other company as may be providing electrical services to the property of which this Lease is a part, and such other companies as may supply other utilities such as gas, telephone, sewage, garbage disposal, T.V., radio, internet, et cetera, as to the locations of distribution lines, conduits, and facilities upon, over, across, under and beneath said leased land and any and all parts of the same. Lessor may, but shall not be required to, consult with and obtain the approval and consent of Lessee with respect to said locations, et cetera. All locations approved and agreed to by Lessor with the company furnishing such services shall control and be binding upon Lessee, and the said servicing company shall not be obligated to obtain the approval or consent of Lessee.

33. MAINTENANCE OF PARTY WALL.

(A) A party wall is erected for the benefit of the Lessees of the residence sites on either side of the center line of such wall, and the Lessee shall at all times maintain in good order and repair the portion of such party wall or walls located within the boundaries of his or her residence site. No party wall, its footing, or any portion thereof, shall be removed, damaged, injured or destroyed nor shall the same be altered, added to, enlarged or extended except only for the purpose of maintaining or repairing the same, without the prior written consent of the Lessor.

(B) Should any party wall or portion thereof be damaged or destroyed within the boundaries of Lessee's residential unit, Lessee shall immediately reconstruct or repair the same, and in the event Lessee shall fail to do so within a reasonable time, Lessor may at Lessor's election, cause said reconstruction or repair to be done, and charge Lessee therefor. All such reconstruction or repair shall be done in a workmanlike manner, using good new materials of a kind and quality to that of the wall being reconstructed or repaired and shall be done and performed in accordance with all applicable law, ordinances, regulations and building codes.

34. MANDATORY PROVISIONS

(A) The obligations of the Lessee, all sublessees and sureties to the Indian landowners (Master Lessor) are also enforceable by the United States, so long as the land remains in trust or restricted status.

(B) There must not be any unlawful conduct, creation of a nuisance, illegal activity, or negligent use or waste of the Leased Premises.

(C) The Lessee and all sublessees must comply with all applicable laws, ordinances, rules, regulations, and other legal requirements under 25 CFR § 162.014, including applicable tribal laws.

(D) If historic properties, archeological resources, human remains, or other cultural items not previously reported are encountered during the course of any activity associated with this Lease, all activity in the immediate vicinity of the properties, resources, remains, or items will cease and the Lessee will contact the BIA and the tribe with jurisdiction over the land to determine how to proceed and appropriate disposition.

(E) The BIA has the right, at any reasonable time during the term of the Lease and upon reasonable notice, in accordance with 25 CFR § 162.464, to enter the Leased Premises for inspection and to ensure compliance.

(F) The BIA may, at its discretion, treat as a Lease violation any failure by the Lessee or any sublessee to cooperate with a BIA request to make appropriate records, reports, or information available for the BIA's inspection and duplication.

(G) The BIA may treat any provision of the Lease or any sublease document that violates Federal law as a violation of the Lease (25 CFR § 162.413(e)).

(H) The Lessee and all sublessees shall hold the United States and the Indian landowners (Master Lessor) harmless from any loss, liability, or damages resulting from the Lessee's use or occupation of the Leased Premises.

(I) The Lessee (and, as to their subleased premises, all sublessees) shall indemnify the United States and the Indian landowners (Master Lessor) against all liabilities or costs relating to the use, handling, treatment, removal, storage, transportation, or disposal of hazardous materials, or the release or discharge of any hazardous material from the Leased Premises that occurs during the Lease term, regardless of fault, with the exception that the Lessee/sublessee is not required to indemnify the Indian landowners (Master Lessor) for liability or cost arising from the Indian landowners' (Master Lessor's) negligence or willful misconduct.

35. COUNTERPARTS. This Lease may be executed in any number of counterparts and when so executed all such counterparts shall constitute a single instrument binding upon all parties hereto notwithstanding the fact that all parties are not signatory to the original or to the same counterpart. The parties hereto agree that the signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

LESSOR:

CLUBCORP MISSION HILLS COUNTRY CLUB,
INC., a Delaware corporation

By: _____

Draft Copy
for Review
Only

*[All Signatures Must Be Notarized -
Signatures continue on following page(s)]*

[Continued Signature Page(s) – Successor Sublease]

LESSEE:

**Draft Copy
for Review
Only**

[All Signatures Must Be Notarized]

EXHIBIT "A"

LEGAL DESCRIPTION (Leased Premises)

**Draft Copy
for Review
Only**