

part to the lien of the mortgage. The Landlord reserves the right to subject and subordinate this Lease at all times to the lien of any mortgage or mortgages hereafter placed upon the Landlord's interest in the Premises provided the mortgagee recognizes Tenant's rights under this Lease and grants to Tenant the right of nondisturbance. Tenant covenants and agrees to execute and deliver upon demand such further reasonable instrument or instruments, including an instrument subordinating this Lease to the lien of any such mortgage or mortgages as shall be desired by the Landlord and/or Landlord's lender. In the event any proceedings are brought for foreclosure or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant will attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease, provided the same recognizes Tenant's rights under this Lease and grants or has granted to Tenant the right of nondisturbance. In no event shall the obligation of Tenant to subordinate or attorn under this Section require Tenant to forego any rights secured by this Tenant.

B. Estoppel Certificate. Either party will at any time, and from time to time, upon not less than ten (10) days prior written notice from the other execute, acknowledge and deliver a statement in writing: (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as modified, is in full force and effect), and the date to which the Base Rent and other charges are paid in advance, if any, and that not more than one month's Base Rent has been paid in advance; (b) acknowledging that there are not, to the best of it's knowledge after due inquiry, any uncured defaults on the part of Landlord or Tenant hereunder or specifying such defaults if any are claimed; and (c) such other matters reasonably requested. Any such statement may be relied upon by a prospective purchaser or encumbrancer of all or any portion of the Property or any assignee or subtenant of Tenant.

17. Assignment and Sublease.

Tenant may, at Tenant's sole expense, without the consent of Landlord, assign this Lease or sublease, in whole or in part, the Premises to any person, provided, however, that any such person or other person is not a debtor or debtor-in-possession in a voluntary or involuntary bankruptcy proceeding at the commencement of the assignment. Any assignee shall assume in writing any obligations of Tenant arising from and after the effective date of the assignment, provided, however, that no such assignment shall become effective until a fully executed copy of such assignment and assumption, reasonably satisfactory in form and substance to Landlord, shall have been delivered to Landlord. Notwithstanding any such assignment, Tenant shall not be released from its primary liability hereunder and shall continue to be obligated for all obligations of "Tenant" in this Lease, which obligations shall continue in full effect as obligations of a principal and not of a guarantor or surety, as though no assignment had been made. If Tenant is not released from liability, Tenant shall continue to receive notice of any Lease Events of Default under Section 15 and shall be given the same opportunity as the Tenant to cure the default. Landlord at its sole discretion may find that such assignee and any guaranties or other financial security provided by any new Tenant is satisfactory to release the original Tenant or any successor.

18. Notices.

Notices shall be in writing and shall be properly served when received: (a) after being deposited with the United States Postal Service, as registered or certified mail, return receipt requested, bearing adequate postage, or (b) after being deposited with a reputable overnight express carrier (e.g., Federal Express, Airborne, Express Mail) for guaranteed next business day delivery with a request that the addressee sign a receipt evidencing delivery, or (c) if personally delivered. Any construction related notices may also be sent by confirming facsimile. Notices shall be addressed as follows:

Tenant: Vatterott Educational Centers, Inc.
10257 St. Charles Rock Road
St. Louis, MO 63074
Attn: Peter C. Mitchell

Any default notice must also be sent to:

Mr. Alfred Henneboehle
Greensfelder, Hemker & Gale, P.C.
10 South Broadway, Suite 2000
St. Louis, MO 63102

Landlord: West Lakes Properties, L.C.
4949 Westown Parkway, Suite 200
West Des Moines, IA 50266
Attention: Gerard D. Neugent

or to any other address furnished in writing by any of the foregoing. However, any change of addresses furnished shall comply with the requirements of this Section and shall include a complete outline of all current addresses to be used for all parties.

19. Time of Essence.

Time is of the essence in this Lease.

20. Entire Agreement.

This Lease and the attached exhibits constitute the entire agreement between Landlord and Tenant with respect to the Premises. Neither this Lease nor any of its provisions may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties.

21. Governing Law. This Lease shall be governed by, and construed in accordance with, the laws of the State of Iowa.

LANDLORD AND TENANT HEREBY SUBMIT TO EXCLUSIVE PERSONAL JURISDICTION IN THE STATE OF IOWA AND THE FEDERAL COURT OF THE UNITED

STATES OF AMERICA LOCATED IN THE STATE OF IOWA (AND ANY APPELLATE COURTS TAKING APPEALS THEREFROM) FOR THE ENFORCEMENT OF SUCH PERSON'S OBLIGATIONS HEREUNDER AND WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY OTHER STATE TO OBJECT TO JURISDICTION WITHIN SUCH STATE FOR THE PURPOSES OF SUCH ACTION, SUIT, PROCEEDING OR LITIGATION TO ENFORCE SUCH OBLIGATIONS OF TENANT OR LANDLORD. LANDLORD AND TENANT HEREBY WAIVE AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS LEASE (A) THAT IT IS NOT SUBJECT TO SUCH JURISDICTION OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN THOSE COURTS OR THAT IT IS EXEMPT OR IMMUNE FROM EXECUTION, (B) THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR (C) THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER. IN THE EVENT ANY SUCH ACTION, SUIT OR PROCEEDING OR LITIGATION IS COMMENCED, LANDLORD AND TENANT AGREE THAT SERVICE OF PROCESS MAY BE MADE, AND PERSONAL JURISDICTION OVER SUCH LANDLORD AND TENANT OBTAINED, BY SERVICE OF A COPY OF THE SUMMONS, COMPLAINT AND OTHER PLEADINGS REQUIRED TO COMMENCE SUCH LITIGATION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED UPON SUCH LANDLORD AND TENANT AT THE ADDRESS FOR NOTICE TO SUCH PERSON IN THIS LEASE. TENANT AND LANDLORD EACH HEREBY EXPRESSLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATED TO THE ENFORCEMENT OF THIS LEASE.

22. No Accord and Satisfaction. The acceptance by Landlord of any sums from Tenant (whether as Base Rent, Additional Rent or otherwise) in amounts which are less than the amounts due and payable by Tenant hereunder is not intended, not shall be construed, to constitute an accord and satisfaction of any dispute between such parties regarding sums due and payable by Tenant hereunder, unless Landlord specifically deems it as such in writing.

23. Binding Effect.

Subject to the restrictions on transfer herein, this Lease shall inure to the benefit of and be binding upon Landlord and Tenant and their respective heirs, executors, legal representatives and successors and assigns. Tenant will not be bound by any assignment of the Lease by Landlord unless Tenant has received written notice and evidence of such assignment at least thirty (30) days prior to its effective date.

24. Broker.

Landlord and Tenant represent to each other that neither has dealt with any broker in connection with the negotiation or execution of this Lease other than Michelson Commercial Realty and Development, L.L.C. ("Tenant's Broker") and Knapp Properties, Inc. ("Landlord's Broker"). Landlord agrees to pay the commission due to Tenant's Broker on a flat fee basis the sum of \$185,000 and to Landlord's Broker on a flat fee basis the sum of \$100,000. Such fee shall be paid half upon the full execution of this Lease and the remainder upon occupancy of the Premises by Tenant. The collective sum to be paid to Landlord's Broker and to Tenant's

Broker shall become a component of the Total Project Costs. Landlord and Tenant shall defend, indemnify, and hold the other harmless from and against any loss, cost, expense or damage arising from any claim for commission or other compensation made by a broker not disclosed herein who claims through such party.

25. Premises Management.

Landlord and Tenant agree that Landlord shall retain Knapp Properties, Inc. ("KPI") as the property manager for the Premises from and after the Commencement Date. The retention of KPI shall be pursuant to a separate agreement between Landlord and KPI (the "Management Agreement"), which Management Agreement shall provide, among other matters, that KPI shall be compensated for its services at three (3%) of Base Rent and Additional Rent, net of real estate taxes and insurance payable hereunder.

26. Partnership.

Nothing contained in this Lease shall be construed to make Landlord and Tenant partners or joint venturers or to render either party liable for the debts or the obligations of the other.

27. Third Party Beneficiaries.

Except as herein specifically provided, no person, subtenant, customer, employee or invitee of Tenant or any other third party shall be deemed to be a third party beneficiary of any of the provisions herein.

28. Partial Invalidity.

If any section, paragraph, subparagraph, sentence, clause or phrase of this Lease shall be declared or judged invalid or unconstitutional, such adjudication shall not affect the other sections, paragraphs, subparagraphs, sentences, clauses or phrases which shall remain in full force and effect.

29. Recordings.

Either party may require the other to execute all documents necessary to record a short form or memorandum of this Lease. The party recording this Lease or a short form or memorandum thereof shall pay all the costs of doing so.

30. Headings.

The section headings are for convenience and are not a part of this Lease.

31. Force Majeure.

In the event either of Landlord or Tenant shall be delayed or hindered or prevented in the performance of any of its respective obligations required under this Lease (except for the

payment of money) by reason of strike, lockout, inability to procure labor or materials, failure of power, fire or acts of God, riots, insurrection or war, the performance of such obligations shall be excused for a period of such delay and the period for the performance of any such act shall be extended for a period equivalent to the period of any such delay. Notice must be delivered within ten days of the commencement of a force majeure event which is expected to delay, hinder or prevent the performance of any obligation required under this Lease by the party claiming to be so delayed, hindered or prevented.

32. Future Expansion.

The Building will be designed to include future expansion for a cosmetology program. When Tenant determines that it is ready for this expansion, Landlord and Tenant agree to negotiation in good faith using the existing Base Rent per square foot and GMP as guidelines and reflecting any inflation in construction costs from the establishment of GMP.

33. Cancellation of Real Estate Purchase Contract.

Upon execution of this Lease, the Real Estate Purchase Contract dated December 19, 2006, between the parties shall be void and the earnest money shall be returned to the Purchaser.

34. Right of First Refusal.

A. For a period of time commencing as of the date of this Lease and terminating twelve (12) complete Lease Years after the Commencement Date (such period of time is referred to herein as the "First Right Period"), Tenant shall have the right of first refusal ("Right of First Refusal") (as hereinafter described) to purchase the fee in all of the Premises.

B. If at any time during the First Right Period Landlord receives a bona fide offer or non-binding letter of intent ("Sale Offer") from a third party other than an "Affiliate" of Landlord, as that term is hereinafter defined, to purchase the Premises, which Sale Offer Landlord desires to accept, then Landlord shall promptly give Tenant notice of such Sale Offer which notice shall include a description of the terms and provisions of such Sale Offer (or a copy of the letter of intent). For purposes hereof the word "Affiliate" shall have the following meaning: (i) any of Landlord, FBL Financial Group, William C. Knapp, L.C., William C. Knapp Revocable Trust, Knapp Development, L.C., William C. Knapp, William C. Knapp II or Gerard D. Neugent; (ii) any lineal descendant of any individual named in (i) above; (iii) any trust the current beneficiaries of which are any persons named or described in (i) or (ii) above; (iv) any entity which, directly or indirectly, is in control of, is controlled by or is under common control with any combination of persons named or described in (i), (ii) or (iii) above, or (v) any entity 50% or more of the equity ownership of which is owned by any combination of persons named or described in (i), (ii) or (iii) above. A sale or transfer to an Affiliate shall not be a Sale Offer and Tenant shall not have a Right of First Refusal with regard thereto. Tenant shall have the right to purchase the Premises upon the same terms and conditions as set forth in the Sale Offer.

C. Tenant shall have ten (10) calendar days following receipt of any notice of Sale Offer delivered pursuant to this Lease within which to elect to exercise its Right of First Refusal

to purchase the Premises. If Tenant does not elect to so purchase the Premises in writing delivered to Landlord on or before the end of such ten (10) calendar day period, the Right of First Refusal shall automatically terminate with no further action required of either party and be of no further force or effect and Landlord may sell the Premises to said third party, provided the sale is upon substantially all of the same terms and conditions contained in the Sale Offer and the price is no less than 95% of the price in the Sale Offer. If Tenant does not elect to so purchase the premises and Landlord completes the sale to said third party, the Right of First Refusal in this Section 34 shall expire, and the third party shall acquire the premises free of said Right of First Refusal.

D. If Tenant exercises its Right of First Refusal in connection with a Sale Offer which contemplates a sale of all of the Property, Tenant shall purchase the Premises pursuant to a contract which Landlord and Tenant shall execute and which substantially conforms to the provisions of the Sale Offer; provided that if the dates within the Sale Offer (i.e. due diligence dates, closing date, etc.) are dates certain, as opposed to a measured number of days based upon the date of the contract contemplated by the Sale Offer, then such dates shall be extended by the number of days between the notice of the Sale Offer and the Right of First Refusal exercise by Tenant.

E. In the event Tenant exercises its Right of First Refusal to purchase the Premises, then this Lease shall, upon the closing of Tenant's purchase, terminate and be of no further force or effect.

[SIGNATURE PAGES TO FOLLOW]

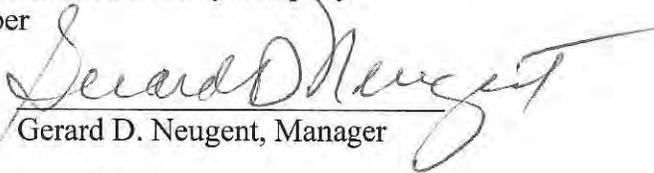
LEASE AGREEMENT
SIGNATURE PAGE FOR LANDLORD

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the date first above written.

Landlord:

WEST LAKES PROPERTIES, L.C.
an Iowa limited liability company

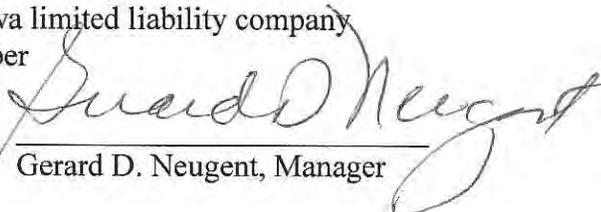
By: William C. Knapp, L.C.
an Iowa limited liability company
Member

By: 
Gerard D. Neugent, Manager

By: Farm Bureau Life Insurance Company
an Iowa corporation
Member

By: 
Roger P. J. Soener
Investment Vice President – Real Estate

By: Knapp Development, L.C.
an Iowa limited liability company
Member

By: 
Gerard D. Neugent, Manager

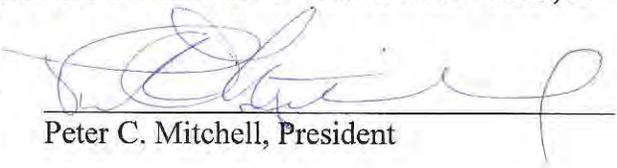
LEASE AGREEMENT
SIGNATURE PAGE FOR TENANT

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the date first above written.

Tenant:

VATTEROTT EDUCATIONAL CENTERS, INC.

By:



Peter C. Mitchell, President

REAL ESTATE LEASE

This Real Estate Lease (“Lease”) is made and entered into as of this 21 day of May, 2010, between **BOSSERT ENTERPRISES, INC.** (“Landlord”) and **VATTEROTT EDUCATIONAL CENTERS, INC.** (“Tenant”).

ARTICLE ONE: BASIC TERMS

This Article One contains the Basic Terms of this Lease between the Landlord and Tenant named below. Other Articles, Sections and Paragraphs of the Lease referred to in this Article One explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

Section 1.1. Landlord: **Bossert Enterprises, Inc.**

Address of Landlord: 641 Hickory Lane, St. Louis, MO 63131

Section 1.2. Tenant: **Vatterott Educational Centers, Inc.**

Address of Tenant: 9200 Olive Blvd., Suite 222, Olivette, MO 63132
Attention: Geoffrey D. Roth

Section 1.3. Premises: Approximately 30,546 square feet of space consisting of the entire Building known and numbered as 12970 Maurer Industrial Drive, St. Louis, MO 63127 (the “Building”), (the Building and the Land on which it is located are collectively herein called the “Premises”).

Section 1.4. Lease Term: The period beginning on the date of this Lease (the “Commencement Date”) and ending on August 31, 2013 (the “Lease Term”).

Section 1.5. Base Rent:

<u>Months</u>	<u>Monthly</u>	<u>Per Square Foot</u>
Commencement Date - July 31, 2010	\$20,000.00	
August 1, 2010 - July 31, 2011	\$19,091.25	\$7.50
August 1, 2011 - August 31, 2013	\$21,636.75	\$8.50

Tenant covenants to pay Base Rent to Landlord in advance on the first day of each month during the Lease Term at the address stated in Section 1.2.

Section 1.6. Permitted Use: Office and educational.

Section 1.7. Landlord’s Broker: CB Richard Ellis.

Tenant’s Broker: None.

ARTICLE TWO: LEASE TERM

Section 2.1. Lease of Premises For Lease Term. Tenant currently leases the Premises from Landlord pursuant to an Office/Warehouse Lease dated March 1, 1995 (“**Existing Lease**”). As of the date of this Lease, the Existing Lease terminates and Landlord shall have no further obligations thereunder. Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord for the Lease Term. The Lease Term is for the period stated in Section 1.4 above and shall begin and end on the dates specified in Section 1.4 above, unless the beginning or end of the Lease Term is changed under any provision of this Lease.

Section 2.2. Renewal. Provided no Default exists at the time of such election, Tenant may renew this Lease for two (2) additional periods of five (5) years each, by delivering written notice of the exercise thereof to Landlord not earlier than fifteen (15) months nor later than twelve (12) months before the expiration of the initial Lease Term or first renewal term (as applicable). The Base Rent payable for each month during such extended Lease Term shall be the prevailing rental rate (the “**Prevailing Rental Rate**”), at the commencement of such extended Lease Term, for renewals of space of equivalent quality, size, utility and location, with the length of the extended Lease Term and the credit standing of Tenant to be taken into account. Within thirty (30) days after receipt of Tenant’s notice to renew, Landlord shall deliver to Tenant written notice of the Prevailing Rental Rate (“**Notice**”) and shall advise Tenant of the required adjustment to Base Rent, if any, and the other terms and conditions offered. During the next thirty (30) days after receipt of Landlord’s Notice, Tenant and Landlord will negotiate in good faith the Prevailing Rental Rate. If the parties reach agreement on the Prevailing Rental Rate during such thirty (30) day period, then, on or before the commencement date of the extended term, Landlord and Tenant shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except as follows:

- (a) Base Rent shall be adjusted to the Prevailing Rental Rate;
- (b) Tenant shall have no further renewal option beyond the second renewal option unless expressly granted by Landlord in writing; and
- (c) Landlord shall lease to Tenant the Premises in their then-current condition, and Landlord shall not provide to Tenant any allowances or other tenant inducements.

If the parties do not reach written agreement of the Prevailing Rental Rate within thirty (30) days of the date of the Notice, time being of the essence with respect thereto, Tenant’s rights under this Section shall terminate and Tenant shall have no right to renew this Lease. Tenant’s rights under this Section shall terminate if (1) this Lease or Tenant’s right to possession of the Premises is terminated, (2) Tenant assigns its interest in this Lease or subleases more than fifty percent (50%) of the Premises other than to Permitted Transferee as defined in Article Eight, or (3) Tenant fails timely to exercise its option under this Section, time being of the essence with respect to Tenant’s exercise thereof.

Section 2.3. Holding Over. Tenant shall vacate the Premises upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages incurred by Landlord from any delay by Tenant in vacating the Premises. If

Tenant retains possession of the Premises or any part thereof after the expiration or termination of the Lease Term, Tenant shall pay Landlord Base Rent at one hundred fifty percent (150%) for the first thirty (30) days and two hundred percent (200%) thereafter of the monthly rate specified in Section 1.5 for each month or portion of a month that Tenant thus remains in possession and, in addition thereto, shall pay Landlord for all damages sustained by reason for Tenant's retention of possession. The provisions of this Section do not exclude Landlord's rights of re-entry or any other right hereunder.

ARTICLE THREE: OTHER CHARGES PAYABLE BY TENANT

Section 3.1. Net Lease. This Lease is intended to be net to Landlord, and Tenant shall pay all costs and expenses associated with the Premises and Property (excepting mortgage payments, if any), including real and personal property taxes, insurance, utilities, maintenance and improvements, except as otherwise expressly provided herein. All such charges payable by Tenant other than Base Rent are called "Additional Rent." The term "Rent" shall mean Base Rent and Additional Rent.

Section 3.2. Property Taxes.

(a) Payment of Taxes. Tenant shall pay to Landlord all real and personal property taxes on the Premises during the Lease Term at least twenty (20) days prior to the delinquency date of the taxes. Landlord shall deliver copies of such tax bills to Tenant at least sixty (60) days prior to the delinquency date. Real property taxes include: (i) any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty (if resulting from Tenant's failure to make timely payment of taxes hereunder) or tax imposed by any taxing authority against the Premises; (ii) any tax on the Landlord's right to receive, or the receipt of, rent or income from the Premises or against Landlord's business of leasing the Premises; (iii) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Premises by any governmental agency; (iv) any tax imposed upon this transaction or based upon a reassessment of the Premises due to a change in ownership or transfer of all or part of Landlord's interest in the Premises; and (v) any charge or fee replacing any tax previously included within the definition of real property tax. The term "real property tax" does not, however, include Landlord's federal or state income, franchise, inheritance or estate taxes.

Section 3.3. Utilities. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal, security service and other utilities and services supplied to the Premises.

Section 3.4. Insurance.

(a) Liability Insurance. During the Lease Term, Tenant shall maintain a policy of commercial general liability insurance at Tenant's expense, naming Landlord and its mortgagee, if any, as an additional insured, and insuring against liability arising out of the use, occupancy or maintenance of the Premises. The initial amount of such insurance shall be Two Million Dollars (\$2,000,000.00) subject to periodic increase at Landlord's discretion based upon inflation, increased liability awards, recommendation of professional insurance advisers, and

other relevant factors. The amount of such insurance shall not limit Tenant's liability nor relieve Tenant of any obligation hereunder.

(b) Hazard Insurance. During the Lease Term, Tenant, at Tenant's expense, shall maintain policies of insurance covering loss of or damage to Tenant's fixtures, equipment and personal property in the amount of full replacement value.

(c) Policy Provisions. All insurance required by this Section shall be provided under policies issued by insurers of recognized responsibility licensed to do business in the State of Missouri and approved by Landlord. Each policy of insurance shall: (1) have attached thereto an endorsement (to the extent such endorsement is available from the insurer) that such policy shall not be cancelled or materially adversely changed without at least thirty (30) days prior written notice to Landlord, and that no act or thing done by Tenant shall invalidate the policy as against Landlord; (2) be primary and noncontributing with any insurance by Landlord; and (3) have deductibles acceptable to Landlord. Tenant shall deliver to Landlord certificates of insurance evidencing the insurance policy or policies required hereunder. Not less than ten (10) days prior to the expiration of each insurance policy required to be furnished by Tenant, Tenant shall deliver to Landlord certificate(s) of insurance for a renewal policy or policies. Tenant and Landlord shall cooperate with each other in expediting and obtaining optimal insurance recoveries. The amount of insurance coverage provided hereunder shall not limit the obligations or liabilities of an indemnifying or responsible party hereunder. Tenant shall not do or permit to be done anything which invalidates any such insurance policies.

(d) Landlord shall maintain property insurance on the Building and such other insurance and additional coverages as it may deem necessary. Any insurance carried by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control, and Tenant shall have no right or claim to any of the proceeds thereof or any other rights thereunder. Tenant shall pay to Landlord within thirty (30) days of receipt of an invoice the cost of the insurance carried by Landlord.

Section 3.5. Late Charge. In the event Tenant is more than five (5) days late in the payment of any Rent or other charge due hereunder, Tenant shall pay a late charge for Landlord's increased administrative expenses equal to five percent (5%) of the overdue payment. Notwithstanding the foregoing, Landlord agrees to waive imposition of the above-described late charge on up to one (1) occasion in any twelve (12) month period, provided Tenant tenders the overdue payment to Landlord within five (5) business days after Tenant's receipt of written notice from Landlord stating that the payment was not received when due.

ARTICLE FOUR: USE OF PREMISES

Section 4.1. Manner of Use. The Premises may be used for the Permitted Use described in Section 1.6 and for no other purpose. Tenant shall not cause or permit the Premises to be used in any manner which constitutes a violation of any law, ordinance, or governmental regulation or order, which annoys or interferes with the rights of tenants of the development of which the Premises is a part, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, including a Certificate of Occupancy, required for Tenant's occupancy of the Premises and shall promptly take all actions necessary to comply with all applicable statutes,

ordinances, rules, regulations, orders and requirements regulating the use by Tenant of the Premises, including the Occupational Safety and Health Act.

Section 4.2. Indemnity. Tenant shall indemnify Landlord against and hold Landlord harmless from any and all costs, claims or liability arising from: (a) Tenant's use of the Premises; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Premises; (c) any breach or default in the performance of Tenant's obligations under this Lease; (d) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts or omissions of Tenant. Tenant shall defend Landlord against any such cost, claim or liability at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in connection with any such claim. As a material part of the consideration to Landlord, Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, including Landlord's negligence, except for any claim arising out of Landlord's sole negligence or willful misconduct.

Section 4.3. Landlord's Access. Landlord or its agents may enter the Premises at all reasonable times to show the Premises to potential buyers, investors or other parties (including potential tenants, provided that Landlord may only enter to show the Premises to potential tenants during the last twelve (12) months of the term and only if Tenant has not given notice to renew this Lease as provided in Section 2.2), or for any other purpose Landlord deems necessary. Landlord shall give Tenant prior notice of such entry and shall use reasonable efforts to minimize any disruption to the conduct of Tenant's business, except in case of an emergency. Landlord may place customary "For Sale" or "For Lease" signs on the Premises. Tenant shall provide Landlord with keys to all doors in the Premises.

Section 4.4. Parking. The parking area is shown on Exhibit B attached hereto and contains one hundred fifty (150) spaces for Tenant's exclusive use. In the event the parking area located within the 50-foot-wide road and utility easement shown on Exhibit B is no longer usable as parking, then Landlord, at its sole cost and expense, shall construct additional parking within the boundaries of the Premises that is contiguous with the current parking so that there are at least one hundred fifty (150) parking spaces.

Section 4.5. Dumpsters. Tenant at its expense shall locate all dumpsters for trash and recycling on engineered dumpster pads.

ARTICLE FIVE: CONDITION OF PREMISES; MAINTENANCE, REPAIRS AND ALTERATIONS

Section 5.1. Existing Conditions. Tenant currently occupies the Premises. Tenant accepts the Premises in its current condition, subject to all recorded matters, laws, ordinances, and governmental regulations and orders. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Premises or the suitability of the Premises for Tenant's intended use.

Section 5.2. Exemption of Landlord from Liability. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises, whether such damage or injury is caused by or results from: (a) fire, steam, electricity, water, gas or rain; (b) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; (c) conditions arising in or about the Premises or upon other portions of any building of which the Premises is a part, or from other sources or places; or (d) any other cause whatsoever, including Landlord's negligence. The provisions of this Section shall not, however, exempt Landlord from liability for Landlord's sole negligence or willful misconduct.

Section 5.3. Tenant's Obligations.

(a) Tenant shall at all times commit no waste and shall use and occupy the Premises in a careful, safe and proper manner and shall maintain and keep in good order and repair (including replacement) at its cost the entire exterior and interior of the Premises, including, but not limited to, sprinkler system (if any), heating, cooling, plumbing, all security systems, electrical wiring and lighting installations, exterior walls, windows, interior columns and beams, guttering and downspouts, and sewer and utility lines and provided that such utility lines are not the responsibility of the applicable utility company, except that Tenant shall not be responsible for the roof, foundation, and structural walls, beams or similar structural elements of the Premises, which the Landlord shall maintain and repair. Tenant, at its expense, shall perform the general exterior maintenance such as grass cutting, clearing and snow removal. Tenant acknowledges the necessity of housekeeping, ventilation, and moisture control for mold prevention. Tenant is currently in possession of the Premises which shall be conclusive evidence as against the Tenant that Tenant has first inspected the Premises and certifies that Tenant has not observed mold, mildew or moisture with the Premises; and Tenant releases Landlord, from any liability for any personal injury or damages to property caused by or associated with moisture or the growth of or occurrence of mold or mildew in the Premises. Furthermore, Tenant, at its expense, shall procure and maintain in force at all times a preventative maintenance/service contract (the "**HVAC Maintenance Contract**") for the heating, ventilating and air-conditioning ("**HVAC**") systems serving the Premises providing for the regular inspection and maintenance of the HVAC systems on not less than a quarterly basis by a licensed heating and air conditioning contractor, in a form and by a company acceptable to Landlord in Landlord's reasonable discretion. Landlord hereby approves System Air as the contractor. Tenant, at its expense, shall procure and maintain in force at all times a preventative maintenance/service contract ("**Elevator Maintenance Contract**") for maintenance and inspection of the elevator, in a form and by a company acceptable to Landlord in Landlord's reasonable discretion. Tenant shall provide Landlord with a copy of the HVAC Maintenance Contract not later than fifteen (15) days after Tenant installs the new HVAC pursuant to Section 5.4(b) and the Elevator Maintenance Contract not later than fifteen (15) days after the date of this Lease. If Tenant fails to do so, Landlord may procure such contracts at Tenant's expense.

(b) All of Tenant's obligations to maintain and repair shall be accomplished at Tenant's sole expense as Additional Rent. If Tenant fails to maintain and repair the Premises, Landlord may, on ten (10) days' prior notice (except that no notice shall be required in case of

emergency) enter the Premises and perform such repair and maintenance on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs so incurred immediately upon demand.

Section 5.4. Alterations, Additions, and Improvements.

(a) All alterations, additions, and improvements ("**Tenant Alterations**") are subject to Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed, and will be accomplished in a good and workmanlike manner, in conformity with all applicable laws and regulations, according to plans and by a contractor reasonably approved by Landlord. Tenant shall apply for and procure any and all permits required for Tenant Alterations. Upon completion of any such work, at Landlord's request Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials.

(b) Tenant agrees at its cost to (i) install a new 60-ton air conditioning unit for the Premises in accordance with the specifications attached hereto as Exhibit A and (ii) repaint, install new carpet, install data cabling and other nonstructural refurbishment of the Premises (collectively, "**Initial Improvements**"). The Initial Improvements shall be performed by Don C. Musick Construction Company or another third party contractor reasonably approved by Landlord. Landlord may have its own construction manager oversee the Initial Improvements at no charge to Tenant. Tenant agrees that any electrical work shall be performed by Landlord's approved vendor, provided the charges and quality of work are competitive. The current approved vendor for electrical work is Kaiser Electric. Landlord agrees to reimburse Tenant ("**Reimbursement Amount**") up to (i) Sixty Thousand Dollars (\$60,000) for the new air conditioning unit and (ii) Seventy-six Thousand One Hundred Sixty-five Dollars (\$76,165) for refurbishment of the Premises, which shall not include more than Thirty Thousand Five Hundred Forty-six Dollars (\$30,546) for data cabling costs. Landlord shall pay to Tenant the Reimbursement Amount within thirty (30) days following Landlord's receipt of the following: (i) a request for payment, (ii) copies of the paid invoices, and (iii) final lien waivers from all persons performing work or supplying materials, fully executed, acknowledged and in recordable form. Notwithstanding anything to the contrary, Landlord shall not be obligated to make any disbursement of the Reimbursement Amount if a Default then exists or Landlord has received written notice of any unpaid claims relating to any portion of the work or materials in connection therewith. The Reimbursement Amount must be used within twelve (12) months following the Commencement Date or shall be deemed forfeited with no further obligation by Landlord with respect thereto. If Landlord fails to disburse the Reimbursement Amount as and when required hereunder and Landlord does not cure such failure within fifteen (15) days after receipt of notice, Tenant may credit against Rent the portion of the Reimbursement Amount that Landlord failed to disburse as required hereunder.

(c) Tenant shall pay when due all claims for labor and material furnished to the Premises. Landlord may elect to record and post notices of non-responsibility on the Premises. In performing any Tenant Alterations or otherwise, Tenant shall not permit any lien or claim for lien of any mechanic, laborer or supplier or any other lien to be filed against the Building, the Property, the Premises, or any part thereof arising out of work performed, or alleged to have been performed by, or at the direction of, or on behalf of Tenant. If any such lien or claim for lien is filed, Tenant shall within ten (10) days of receiving notice of such lien or

claim (a) have such lien or claim for lien released of record or (b) deliver to Landlord cash in the full claimed amount of such lien or claim of lien, to be held in escrow by Landlord to indemnify, protect, defend and hold harmless Landlord against all costs and liabilities resulting from such lien or claim for lien and the foreclosure or attempted foreclosure thereof. If Tenant fails to take any of the above actions, Landlord, without investigating the validity of such lien or claim for lien, may pay or discharge the same and Tenant shall, as payment of Additional Rent hereunder, reimburse Landlord upon demand for the amount so paid by Landlord, including Landlord's expenses and attorneys' fees.

(d) Tenant has signage on the Premises and agrees at its sole cost and expense to maintain the signs in compliance with all laws, ordinances and government requirements. Upon the expiration of this Lease, Tenant shall remove all signs and repair any damage to the Premises. Any additional signs are subject to the approval of Landlord, whose approval shall not be unreasonably withheld, conditioned or delayed, and governmental authorities.

Section 5.5. Condition Upon Termination. Upon the termination of the Lease, Tenant shall surrender the Premises to Landlord, broom clean and in the same condition as received except for ordinary wear and tear which Tenant was not otherwise obligated to remedy under any provision of this Lease. Tenant shall not, however, be obligated to repair any damage which Landlord is required to repair under Article Six (Damage or Destruction). In addition, Landlord may require Tenant to remove any Tenant Alterations, additions or improvements (whether or not made with Landlord's consent) prior to the termination of the Lease and to restore the Premises to its prior condition, all at Tenant's expense, provided, however, (1) Tenant shall not be obligated to remove carpeting, interior walls, wallpapers or other standard, customary office improvements that are not peculiar to Tenant and were made to the Premises with Landlord's consent, and (2) Tenant may request at the time the Tenant submits any plans for or requests Landlord's consent to Tenant Alterations, in accordance with Section 5.4(a), that Landlord identify any Tenant Alterations to be made by, or at the direction of, Tenant which Landlord shall ultimately require be removed by Tenant at its expense prior to the termination of the Lease. Landlord hereby gives Tenant notice that all voice and data cabling installed by Tenant or its predecessors must be removed by Tenant prior to the termination of this Lease. All Tenant Alterations, which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Premises. Tenant shall repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment; HVAC cabling and control wiring; fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE SIX: DAMAGE OR DESTRUCTION

Section 6.1. Damage to Premises. Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Premises. Landlord shall repair the damage as soon as reasonably possible; provided, however, that if repair of the damage cannot be substantially

completed within two hundred forty (240) days following the date of the casualty, then Landlord shall so notify Tenant in writing and Landlord and Tenant shall each have the right, within thirty (30) days following the delivery of Landlord's notice, to terminate this Lease as of the date the damage occurred. Notwithstanding anything herein to the contrary, Landlord may terminate this Lease if (i) Landlord is required to pay any insurance proceeds arising out of the casualty to its lender, or (ii) the amount of available insurance proceeds is not sufficient to repair or restore the Premises.

Section 6.2. Temporary Reduction of Rent. If the Premises is destroyed or damaged and Landlord repairs or restores the Premises pursuant to the provisions of this Article, any rent payable during the period of such damage, repair and/or restoration shall be reduced according to the degree, if any, to which the Premises are untenantable. Except for such rent reduction, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Premises.

ARTICLE SEVEN: CONDEMNATION

If all or any portion of the Premises is taken under the power of eminent domain or sold under the threat of that power (all of which are called "**Condemnation**"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If a portion the Premises is taken and the remaining portion may no longer be adequately used for the purposes set forth in Section 4.1, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes possession). Notwithstanding the foregoing, if any Condemnation takes a portion of the parking area, Tenant may not terminate this Lease so long as there remain at least one hundred fifty (150) parking spaces. If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Premises not taken, except that the Rent shall be reduced in proportion to the reduction in the floor area of the Premises. Landlord shall be entitled to the entire condemnation award or payment.

ARTICLE EIGHT: ASSIGNMENT AND SUBLETTING

No portion of the Premises or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any attempted transfer without consent shall be void. Any sale or transfer after the date hereof, whether to one or more persons or entities and whether at one or more different times, of a total of more than fifty (50%) percent of the shares of capital stock of any corporation which is then the legal tenant under this Lease shall be deemed an assignment of this Lease within the meaning of this Section. If Tenant is a partnership, any change in the partners of Tenant shall be deemed to be an assignment. If Tenant is any other type of entity, an assignment shall be deemed to include any change in the majority control of Tenant. Tenant agrees to pay to Landlord, on demand, the reasonable attorney's fees and other costs incurred by Landlord in connection with any request by Tenant for Landlord to consent to any assignment or subletting by Tenant. If Landlord consents to any assignment or sublease and

Tenant receives rent or any other consideration, either initially or over the term of the assignment or sublease, in excess of the Rent (or, in the case of a sublease of a portion of the Premises, in excess of the Rent paid by Tenant on a square footage basis under this Lease), Tenant shall pay to Landlord fifty percent (50%) of such excess after Tenant has recovered from such excess the out-of-pocket costs incurred by Tenant with respect to the assignment or sublease. If Tenant proposes to assign this Lease or to sublease the entire Premises, Landlord shall have the right to recapture the Premises (a "**Recapture**") by giving written notice of such Recapture to Tenant within seven (7) business days after receipt of Tenant's written request for Landlord's consent to such proposed assignment or subletting. Tenant shall have no right to retract its request for Landlord's consent to assign or sublease once such request has been made. Such Recapture shall terminate this Lease effective on the prospective effective date of assignment or subletting, which shall not be earlier than thirty (30) business days after receipt of Tenant's request hereunder. Tenant agrees to surrender the Premises, if recaptured by Landlord, in accordance with the terms and conditions of this Lease.

Notwithstanding anything in the foregoing to the contrary, Landlord's consent shall not be required, and Landlord's recapture and profit-sharing rights shall be inapplicable, with respect to ("Permitted Transferee") (i) an assignment of this Lease to, or subletting or occupancy of all or any portion of the Premises by, any entity that controls, is controlled by or is under common control with Tenant; or (ii) any merger or consolidation of Tenant with or into any other entity, or any sale of Tenant's stock or assets, so long as such merger, consolidation or sale is not undertaken primarily for the purpose of avoiding the restrictions on assignment contained in this Article.

ARTICLE NINE: DEFAULTS; REMEDIES

Section 9.1. Covenants and Conditions. Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Premises is conditioned upon such performance. Time is of the essence of all covenants and conditions.

(a) Defaults. The occurrence or existence of any one or more of the following shall constitute a "**Default**" by Tenant under this Lease:

(i) If Tenant defaults in the payment of monthly installments of Base Rent, provided that, on up to two (2) occasions in any twelve (12) month period, there shall exist no Default unless Tenant shall have been given written notice of such failure and shall not have made the payment within five (5) days following the giving of such notice;

(ii) If Tenant defaults in the payment of other, non-scheduled Additional Rent payments and such default continues for ten (10) days after notice;

(iii) If Tenant defaults in the prompt and full performance of any other provision of this Lease and such default continues for twenty (20) days after notice (except that such twenty (20) day period shall be automatically extended

for an additional period of time reasonably necessary to cure such default, if such default is capable of being cured but cannot reasonably be cured within such first twenty (20) day period and provided Tenant commences the process of curing such default within said first twenty (20) day period and continuously and diligently pursues such cure to completion);

(iv) If Tenant shall (a) apply for consent to the appointment of a receiver, trustee or liquidator of Tenant or of all or a substantial part of its assets, (b) admit in writing its inability to pay its debts as they come due, (c) make a general assignment for the benefit of creditors, (d) file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law including the federal Bankruptcy Code (e) file an answer admitting the material allegations of a petition filed against Tenant in any reorganization or insolvency proceeding, including a proceeding commenced pursuant to the federal Bankruptcy Code, or if any order, judgment or decree shall be entered by any court of competent jurisdiction, adjudicating Tenant insolvent or approving a petition seeking reorganization of Tenant or appointing a receiver, trustee or liquidator of Tenant or of all or a substantial part of its assets; or

(v) If the leasehold interest of Tenant be levied upon under execution or be attached by process of law, or if Tenant abandons the Premises. (Vacating the Premises shall not be deemed an abandonment, so long as Tenant continues paying the rent due hereunder and performing its other obligations under this Lease.

Section 9.2. Remedies.

(a) If a Default occurs, Landlord shall have the rights and remedies hereinafter set forth, which shall be distinct and cumulative: (i) Landlord may terminate this Lease by giving Tenant notice of Landlord's election to do so, in which event, the term of this Lease shall end and all of Tenant's rights and interests shall expire on the date stated in such notice; (ii) Landlord may terminate Tenant's right of possession of the Premises without terminating this Lease by giving notice to Tenant that Tenant's right of possession shall end on the date specified in such notice; or (iii) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all monies due or to become due for the balance of the Term from Tenant under any of the provisions of this Lease.

(b) Upon any termination of this Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord and hereby grants to Landlord full and free license to enter into and upon the Premises in such event with or without process of law and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or within the Premises and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without

relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law.

(c) If Tenant abandons the Premises or Landlord otherwise becomes entitled so to elect, and Landlord elects, without terminating the Lease, to endeavor to relet the Premises, Landlord may, at Landlord's option enter into the Premises, remove Tenant's signs and other evidence of tenancy, and take and hold possession thereof as in this Section provided, without such entry and possession terminating the lease or releasing Tenant, in whole or in part, from Tenant's obligation to pay the Rent hereunder for the full term as hereinafter provided. Upon and after entry into possession without termination of the Lease, Landlord may relet the Premises or any part thereof for the account of Tenant to any person, firm or corporation other than Tenant for such rent, for such time and upon such terms as Landlord shall determine, to be reasonable. In any such case, Landlord may make repairs, alterations and additions in or to the Premises, and redecorate the same to the extent deemed by Landlord necessary or desirable, and Tenant shall, upon demand, pay the cost thereof, together with Landlord's expenses of the reletting. If the consideration collected by Landlord upon any such reletting for Tenant's account is not sufficient to pay monthly the full amount of the Rent reserved in this Lease, together with the cost of repairs, alterations, additions, redecorating and Landlord's expenses, Tenant shall pay to Landlord the amount of each monthly deficiency upon demand; and if the consideration so collected from any such reletting is more than sufficient to pay the full amount of the Rent reserved herein, together with the costs and expenses of Landlord, Landlord, at the end of the stated term of this Lease, shall account to Tenant.

(d) If Landlord elects to terminate this Lease in any of the contingencies specified in this Section, it being understood that Landlord may elect to terminate the Lease after and notwithstanding its election to terminate Tenant's right to possession as provided above, Landlord shall forthwith upon such termination be entitled to recover as damages, and not as a penalty, an amount equal to the then present value of the Rent provided in this Lease for the residue of the stated term hereof, less the present value of the fair rental value of the Premises for the residue of the stated term.

(e) Any and all property which may be removed from the Premises by Landlord pursuant to the authority of the lease or of law, to which Tenant is or may be entitled, may be handled, removed or stored by Landlord at the sole risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not removed from the Premises or retaken from storage by Tenant within fourteen (14) days after the end of the term or of Tenant's right to possession of the Premises, however terminated, shall be conclusively deemed to have been forever abandoned by Tenant and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit.

(f) Tenant agrees that if it shall at any time fail to make any payment or perform any other act on its part to be made or performed under this Lease, Landlord may, but shall not be obligated to, and after ten (10) days' (or immediately, in the event of an emergency) prior notice or demand and without waiving, or releasing Tenant from, any obligation under this

Lease, make such payment or perform such other act to the extent Landlord may deem desirable, and in connection therewith to pay expenses and employ counsel. All sums so paid by Landlord and all expenses in connection therewith, together with interest thereon at the rate of fifteen percent (15%) per annum from the date of payment, shall be deemed additional rent hereunder and payable at the time of any installment of Rent thereafter becoming due and Landlord shall have the same rights and remedies for the non-payment thereof, or of any other additional rent, as in the case of default in the payment of Rent. Tenant agrees to pay a reasonable attorney's fee if legal action is required to enforce performance by Tenant of any condition, obligation or requirement hereunder, or incurred by Landlord in any litigation, negotiation or transaction in which Tenant causes Landlord, without Landlord's fault, to become involved or concerned.

(g) Tenant shall pay all costs, charges and expenses, including court costs and reasonable attorney's fees incurred by Landlord or its beneficiaries in enforcing Tenant's obligations under this Lease, in the exercise by Landlord of any of its remedies in the event of a default, in any litigation, negotiation or transactions in which Tenant causes Landlord, without Landlord's fault, to become involved or concerned, or in consideration of any request for approval of or consent to any action by Tenant which is prohibited by this Lease or which may be done only with Landlord's approval or consent, whether or not such approval or consent is given.

Section 9.3. Cumulative Remedies. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE TEN: PROTECTION OF LENDERS

Section 10.1. Subordination. This Lease shall be and hereby is subordinate to any ground lease, deed of trust or mortgage now or hereafter encumbering the Premises, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Landlord shall use commercially reasonable efforts to obtain a subordination, nondisturbance and attornment agreement from the current lender; however, Landlord's failure to deliver such agreement shall not constitute a default by Landlord hereunder nor affect the subordination of the Lease as provided in this Section. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 10.2. Attornment. If Landlord's interest in the Premises is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Premises and recognize such transferee or successor as Landlord under this Lease provided that such transferee or successor agrees in writing to assume Landlord's obligations and to be bound to Tenant as Landlord hereunder.

Section 10.3. Signing of Documents. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so.

Section 10.4. Estoppel Certificates. Upon the written request of Landlord, Tenant shall execute, acknowledge and deliver to Landlord, within thirty (30) days of the request, a written statement certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Lease has not been cancelled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; and (iv) that there are no Defaults under this Lease (or, if claimed to be in default, stating why). Any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser, mortgagee or assignee of any mortgagee of the Premises.

ARTICLE ELEVEN: LEGAL COSTS

Tenant shall indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability incurred by Landlord if Landlord becomes or is made a party to any claim or action (a) instituted by any third party against Tenant, or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in any such claim or action. In the event either party to this Lease undertakes legal action to enforce the terms of this Lease or to declare the rights of the parties hereunder, the prevailing party in such legal action shall be entitled to recover its reasonable attorneys' fees and costs incurred in connection with such legal action from the non-prevailing party.

ARTICLE TWELVE: MISCELLANEOUS PROVISIONS

Section 12.1. Waiver of Subrogation. Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage.

Section 12.2. Landlord's Liability; Certain Duties.

(a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Premises or the leasehold estate under a ground lease of the Premises at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations

of Landlord under this Lease to be performed on or after the date of transfer. Liability with respect to the entry and performance of this Lease by or on behalf of Landlord, however it may arise, shall be asserted and enforced only against the Landlord's estate and interest in the Building and Landlord shall have no personal liability in the event of any claim against Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Premises.

(b) Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee or beneficiary under any mortgage encumbering the Premises whose name and address have been furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord (or such ground lessor, mortgagee or beneficiary) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. If such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

Section 12.3. Severability. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or this Lease, which shall remain in full force and effect.

Section 12.4. Interpretation. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Premises with Tenant's expressed or implied permission.

Section 12.5. Incorporation of Prior Agreements; Modifications. This Lease is the only agreement between the parties pertaining to the lease of the Premises and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

Section 12.6. Notices. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Section 1.2 above. Notices to Landlord shall be delivered to the address specified in Section 1.1 above. All notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.

Section 12.7. Waivers. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.

Section 12.8. No Recordation. Tenant shall not record this Lease without prior written consent from Landlord.

Section 12.9. Binding Effect; Choice of Law. This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord of Tenant. Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successors are acquired in accordance with the terms of this Lease. The laws of the state of Missouri shall govern this Lease.

Section 12.10. Joint and Several Liability. All parties signing this Lease as Tenant shall be jointly and severally liable for all obligations of Tenant.

Section 12.11. Force Majeure. If either party cannot perform any of its obligations (other than payment of Rent) due to events beyond such party's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond either party's control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, governmental regulation or restriction and weather conditions.

Section 12.12. Broker's Fees. Each party to this Lease shall indemnify, defend and hold harmless the other party from and against any and all claims asserted against such other party by any real estate broker, finder or intermediary relating to any act of the indemnifying party in connection with this Lease. Landlord shall be responsible for paying all fees and commissions due to Landlord's Broker (as defined in the Section 1.7) in connection with this Lease. The parties acknowledge receiving the following disclosure: CB Richard Ellis is the Landlord's Broker (the Listing Broker) and is serving solely as agent for the Landlord in connection with this transaction with all fiduciary responsibilities running solely to the Landlord and that Landlord's agent is not acting as the agent or on behalf of Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first above written.

LANDLORD:

BOSSERT ENTERPRISES, INC.

By: Lucia Bossert
Printed Name: Lucia Bossert
Title: sec.

TENANT:

**VATTEROTT EDUCATIONAL CENTERS,
INC.**

By: Pamela S. Bell
Name: Pamela S. Bell
Title: CEO/President

Exhibit 14

Vatterott College – Des Moines



Vatterott College – Sunset Hills

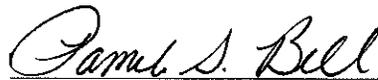


Exhibit 15

September 18, 2012

By this document I hereby affirm the commitment of Vatterott Educational Centers, Inc. to deliver the programs presently authorized by the Iowa College Student Aid Commission, and to provide alternatives for students to complete such programs at other institutions if Vatterott ceases to deliver any such program before students have completed their courses of study.

Sincerely,



Pam Bell
CEO and President
Vatterott Educational Centers, Inc.

Career Skills for a Better Life!

Exhibit 16

Institution Policies

Students are expected to be familiar with the information presented in this institution catalog, in any supplements and addenda to the catalog, and with all institution policies. By enrolling in Vatterott College, students agree to accept and abide by the terms stated in this catalog and all institution policies.

If there is any conflict between any statement in this catalog and the enrollment agreement signed by the student, the provision in the enrollment agreement supersedes and is binding.

Statement of Ownership

Vatterott College is owned and operated by Vatterott Educational Centers, Inc.

Student Grievance Policy

Should a student have a grievance or complaint concerning any aspect of his or her recruitment, enrollment, attendance, education, or career services assistance, the student should first contact the faculty or staff member to whom the grievance or complaint refers.

If a solution satisfactory to the student is not reached with the faculty or staff member, the student may submit his or her grievance or complaint in writing to the Director of Education, clearly describing the grievance or complaint.

The Director of Education will review the grievance or complaint, seek resolution and notify the student of the remedy within 10 days. In the event the student is not satisfied with the resolution provided by the Director of Education, the student must appeal to the institution's Director in writing within 10 days of receiving the decision of the Director of Education.

The institution's Director will review the pertinent facts and evidence presented. Within 10 days of receipt of the student appeal, the institution's Director will formulate a resolution.

Students who wish to contest the Director's resolution may submit a written appeal to the Chief Administrator, Vatterott Educational Centers, Inc. as the final entity seeking a favorable resolution to reported grievance or complaint.

At any time, the student may contact the Vatterott Educational Centers, Inc. Student Affairs division for additional support via email at studentaffairs@vatterott.edu.

Schools accredited by the Accrediting Commission of Career Schools and Colleges must have a procedure and operational plan for handling student complaints. If a student does not feel that the school has adequately addressed a complaint or concern, the student may consider contacting the Accrediting Commission. All complaints considered by the Commission must be in written form, with permission from the complainant(s) for the Commission to forward a copy of the complaint to the school for a response. The complainant(s) will be kept informed as to the status of the complaint as well as the final resolution by the Commission. Please direct all inquiries to:

Accrediting Commission of Career Schools and Colleges
2101 Wilson Blvd. / Suite 302
Arlington, VA 22201
(703) 247-4212
www.accsc.org

A copy of the Commission's Complaint Form is available at the school and may be obtained by contacting the school director or director of education.

Students may also contact the following agencies concerning any grievance or complaint about the institution:

Office of the Ombudsman, United States Department of Education, Toll-free phone: (877) 557-2575.

Student Information & Services

Iowa College Student Aid Commission, 603 E. 12th St. FL 5th, Des Moines, Iowa 50319

All student complaints shall be handled in accordance with the above procedure and, upon exhaustion of the above, are subject to the Arbitration Agreement executed by all students as part of their Enrollment Agreement. The Arbitration Agreement sets forth that the student and Vatterott College agree that the exclusive means of enforcing any state, federal, regulatory or other right(s) will be in accordance with and governed by the Arbitration Agreement. A copy of the Arbitration Agreement can be obtained by requesting a copy in writing directed to the institution's Director.

Transfer of Credit to Other Institutions

Vatterott College's Education Department provides information on other institutions that may accept credits for course work completed at Vatterott College towards their programs. However, Vatterott College does not imply or guarantee that credits completed at Vatterott College will be accepted by or transferable to any other college, university, or institution, and it should not be assumed that any credits for any courses described in this catalog can be transferred to another institution. Each institution has its own policies governing the acceptance of credit from other institutions such as Vatterott College. Students seeking to transfer credits earned at Vatterott College to another institution should contact the other institution to which they seek admission to inquire as to that institution's policies on credit transfer.

Student Portal

The student portal is a secure website that allows a student access to his or her information including schedule, grades, account balance and activity, school events, school contact information, and much more.

Vatterott College is excited to offer this capability, making it easy for our students to be in touch with us and enhance their college experience. Upon acceptance to Vatterott College, students will be issued a student number that can be used to gain access to the student portal. An email will be sent to each student describing how to register and begin using the student portal upon enrollment.

Transcript Request Policy

A student wishing to request an official school transcript must complete the Transcript Request Form located in the Registrar's Office. After the completion of the form and the payment of a \$10.00 fee, the Registrar's office will process the request within two calendar weeks.

Exhibit 17

IOWA

SECRETARY OF STATE

VATTEROTT COLLEGE
PAM BELL
8580 EVANS AVE CORP SUITE A
BERKLEY, MO 63134

ACKNOWLEDGMENT OF REGISTRATION OF ACCREDITED POSTSECONDARY SCHOOL (RENEWAL)

VATTEROTT COLLEGE
School #219

The Secretary of State acknowledges receipt and filing of the application for Renewal of Registration under Iowa Code chapter 261B of the postsecondary school named above for the period of 9/22/2008 to 9/22/2012 with renewal fees paid in the amount of \$4000.00.

Registration under Iowa Code chapter 261B permits a registered school to offer courses or programs to Iowa students; the chapter also requires specified disclosures to students in advance of any tuition payment or instruction. It does not confer any authority to grant degrees, nor does it establish accreditation. Further, Iowa Code section 261B.7 provides: "Neither a school nor its



Michael A. Mauro

MICHAEL A. MAURO SECRETARY OF STATE



State of Missouri

Coordinating Board for Higher Education

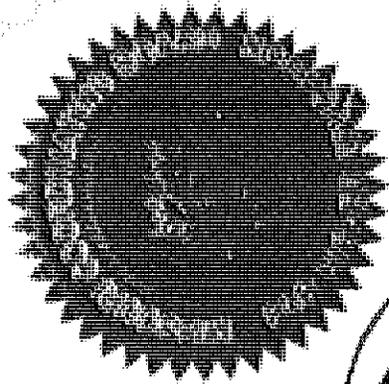
130133

Certificate to Operate

This is to Attest That: *Vatterott College-Branch*
Located At: *12970 Maurer Industrial Drive*
Sunset Hills, MO 63127

Is Duly Certified to Operate Pursuant to Section 173.600 through 173.618, RSMo.

Issued On: August 8, 2012
Expiration Date: June 30, 2013



Jerry B. Wade
For the Coordinating Board for Higher Education

DHE 0343-05
Identification Number

Vatterott College-Branch
12970 Maurer Industrial Drive
Sunset Hills, MO

The certificate of approval issued by the Missouri Department of Higher Education to the above named institution includes the following programs.

Program Name	Weeks	Hours	Hour Type	Outcome
Applied Electrical Technology	90	108	QCH	AOS
Barber Crossover - Night	4	45	CH	Certificate
Barber Crossover - Day	3	45	CH	Certificate
Basic Fire Alarm Installation	2	32	CH	Certificate
Better Green Busines - Online	4	12	CH	Certificate
Better Green Business	4	12	CH	Certificate
Building Maintenace Mechanic	60	72	QCH	Certificate
Building Maintenance Technology	90	108	QCH	AOS
Business Management	70	90	QCH	AOS
Business Management - Online	70	90	QCH	AOS
Computer Science & Information Systems Tech	170	213	QCH	BS
Computer Systems & Network Technology	90	108	QCH	AOS
Computer Technology	60	72	QCH	Certificate
Electrical Mechanic	60	72	QCH	Certificate
Electronic Evidence Discovery - Online	8	36	CH	Certificate
Fork Lift Operations	1	8	CH	Certificate
Heating Air Condition Refrigeration Mechanic	60	72	QCH	Certificate
Heating Air Condition Refrigeration Tech	90	108	QCH	AOS
Information Systems Security	60	72	QCH	Certificate
Information Systems Security - Online	60	72	QCH	Certificate
Information Systems Technology	90	108	QCH	AOS
Mechanics Liens	1	6	CH	Certificate
Mechanics Liens - Online	1	6	CH	Certificate
Medical Assist.Occupational Specialist-online	40	52	QCH	Certificate
Medical Assistant	70	90	QCH	AOS
Medical Assistant - Online	70	90	QCH	AOS

Notes: Hour Types: SCH=Semester Credit Hours, QCH=Quarter Credit Hours, CH=Contact Hours
 "Certificate" includes diploma and all other nondegree level awards.

Effective Date: August 8, 2012
 Expiration Date: June 30, 2013

Medical Assistant Occupational Specialist	40	52	QCH	Certificate
Medical Billing and Coding	70	90	QCH	AOS
Medical Billing and Coding - Online	70	90	QCH	AOS
Network and Information Systems	60	72	QCH	Certificate
Network Engineering & Computer Technology	170	213	QCH	BS
Smart Phone Programming	5	45	CH	Certificate
Smart Phone Programming - Online	5	45	CH	Certificate
Your Role in the Green Environment	4	15	CH	Certificate
Your Role in the Green Environment - Online	4	15	CH	Certificate

Notes: Hour Types: SCH=Semester Credit Hours, QCH=Quarter Credit Hours, CH=Contact Hours
 "Certificate" includes diploma and all other nondegree level awards.
 Effective Date: August 8, 2012
 Expiration Date: June 30, 2013

Exhibit 18

Vatterott College – Des Moines

Effective Date: July 1, 2012

Pursuant to the federal *Student Right-to-Know Act*, on an annual basis each Vatterott school determines and makes available an overall graduation rate of certificate or degree-seeking, first-time, full-time, undergraduate students. In addition, each school also provides the Student-Right-to-Know graduation rate disaggregated by various sub-categories, as determined and defined by the U.S. Department of Education.

The Student Right-to-Know graduation rate is based on a "cohort study," meaning that a group (or "cohort") of students is identified and then monitored over a period of time. The current rates, set out below, are based on the group of students who enrolled for the first-time, as full-time students, between September 1, 2008 and August 31, 2009. The rate represents the number of those students who earned their degree or certificate within 150% of the normal time required to complete their program. The rate does not include students who left school to serve in the armed forces, on official church missions, or in the foreign service of the federal government. Students who died or were totally and permanently disabled also are excluded.

It's important to note that the Student Right-to-Know graduation rate is calculated at the school level. In other words, there is one rate for the entire school, not a rate for each specific program. Certain institutions also are required to calculate and distribute graduation or completion rates for students receiving athletically related student aid, as well as transfer-out rates. These requirements, however, are not applicable to Vatterott schools. The most recent Student-Right-to-Know graduation rates for Vatterott College – Des Moines are set out in the following chart:

Student Category	Number of Students	Number Graduating Within 150%	Graduation Rate
Men	193	112	58%
Women	148	86	58%
Nonresident Alien	-	-	-
Hispanic/Latino	15	13	87%
American Indian or Alaska Native	-	-	-
Asian	-	-	-
Black or African American	56	23	41%
Native Hawaiian or Other Pacific Islander	-	-	-
White	258	156	60%
Two or More Races	-	-	-
Race and Ethnicity Unknown	-	-	-
Received Pell Grant	296	174	59%
Received Subsidized Stafford Loan but no Pell Grant	25	19	76%
Received No Subsidized Stafford Loan or Pell Grant	20	-	-
OVERALL	341	198	58%

Vatterott schools also make available each year a federal retention rate, which is the percentage of first-time, full-time students from the previous fall who are still enrolled, or successfully completed their program, the following year. Like the Student-Right-to-Know graduation rate, this retention rate is based on a cohort study and calculated at the school level (*i.e.*, there is one rate for the entire school, not a rate for each specific program). The most recent Student-Right-to-Know retention rate for Vatterott College – Des Moines is set out in the following chart:

Number of Students in Fall 2010	Number Still Enrolled or Completed as of Fall 2011	Retention Rate
79	43	54%

Current and prospective students may request a copy of any Vatterott location's Student-Right-to-Know disclosure from the Campus Director, or by emailing consumerinfo@vatterott.edu. The most recent Student-Right-to-Know rates for all Vatterott schools also are available on Vatterott's website at www.vatterott.edu/right2know. The Student-Right-to-Know graduation rates for each Vatterott school are based on data reported by the school in connection with the National Center for Educational Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS) 2011-2012 Graduation Rate Survey. The retention rates are based on data reported by the school in connection with the NCES, IPEDS 2011-2012 Enrollment Survey.

"-" Indicates that there were no students in this category, or that the student population for this category is too small to be disclosed with confidence or confidentiality (*i.e.*, 10 or fewer students).

Student-Right-to-Know Rates (Effective: July 1, 2012)

Vatterott College – Sunset Hills

Effective Date: July 1, 2012

Pursuant to the *Student Right-to-Know Act*, on an annual basis each Vatterott school determines and makes available an overall graduation rate of certificate or degree-seeking, first-time, full-time, undergraduate students. In addition, each school also provides the Student-Right-to-Know graduation rate disaggregated by various sub-categories, as determined and defined by the U.S. Department of Education.

The Student Right-to-Know graduation rate is based on a "cohort study," meaning that a group (or "cohort") of students is identified and then monitored over a period of time. The current rates, set out below, are based on the group of students who enrolled for the first-time, as full-time students, between September 1, 2005 and August 31, 2006. The rate represents the number of those students who earned their degree or certificate within 150% of the normal time required to complete their program. The rate does not include students who left school to serve in the armed forces, on official church missions, or in the foreign service of the federal government. Students who died or were totally and permanently disabled also are excluded.

It's important to note that the Student Right-to-Know graduation rate is calculated at the school level. In other words, there is one rate for the entire school, not a rate for each specific program. Certain institutions also are required to calculate and distribute graduation or completion rates for students receiving athletically related student aid, as well as transfer-out rates. These requirements, however, are not applicable to Vatterott schools. The most recent Student-Right-to-Know graduation rates for Vatterott College – Sunset Hills are set out in the following chart:

Student Category	Number of Students	Number Graduating Within 150%	Graduation Rate
Men	253	153	60%
Women	93	44	47%
Nonresident Alien	-	-	-
Hispanic/Latino	-	-	-
American Indian or Alaska Native	-	-	-
Asian	-	-	-
Black or African American	57	21	37%
Native Hawaiian or Other Pacific Islander	-	-	-
White	215	143	67%
Two or More Races	-	-	-
Race and Ethnicity Unknown	56	21	38%
Received Pell Grant	234	127	54%
Received Subsidized Stafford Loan but no Pell Grant	67	42	63%
Received No Subsidized Stafford Loan or Pell Grant	45	28	62%
OVERALL	346	197	57%

Vatterott College – Sunset Hills also makes available each year a federal retention rate, which is the percentage of first-time, full-time bachelor's degree students from the previous fall who are still enrolled, or successfully completed their program, the following year. Like the Student-Right-to-Know graduation rate, this retention rate is based on a cohort study and calculated at the school level (*i.e.*, there is one rate for the entire school, not a rate for each specific program). The College's most recent Student-Right-to-Know retention rate is set out in the following chart:

Number Bachelor's Degree Students in Fall 2010	Number Still Enrolled or Completed as of Fall 2011	Retention Rate
-	-	-

Current and prospective students may request a copy of any Vatterott location's Student-Right-to-Know disclosure from the Campus Director, or by emailing consumerinfo@vatterott.edu. The most recent Student-Right-to-Know rates for all Vatterott schools also are available on Vatterott's website at www.vatterott.edu/right2know. The Student-Right-to-Know graduation rates for each Vatterott school are based on data reported by the school in connection with the National Center for Educational Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS) 2011-2012 Graduation Rate Survey. The retention rates are based on data reported by the school in connection with the NCES, IPEDS 2011-2012 Enrollment Survey.

"-" Indicates that there were no students in this category, or that the student population for this category is too small to be disclosed with confidence or confidentiality (*i.e.*, 10 or fewer students).