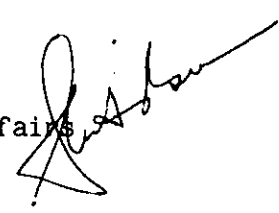


Ohio
University Interoffice Communication

Date: March 6, 1985

To: The President and Board of Trustees

From: John F. Burns, Director, Office of Legal Affairs 

Subject: Lease to National Senior Developers

Attached is the lease that has been negotiated with National Senior Developers (NSD) of Cleveland, Ohio, to develop a retirement center in the surplus buildings of the AMHC.

The lease is for forty (40) years, with an option to review for another forty (40) years term under Section 123.77 ORC, which authorizes the use of surplus University land for development purposes. The lease represents the substantive provisions agreed to by the parties and state officials. When the legal description is added an index will be attached to reflect the proper page numbers.

Mr. Kennard, Dr. Geiger and I will be available to discuss the details of this lease at the Special Board Meeting.

Thank you very much.

JFB:rt

Attachment

xc: Mr. William Kennard

Dr. Alan H. Geiger

PERMISSIBLE COMMUNITY
BASIC ASSUMPTIONS AND COMMENTS

Income

Phase I - Construction has been assumed to start in April 1985 and be completed in December 1985 for 87 units and March 1986 for 25 units.

After a 24 month rent-up period starting December 1985, income from rental of the 112 units has been projected to be \$82,000 per month. Rental income is projected to increase by 5% through 1993 and by 3% thereafter. This rental income figure includes income from shelter and congregate care services and includes 13 double occupancies. A vacancy factor of 5% has been assumed. Turnover (7%) is assumed to be reflected in the vacancy factor for rental income and will have no effect on the entry fees as the amount received from new admissions will offset the amount refunded.

Phase II - Construction has been assumed to start in April 1986 and be completed in December 1986.

After a 18 month rent-up period starting January 1987, income from rental of Phase II's 42 units has been projected to be \$27,400 per month. Rental income is projected to increase 5% through 1993 and by 3% thereafter. A 5% vacancy factor and the above turnover assumptions have been assumed.

It has been projected the Project will receive entry fees of \$4500 and \$8000 for one & two bedrooms respectively, less the 5% vacancy. These fees have been treated as interest-free working capital loans, as they are fully refundable upon the termination of residency. It has been assumed that any refunds will be funded by fees received from new residents and no increase in fees has been reflected. Upon sale of the Project the loans will be repaid.

Interest income has been computed on the cumulative balance in the replacement reserve at a rate of 8.5%. Miscellaneous income reflects receipts from laundry machines and rental of the community space for additional activities and have been assumed to increase 5% starting in 1988.

Expense

Ground rent represents payment to the University for use of the Project at the rate of \$200 per unit, payable as the units are rented. The first ten years' payments have been reduced by amortization of the \$50000 advance payment, starting 1/10th in 1985 for Phase I and 1986 for Phase II. The expense is assumed to increase by 6% annually starting in 1989.

Operating expense is based on estimates of the General Partners and has been assumed to be \$130 per unit per month for common costs such as maintenance of 5 elevators, janitorial help and supplies, snow removal, utilities for the common areas and water for the entire Project. An additional expense of \$150 per person in congregate care is included to cover the service and food costs. These expenses are projected to increase by 6% annually starting in 1989.

Real estate taxes are based on the effective rates for Athens county.

Replacement reserve

A replacement reserve has been established for repairs and future asset purchases. Annual contributions of \$15000 begin in 1987 for Phase I, an additional \$10000 is added for Phase II in 1989, and expenditures are assumed to begin five years later.

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REC. 2/5/85

(BASIC ASSUMPTIONS AND COMMENTS CONTINUED)

Financing

It has been assumed that the private mortgage will be drawn first to cover construction costs and then the UDAG funds will be applied. Upon completion of construction, it has been projected that financing will consist of a private mortgage of \$4075300 and a UDAG loan of \$2000000. The private financing will bear interest at the rate of 13% and principal and interest will be payable over a 30 year term starting April 1986. The UDAG loan is assumed not to bear interest for the first three years, and then interest at a 4% rate will begin April 1988. Principal repayment of the UDAG loan has been projected to be the excess cash flow after the cash return on invested capital exceeds approximately \$500000.

The Project has already obtained tentative funding totalling \$370000. An NRC grant of \$200000 will be received and requires no repayment. A CDAG loan of \$170000 bears interest at 7% and principal and interest are payable over a 15 year term beginning April 1985.

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REMAISSANCE SECURITY
PROJECTED SOURCES AND REQUIREMENTS FOR CASH FLOW PROJECTION

PROJECTED SOURCES

Private mortgage	6073390
UBAG loan	2000000
COBG loan	170000
	----- 6243300

Loans for refundable entry fees	1009300
---------------------------------	---------

Capital contributions by Limited Partners	1801400

	9054000
	=====

PROJECTED REQUIREMENTS

Site development less ARC grant	250000
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Personal property	250000
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Rehabilitation construction costs	7470900
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Financing fees	167200
----------------	--------

Advance lease payments	50000
------------------------	-------

Operating deficits	486600
--------------------	--------

Marketing and promotions	235000
--------------------------	--------

Builders' overhead	119300
--------------------	--------

Organization and consulting costs	30000

	9054000
	=====

This projection is dependent on future events and may be significantly affected by changes in economic and other circumstances. The accompanying assumptions and comments are an integral part of the financial projection.

DRAFT *DTF*

FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE
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Houssey & Taylor
CLEVELAND, OHIO
(216) 523-1700
DATE *1-26-86*
WITHOUT ALL SUBSTANTIAL DISCLOSURES

20-JAN-85

REMITTANCE COMMUNITY
CASH FLOW PROJECTION OF REVENUES AND EXPENDITURES

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
REVENUES															
Interest income	0	0	2000	5600	9200	12800	16400	17200	18000	18500	18000	18000	18000	18000	18000
Rental income at full occupancy	3100	31000	102800	128500	136100	142900	1501200	1576200	1655100	1704700	1755700	1808600	1862800	1918700	1976100
Less: Vacancy factor	0	-15600	-51400	-64300	-68100	-71500	-75100	-78800	-82800	-85200	-87800	-90400	-93100	-95900	-98800
Plus: Miscellaneous income	0	1200	4000	8200	4500	4800	5100	5400	5700	6000	6400	6800	7200	7600	8100
Total revenues	3100	29600	98400	123100	1367200	1375800	1447600	1520100	1596000	1643500	1692500	1743000	1794900	1848400	1903600
EXPENDITURES															
Real estate taxes	0	2800	78200	129100	131800	131800	139700	139700	139700	139700	139700	148100	148100	148100	148100
Ground rent	800	19500	25400	27200	28800	30500	32300	34200	36300	38500	40800	45700	48400	51300	54400
Operating expense	13700	313200	429200	445400	467700	495800	525300	557000	590400	625800	663300	703100	745300	790000	837700
Total operation expenditures	14500	335500	523800	592700	628300	658100	695200	730900	766400	804900	843800	896900	941800	989400	1040200
Replacement reserve funding			35000	35000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000
CASH FLOW FROM OPERATIONS BEFORE DEBT SERVICE	-11400	-38900	425200	603600	633900	672700	705100	744200	784600	794500	803700	801100	808100	814000	818400
PROJECTED DEBT SERVICE															
Mortgage	0	779800	540700	540700	540700	540700	540700	540700	540700	540700	540700	540700	540700	540700	540700
COBG funding	4400	18300	18300	18300	18300	18300	18300	18300	18300	18300	18300	18300	18300	18300	18300
COBG principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COBG interest	0	0	0	44600	74900	80000	80000	80000	80000	80000	80000	80000	80000	80000	80000
Total debt service	4400	298100	559000	603600	633900	639000	639000	639000	639000	639000	639000	639000	639000	639000	639000
CASH FLOW AVAILABLE FOR RETURN ON INVESTED CAPITAL	-15800	-337000	-133800	0	0	33700	66100	105200	145600	155500	164700	162100	169100	175000	179400

This projection is dependent on future events and may be significantly affected by changes in economic and other circumstances.
The accompanying assumptions and comments are an integral part of the financial projection.

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SUBJECT TO CHANGE
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Hausser & Taylor
CLEVELAND, OHIO
(216) 523-7901
DATE 1/26/85
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RENAISSANCE COMMUNITY

INCINE SCHEDULE - RENT UP & VACANET

Phase II Phase I

Total rent-up period - months	10	24															
Rental income increase	1.05	1.05	1.03														
Vacancy factor percentage	0.05	0.05	Annual														
Estimated rental rates:	Units	Rent rate	Income														
Main building - one bedroom	69	730	604440														
- two bedroom	18	805	173800														
- add'l people	13	170	26520														
Phase I cottages - studio	2	450	10000														
- one bedroom	15	575	103500														
- two bedroom	8	675	64800														
Phase II cottages - one bedroom	27	625	202500														
- two bedroom	15	700	126000														
	(interim)	-----															
Operating expense - common area	150	150	1312440														
- concrete care	150	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	
		4	360	976													
Phase I - main building	3070	276300	749000	778320	817236	858090	901003	946053	993336	1023157	1053852	1085460	1118032	1151573	1186120		
Additional concrete care fees			8040	17680	26520	27044	29238	30700	32235	33847	34862	35900	36985	38095	39230	40415	
		45	106														
Phase I - cottages		22500	105400	179100	180835	187450	207331	217690	228583	235460	242503	249770	257271	264989	272939		
			234	455													
Phase II - cottages			153025	301430	328500	344925	362171	380280	399294	411273	423611	436319	449409	462891	476770		
Net rental income		3100	311000	1028600	1205800	1361600	1429700	1501200	1576300	1635100	1704700	1755900	1808600	1862800	1918700	1976300	

This projection is dependent on future events and may be significantly affected by changes in economic and other circumstances. The accompanying assumptions and comments are an integral part of the financial projection.

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FOR REVIEW AND DISCUSSION
SUBJECT TO CHANGE
PREPARED BY
Hausser & Taylor
CLEVELAND, OHIO
(216) 523-4900
DATE 1-26-85
WITHOUT ALL SUBSTANTIAL DISCLOSURES

WITNESSETH

PREAMBLE

WHEREAS, the President and Board of Trustees of the Ohio University have made a determination that the premises hereinafter described are not now nor will they be in the foreseeable future required for the use of the Ohio University, and

WHEREAS, the President and Board of Trustees of the Ohio University have informed the Department of Administrative Services of the State of Ohio that it is desired that such premises be leased to the developer in accordance with the provisions of Section 123.77 of the Ohio Revised Code, and have requested the Department of Administrative Services to enter into an appropriate lease, and

WHEREAS, the Department of Administrative Services of the State of Ohio has reviewed the development plan submitted by the developer and/or Lessee hereinafter identified and has found that:

- A. The best interests of the University will be promoted by entering into a lease with the developer.
- B. The developer's development plans are satisfactory.
- C. The developer has established its financial responsibility and satisfactory plans for financing the development.
- D. The President and Board of Trustees of Ohio University have approved this Instrument of Lease.

NOW, THEREFORE, IT IS HEREBY AGREED by and between the State of Ohio, acting by and through the Director of the State Department of Administrative Services, hereinafter referred to as LESSOR, and National Senior Developers (N.S.D.), hereinafter referred to as LESSEE, that

ARTICLE I

DEVELOPMENT OF PREMISES

Lessee agrees to develop the demised premises herein in accordance with LESSEE's general plans for development, copies of which are on file in the Department of Public Works, generally described on Appendix A attached hereto and made a part hereof and pursuant to such development plans to commence construction of all improvements, not later than one year after the execution of this Lease, and to be completed not later than thirty-six (36) months after the

first of the month next following the commencement of construction plus any time that may be lost through circumstances beyond Lessee's control. If the Lessee does not begin or complete construction in accordance with the respective timetable the premises will revert to the Lessor and Lessee shall forfeit all advance rent payments under Article III. The premises shall be 43.3584 acres in accordance with Article II; and any and all buildings, structures and other improvements hereafter erected, constructed, or situated upon the demised premises, and hereinafter referred to as the "Improvements" are the property of the Lessee, subject to the provisions of this Lease. The Improvements are to be used and occupied as outlined in Appendix A and as provided in plans and specifications approved by the Lessor or as changes may be approved by the President of Ohio University from time to time. The plans and specifications for the development contemplated herein shall, prior to commencement of construction thereof be on an agreed upon schedule for construction of the Improvements, which are to be submitted to the President of Ohio University for approval, in accordance with Articles III, V and XVIII. The Lessee has the option of proposing additional Improvements on the premises to be approved by the President of Ohio University and the Director, Department of Administrative Services in accordance with Articles III, V and XVIII; and such approval or rejection will be made within ninety (90) days of receipt of a proposal. The demised premises and the Improvements may hereinafter be referred to collectively as the "Property".

ARTICLE II

DEMISED PREMISES - DESCRIPTION AND TERM

In consideration of the rents and covenants herein set forth, Lessor hereby leases to Lessee the parcels of land in Athens County, Ohio, bounded and described as follows, and herein called the "demised premises".

(Legal Description for 43+ acres)

To have and to hold the demised premises with all the rights, privileges, and appurtenances thereunto belonging for a term of forty (40) years commencing on the first of the calendar month next following the execution of this Lease and ending forty (40) years thereafter unless sooner terminated pursuant to any provisions or conditions hereinafter set forth. If the Lease is not terminated and Lessee has complied with all of the provisions and conditions of the Lease, Lessee shall have the first option of renewal of this Lease for forty (40) years under the same terms and conditions, subject to a mutually agreed provision for Rent under Article III by the parties, and the notice of intention may be exercised by Lessee mailing written notice to Lessor one hundred and eighty (180) days prior to the expiration of the original Lease term.

Lessor agrees that if any other adjacent premises become available for development at any time during the term of the Lease the Lessor will make reasonable efforts, with no implied obligations, to determine if the premises can be made available to the Lessee; and the building designated the Horsebarn will become available to the Lessee at the termination of the current lease from the Athens City Community Urban Redevelopment Corporation (ACCURC) to the present Lessee of the Horsebarn.

Also, Lessee agrees that all present roadways and future roadways so constructed in accordance with Appendix A shall be considered public roadways with public access not limited in any manner, except that as may be expressly agreed to by Lessor and Lessee.

ARTICLE III

RENT

Subject to the provision of Articles I, XII, XIV, and XVIII, Lessee further covenants and agrees to pay to the Ohio University for the leasing of the premises to be used and occupied by the Lessee for a Renaissance Community with auxiliary enterprises and services as follows:

A. Advance Rent:

The Lessee shall pay Lessor the sum of fifty thousand dollars (\$50,000); twenty-five thousand (\$25,000) payable at the date of execution and the same amount payable at completion. In addition, the cost of the fire wall to be constructed in accordance with Article VII will be considered part of advance rent and will be deducted from the twenty-five (\$25,000) payable at completion and be offset as provided; and Lessee agrees to provide Lessor with proper documentation as defined by Lessor of the cost of the fire wall. The advance rent shall be offset by a five thousand dollars (\$5,000) per year offset in the Unit Rent set forth in III B for a period of ten (10) years. If during any year, as defined by the term "lease year", the Unit Rents do not total five thousand dollars (\$5,000) then the offset differential will be carried forward to the succeeding lease year to total the succeeding year five-thousand dollars (\$5,000) offset plus any differential offset from the preceeding year(s), but in no circumstance shall the offset be carried forward past ten (10) years; and after ten (10) years any remaining offset will be waived by the Lessee.

B. Unit Rents

(1) Unit Rent

During development the unit rent shall be two hundred dollars (\$200)/unit/year. This unit rent shall become effective on a pro-rata basis during the lease year the month a unit is leased or within one (1) year from the date the unit is made available for lease, whichever comes first.

(2) Increases in Unit Rent

At the completion, completion to be defined as the first day of the first lease year after all units are available for rental, increases in Unit Rent will go into effect. The increase in the Unit Rent will be the percentage increase for the Consumer Price Index (CPI) for the previous calendar year. The Unit Rent will increase for each succeeding lease year by the amount of the previous calendar year's CPI increase; and if the CPI decreases in any given year the Unit Rent will stay constant for the succeeding lease year. The "lease year" shall mean January 1 to December 31, unless otherwise altered by agreement of the Lessor and Lessee.

C. Shared Cash Flow Rent

The Lessor will receive ten percent (10%) of any Lease years Net Cash Flow available to investors after the investors have received a twelve percent (12%) return on Invested Capital. After the twelve percent (12%) return is accomplished for each lease year the Lessor will receive ten percent (10%) and the Lessee ninety percent (90%). The Lessee will also provide the Lessor with a certified report from a certified public accounting firm of the amount of Invested Capital by a date to be arranged by the parties.

D. Commercial Rent

The Lessee in accordance with Article I and XVIII may lease or construct space for commercial purposes to be mutually agreed to by the President of the University and Lessee as part of the approval process as to user and Rent.

Lessee shall keep in the State of Ohio true and accurate books of account and records showing all transactions necessary to the determination of the Rents from the premises. Records of all Rents shall be made available to Lessor at all times during regular business hours for examination and audit; and an annual certified financial report on a cash basis of accounting, showing the application of the change in the CPI for the preceeding lease year and the calculations of the shared cash flow, shall be provided by a certified public

accounting firm and these reports shall be given to Lessor within ninety (90) days of the close of the preceeding lease year. Payment of all Rents shall also be made within ninety (90) days of the close of the preceeding lease year.

All amounts payable under this Article III, as well as all other amounts payable by Lessee to Lessor under this Lease shall be paid in lawful money of the United States of America, which shall be legal tender in payment of all debts or dues, public or private, at the time of payment. Any amount payable by Lessee to Lessor under any of the terms of this Lease shall bear interest at the rate of eighteen percent (18%) per annum from the date on which such amount becomes due. All payments shall be made to The Ohio University at the Office of The Ohio University Treasurer and Controller, or at such other place as Lessor may from time to time designate.

It is expressly agreed that if at anytime during this lease Lessee sells, assigns or otherwise transfers all or any part of its interest in this Lease in accordance with ARTICLE XVIII the Rent provisions are subject to renegotiation with Lessee and the purchaser, assignee or transferee as part of the required approval of Lessor and the President and Board of Trustees of Ohio University.

Further, as part of the approval of Lessor and the President and Board of Trustees of Ohio University there will be a sharing of proceeds from any sale, assignment or transfer from the Lessee. This sharing will be twelve percent (12%) net cash to the Lessee from the sale, transfer or assignment; and net cash shall be measured by the proceeds less debt and partners cash contributions; also, if the sale, transfer or assignment involves the new Lessee assuming the debt the net cash measure shall be the proceeds less the partners cash contributions.

ARTICLE IV

DEFAULT: TERMINATION

If at any time during the term of this Lease of the demised premises (i) Lessee shall be in default in the payment of any rent or of any other sum of money which Lessee shall be obligated to pay under the provisions of this Lease to Lessor or others, inclusive of "Impositions", for ten (10) days after notice

that the same is due and unpaid, (ii) Lessee shall make default in the performance or observance of any of the other terms, covenants, conditions or agreements of this Lease for thirty (30) days after written notice and demand, or (iii) if such default shall be of such a nature that the same cannot practicably be cured within said thirty (30) day period and Lessee shall not within said period, commence with due diligence and dispatch the curing and performance of such defaulted term, covenant, condition or agreement; or if Lessee shall within said thirty (30) day period commence with due diligence and dispatch to cure and perform such defaulted term, covenant, condition or agreement and shall thereafter fail or neglect to prosecute and complete with due diligence and dispatch the curing and performance of such defaulted term, covenant, condition or agreement within a further period of sixty (60) days where reasonable, then and in any such case, Lessor, at Lessor's option, may elect to terminate this lease of the demised premises at any time by giving ten (10) days' notice in writing to Lessee and to Lessee's mortgagee or bondholders of record to the address listed in such mortgage or bond, and the term of this Lease as to said parcel shall expire by limitation at the expiration of said last mentioned ten (10) days' notice as fully and completely as if said date were the date herein originally fixed for the expiration of the term hereby granted, and Lessee shall thereupon quiet and peacefully surrender that parcel of the demised premises and Improvements subject to any rights of Lessee for the Improvements made thereon, Lessee's mortgagee(s) or bondholders, to Lessor, without any payment therefore by Lessor, and Lessor, upon the expiration of said last mentioned ten (10) days' notice, or at any time thereafter, may re-enter that parcel of the demised premises and remove all persons and property therefrom by any suitable action or proceeding at law or equity, without being liable to damages therefore, and may have, hold and enjoy the demised premises.

Subject to the rights of Lessee, Lessee's mortgagee or bondholders as provided in the second to last paragraph of this Article, if Lessor shall obtain possession of the demised premises by reason of or following any default of Lessee, Lessee agrees to pay to Lessor on demand all expenses incurred by Lessor in obtaining possession, in altering, repairing and putting the premises in good order and condition, and in reletting the same, including reasonable fees of architects, attorneys and agents, and also any other expenses and commissions, and Lessee further agrees to pay as damages to Lessor upon the rent days

specified herein in each year following any termination of this Lease by reason of a default of Lessee hereunder, until the end of the period which would have constituted the term of this Lease had this Lease not so terminated, the rent and all other sums of money whatsoever which would have been payable by Lessee during such period, including Percentage Rents, deducting only the net amount of rent, if any, which Lessor shall actually receive (after deducting therefrom all expenses and costs of operation and maintenance of the demised premises, and improvements) in the meantime from any reletting of the demised premises, and Lessee hereby agrees to be and remain liable for all sums aforesaid as well as for any deficiency therein, and Lessor shall have the right from time to time to bring and maintain successive actions or other legal proceedings against Lessee for the recovery of such deficiency, deficiencies or damages or for sums equal to any installment or installments of rent, and to recover such sums upon the liability of Lessee herein provided, which liability it is expressly covenanted shall survive the issuance of any warrant of dispossession or other termination of this Lease. Nothing herein contained shall be deemed to require Lessor to wait to bring such action, actions or other legal proceedings until the date when this Lease would have expired had there been no such default by Lessee. In reletting the demised premises as aforesaid, Lessor may make leases and lettings of the whole or less than the whole of the premises, for a term or terms equal to or less than the term hereof, and for a rental or rentals and upon such terms, conditions, covenants, agreements and provisions as Lessor may elect. The rights of Lessor under this paragraph shall be in addition to Lessor's right to collect any other damages from Lessee by reason of Lessee's default under this Lease.

No receipt of moneys by Lessor from Lessee after a termination of this Lease by Lessor shall reinstate, continue or extend the terms of this Lease or affect any notice theretofore given to Lessee, or operate as a waiver of the right of Lessor to enforce the payment of rent and additional rent then due or thereafter falling due, it being agreed that after the commencement of suit, or after final order or judgment, for the possession of the demised premises, Lessor may demand, receive and collect any money due or thereafter falling due without in any manner affecting such suit, proceeding, order of judgment, all such moneys collected being deemed payments on account of the use and occupation of the demised premises, or at the election of Lessor, on account of Lessee's

liability hereunder. Lessor shall have, receive and enjoy as Lessor's sole and absolute property, without right or duty to account therefore to Lessee, any and all sums collected by Lessor as rent or otherwise upon reletting the demised premises after Lessor shall resume possession thereof hereinbefore provided, including, without limitation upon the generality of the foregoing, any amounts by which the sum or sums so collected shall exceed the continuing liability of Lessee hereunder.

The word "re-enter", as used in this Lease, is not and shall not be restricted to its technical meaning, but is used in the broadest sense. Any other provision in this Article IV to the contrary notwithstanding, this Article is subject to the provisions of Article XIX with respect to the rights of any leasehold mortgagee having an interest in all or any part of the leasehold estate created hereby.

In case of default the Lessor shall look only to the income and buildings and improvements for the above remedies; and the Lessor will not hold the individual partners of Lessee liable in case of default.

ARTICLE V

LEASEHOLD IMPROVEMENTS

During the life of the Improvements provided for herein as set forth in Appendix A, Lessee shall have the right to do any remodeling or make any alterations thereto deemed useful or desirable by Lessee, provided that such remodeling, or alterations shall not decrease the value of the property, or substantially alter the originally approved plans and specifications; and all Improvements shall comply with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitation of Historic Buildings (Revised 1983) which shall be incorporated by reference into this Lease and all subsequent revisions thereof. Any substantial remodeling or alterations of the Improvements as set forth in the originally approved plans and specifications shall require the prior approval of the President of Ohio University and such approval shall not be unreasonably withheld; and any changes in the field drawings due to change orders during construction will be reviewed by Ohio University through an agreed upon arrangement to determine if there are any alterations in the approved plans or specifications.

ARTICLE VI

TAXES

Lessee will, at Lessee's cost and expense, bear, pay and discharge or cause to be borne, paid and discharged, on or before the last day upon which the same may be paid without interest or penalty for the late payment thereof, all taxes, assessments, sewer rents, water rents and charges, duties, impositions, license and permit fees, charges for public utilities of any kind, and payments and other charges of every kind and nature whatsoever, ordinary or extraordinary, foreseen or unforeseen, general or special (all of which are hereinafter sometimes collectively referred to as "Impositions") which shall pursuant to present or future law or otherwise, prior to or during the term hereby granted have been or be levied, charged, assessed, or imposed upon, or grow or become due and payable out of or for, or become or have become a lien on, the demised premises or any part thereof, or any buildings or improvements now or hereafter located thereon, or the appurtenances thereto, or the sidewalks, streets adjacent thereto, or any franchise as may be appurtenant to the use and occupation of the demised premises.

Lessee shall pay all interest and penalties imposed upon the late payment of any Impositions which Lessee is obligated to pay or to cause to be paid hereunder.

Lessee, at Lessee's cost and expense may, if Lessee shall in good faith so desire, contest the validity or amount of any Imposition, in which event Lessor agrees to cooperate in such contest and Lessee may defer the payment thereof for such period as such contest shall be actively prosecuted and shall be pending undetermined, upon the conditions, however, that in the event of each such deferment of payment by Lessee:

a. At the time the Imposition being contested shall become due, and from time to time thereafter until payment thereof shall be made or shall be determined not to be payable by the appropriate body having jurisdiction, Lessee shall deposit and thereafter maintain with Lessor any amount of money or other security reasonably satisfactory to Lessor sufficient to pay the item or items so contested or intended to be contested together with the interest and penalties thereon which shall accrue during the period of such contest, which amount of money shall be held by Lessor, in escrow with interest if any to Lessee, and shall be applied, to the extent thereof, to the payment of such item

or items contested together with the interest and penalties thereon, if any, when the amount or amounts thereof have been finally fixed and determined.

b. No provision of this Lease shall be construed so as to require Lessor to allow any such items so contested or intended to be contested to remain unpaid for such length of time as shall permit the Property, or the lien thereon created by such item to be contested, to be sold by federal, state, county, or municipal authority for the nonpayment thereof, or as shall permit a claim either of foreclosure or otherwise, to be reduced to judgment by the holder of any mortgage or bond which shall be a lien upon Lessor's interest in the demised premises.

c. If the amount of money so deposited with Lessor as aforesaid shall exceed the amount of all such items, if any, together with interest and penalties thereon, any excess of said money thereafter remaining in Lessor's hands after full payment of such items, together with interest and penalties thereon, shall be returned to Lessee. At any time prior to or during the pendency of any such contest, Lessor, after giving written notice to Lessee of Lessor's judgment in that respect, may payout and apply the said money so deposited, or so much thereof as may be required, to the payment of any Imposition or Impositions, together with interest and penalties, which is required to be paid to prevent the immediate sale of the demised premises or any part thereof by the holder of any such lien or of any mortgage or bond which is a lien upon Lessor's interest in the demised premises. To the extent that the amount of money so deposited with Lessor shall be insufficient fully to satisfy and discharge any such Imposition, together with interest and penalties thereon, the deficiency shall be and become immediately due and payable by Lessee to Lessor.

ARTICLE VII

MAINTENANCE AND REPAIRS

Lessee shall at all times after the completion of construction during the term of this Lease, at Lessee's cost and expense, maintain and repair the demised premises and all buildings and improvements now or hereafter located thereon and all facilities and equipment therein, and all sidewalks, curbs, roadways, parking areas in the demised premises, and all appurtenances thereto, in excellent operating condition to be determined by Lessor, provided however, the provisions of Article XXVI (b) shall control upon the termination of this

Lease. Further Lessee shall keep the premises reasonably free from snow, ice and other obstructions or debris; and Lessee hereby agrees to carry out all reasonable requests, or determined by Lessor to insure the premises are kept in excellent operating condition. Lessor's determination concerning the operating conditions of the premises shall be made in writing and the Lessee agrees to meet with Lessor on an arranged bases to carry out the determination of Lessor.

Lessee agrees to be responsible to construct a "fire wall" in between the Property and the Department of Mental Health facilities. The fire wall will meet the standard of three (3) hour fire protection in accordance with plans and specifications approved by the Director of the Department of Mental Health; and the fire wall will be completed within eighteen (18) months of the execution of this Lease. Lessee agrees to submit, as part of its development plan, a specific plan for handling water and sewer services within six (6) months of the date of execution of this Lease for approval by the Director of the Department of Mental Health; and complete installation of the approved plans within twelve (12) months of the date of such approval. Lessee further agrees to maintain the present miniature golf course, baseball diamond and shelter house located on the demised premises; and reconstruct each, or similar facilities, at a location and in accordance with plans and specifications approved by the President of Ohio University if Lessee choses to move each or all such facilities.

Lessee agrees to save Lessor harmless from any liability whatsoever growing out of any act of Lessee in maintaining, keeping up and repairing such sidewalks, curbs, roadways, parking areas in the demised premises, and from any liability growing out of failure to keep said premises free from snow, ice and other obstructions or debris during the term of this Lease.

ARTICLE VIII

COMPLIANCE WITH LAW

Lessee shall at all times during the term of this Lease, at Lessee's cost and expense, perform and comply with all laws, rules, orders, ordinances, regulations and requirements now or hereafter enacted or promulgated, of any sovereign or municipality, or any agency thereof, having jurisdiction over the demised premises, or the buildings and improvements now or hereafter located thereon, or the facilities or equipment therein, or the streets, sidewalks, curbs, roadways, parking areas, and gutters adjoining the demised premises or the appurtenances thereto, or the franchises and privileges connected therewith,

whether or not such laws, rules, orders, ordinances, regulations or requirements so involved shall necessitate structural changes, improvements, interference with use and enjoyment of the demised premises, replacements or repairs, extraordinary as well as ordinary, and Lessee shall so perform and comply, whether or not such laws, rules, orders, ordinances, regulations or requirements can be said to be within the present contemplation of the parties hereto.

Lessee, on its behalf and on behalf of Lessor if required for such contest, shall have the right, at Lessee's sole cost and expense, to challenge or contest in good faith the applicability or validity of any such law, rule, order, ordinance, regulation, and requirement. Lessee shall not be in default under this Article VIII if and so long as such challenge or contest is prosecuted with due diligence.

ARTICLE IX

NO UNLAWFUL USE

Lessee during the term of this Lease will not use or keep or allow the demised premises or any portion thereof or any building or other improvements now or hereafter erected or maintained thereon or any appurtenances thereto, to be used or occupied for any unlawful purpose or in violation of any certificate of occupancy, and will not suffer any act to be done or any condition to exist on the demised premises or any portion thereof or in any building or other improvements now or hereafter erected thereon or in any appurtenance thereto, or permit any article to be brought therein, which may be dangerous, unless safeguarded as required by law, or which may, in law constitute a nuisance, public or private, or which may make void or voidable any insurance in force with respect thereto.

ARTICLE X

MECHANIC'S LIENS

Notice is hereby given that Lessor shall not be liable for any work performed or to be performed on the demised premises, or in any building or improvements thereon, or in connection with any appurtenance thereto, for Lessee or any subtenant, or for any materials furnished or to be furnished at the demised premises for Lessee or any subtenant, and that no mechanic's or other lien for such work or materials shall attach to the reversionary or other interest of Lessor.

ARTICLE XI

NET LEASE

This is an absolutely net Lease and Lessor shall not be required to provide any services or do any act or thing with respect to the demised premises, or the buildings and improvements thereon, or the appurtenances thereto, except as may be specifically provided herein, and the rent reserved herein shall be paid to Lessor without any claim on the part of Lessee for diminution, set-off or abatement and nothing shall suspend, abate or reduce any rent to be paid hereunder, except as otherwise specifically provided in this Lease.

ARTICLE XII

INDEMNITY

Except as hereinafter provided, Lessee will indemnify and save harmless Lessor, The President and Trustees of Ohio University, and the Athens City Community Urban Redevelopment Corporation (ACCURC), or will cause the same to be accomplished, from and against any and all liability, loss, expenses, cost of action, suits, interest, fines, penalties, claims and judgments arising from injury, or claim of injury, during the term of this Lease to person or property of any and every nature, and from any matter or thing, growing out of the occupation, possession, use, management, improvement, construction, alteration, repair, maintenance or control of the demised premises, the buildings and improvements now or hereafter located thereon (except for the Horsebarn while under Lease by ACCURC), the facilities and equipment therein, the streets, sidewalks, while privately owned and public as designated in Appendix A, and parking areas on the premises, the appurtenances thereto or the franchises and privileges connected therewith, or arising out of Lessee's failure to perform, fully and promptly, or Lessee's postponement of compliance with, each and every term, covenant, condition and agreement herein provided to be performed by Lessee, except Lessor's or their agents acts or omissions. Lessee at Lessee's cost and expense will defend by counsel any and all suits that may be brought, and claims which may be made, against Lessor, the President and Trustees of Ohio University or ACCURC, or in which Lessor, the President and Trustees of Ohio University or ACCURC may be impleaded with others, whether Lessor, the President and Trustees of Ohio University or ACCURC shall be liable or not, upon any such abovementioned liability, loss, damages, expenses, costs of action, suits,

interest, fines, penalties, claims and judgments and shall satisfy, pay and discharge any and all judgments that may be imposed against Lessor, the President and Trustees of Ohio University or ACCURC in any such action or actions in which they may be party defendant, or that may be filed against the demised premises, the buildings and improvements thereon or the appurtenances thereto, or any interest therein. Lessee further agrees to have all liability insurance policies covering the premises to also name the state of Ohio, the President and Board of Trustees of Ohio University and ACCURC as additional insured parties and provide copies of such policies to the Lessor upon request; and to review the amounts of coverage when requested by Lessor. Lessor and Lessee agree that this Article is effective upon execution of this Lease; and the parties assume no responsibility for each other and hold each other harmless for each's activities prior to the date of execution.

ARTICLE XIII

FIRE AND OTHER CASUALTY

If any building, fixture or other improvements now or hereafter situated on the demised premises, except movable trade fixtures, furniture, furnishings and those buildings, fixtures and other improvements located on areas identified in Appendix A, should at any time during the term of this Lease be damaged or destroyed by fire or otherwise, the Lessee shall, at its sole cost and expense (except to the extent that it shall be reimbursed out of insurance proceeds), restore to the extent of damage or rebuild the same as nearly as possible to the condition they were in immediately prior to such damage or destruction or build replacement improvements which, with the mutual agreement of Lessor and Lessee, are determined to be at least as desirable under the circumstances and such restoration and rebuilding, prosecuted with reasonable diligence, shall be completed as soon as reasonably possible. No damage or destruction of the building or any of the fixtures or other property therein shall be grounds for the termination of this Lease or relieve the Lessee from any obligation created or imposed by virtue of this Lease, any laws of the State to the contrary notwithstanding, including, but without limiting the generality of the foregoing, Lessee's obligation to make payment of the rent and all other charges on the part of the Lessee to be paid, and the Lessee's obligation to perform all other covenants and agreements on the part of the Lessee to be performed, unless specifically agreed to by Lessor. If such a

casualty affecting fifty (50) percent or more of the improvements shall occur within five (5) years of the end of the renewal term, and Lessor shall be unwilling to terminate the existing Lease and enter into a new Lease for at lease ten (10) years beyond the end of term, Lessee shall have the option to terminate the Lease as to that parcel or portion thereof and return the premises to Lessor with the written permission of Lessor. In the event of any damage by fire or other casualty, the terms of this Lease shall be otherwise unaffected and Lessee shall remain and continue liable for the payment of rent, real estate taxes and assessments, and other charges hereunder as though no damage by fire or other casualty had occurred. Further, Lessee agrees to carry appropriate fire, and extended coverage insurance on the premises and the amounts of coverage to be discussed with Lessor at Lessor's request.

ARTICLE XIV

CONDEMNATION

A. Taking for Temporary Use. If the temporary use of the whole or any part of the demised premises shall be taken at any time during the term of this Lease for any public or quasi-public purpose by any lawful power or authority, by the exercise of the right of condemnation or eminent domain, or by agreement between the Lessee and those authorized to exercise such right, the Lessee shall give prompt notice thereof to the Lessor and the term of this Lease shall not be reduced or affected in any way. In such case, the Lessee shall continue to pay in full the rent, and any other sum of money provided to be paid by the Lessee. The Lessee shall be entitled to the entire award for such taking (whether paid by way of damages, rent, or otherwise) unless the period of occupation and use by the condemning authority shall extend beyond the date of expiration of this Lease, in which case the award made for such taking shall be apportioned between the Lessor and the Lessee as of the date of such expiration. In any proceeding for such taking or condemnation the Lessor shall have the right to intervene and participate; provided that if such intervention shall not be permitted the Lessee shall, at the Lessee's expense, consult with the Lessor, its attorneys, and experts, and make all reasonable efforts to cooperate with the Lessor in the prosecution of defense of such proceeding.

B. Total Taking. If the whole or substantially all of the demised premises shall be taken at any time during the term of this Lease for any public or quasi-public purpose by any lawful power or authority, by the exercise of

right of condemnation or eminent domain, or by agreement between Lessor, Lessee and those authorized to exercise such right, then this Lease shall automatically terminate as of the date possession shall be taken by such authority and rent shall be paid up to that date with proportionate refund by Lessor of any rent paid in advance. In the event that such substantial part of the demised premises is taken as shall result, in the good faith judgment of the Lessee, in that portion remaining after such taking being unsuitable for Lessee's use (even if restoration was made) then the Lessee may, at Lessee's option, terminate this Lease as to the affected parcel by written notice to Lessor given within sixty (60) days after title to the premises taken vests in the condemning authority. Any such taking which results in the termination of this Lease by the Lessee in accordance with Lessee's option last herein stated, shall be taken and referred to as a total taking.

C. Partial Taking. A partial taking shall be the taking of a portion of the demised premises for any public or quasi-public purpose by any lawful power of authority, by the exercise of right of condemnation or eminent domain, or by agreement between the Lessor, Lessee and those authorized to exercise such right, which does not constitute a taking for temporary use or a total taking as defined in paragraphs A and B of this Article XIV. In the case of such partial taking, this Lease shall remain in full force and effect as to the demised premises remaining immediately after such taking and permanent rent shall be reduced in the same ratio that the unit rent of the portion of the taken parcel bears to the total unit rent.

D. Award. In the event of either a total taking or a partial taking as defined in paragraphs B and C of this Article, the parties hereto agree to cooperate with each other and with any leasehold mortgagee or bondholder in applying for and in prosecuting any claim for such taking and further agree that the "net award" (the aggregate award after deducting all expenses and costs, including attorney fees, incurred in connection therewith), shall be distributed (A) to the Lessor for the portion of the new award allocated for the fee estate interest in the land (excluding improvements); and (B) to the Lessee, leasehold mortgagee or bondholder for the portion of the net award for the improvements and damages as follows:

1. Total Taking - In the event of a total taking.

(i) Such portion of the net award for the improvements and damages shall

be first paid to the holder or holder of any leasehold mortgage or bondholders to the extent of the then amount owed and unpaid on such leasehold mortgage bonds in the order of priority of their liens.

(ii) Any remaining amount after such payment in (i), shall be paid to the Lessee and Lessor as their interests may appear for the improvements and fee estates respectively.

2. Partial Taking - In the event of partial taking.

(i) Such portion of the net award for the improvements and damages shall be paid to the holders of the first leasehold mortgage or bondholders, in escrow, in accordance with an escrow agreement executed Lessee and escrowee to be made available for restoration of those portions remaining after taking, to a condition which will permit the continued operation of the buildings thereon.

(ii) The restoration of the improvements shall first be paid from the escrowed funds.

(iii) Any balance remaining is to be applied first to the leasehold mortgage or bond to the extent required to reduce the mortgage to an amount equal to seventy-five (75) percent of the then appraised value of the remaining portions of the leasehold estate in and to the parcels after restoration of the improvements and if any balance in the escrowed funds remains, it shall be divided between the Lessor and Lessee as their interests may appear.

(iv) If the escrowed funds are not sufficient to cover restoration of the improvements the cost shall be borne by the Lessee.

Notwithstanding anything to the contrary that might be contained in the Lease for the purposes of determining the interest of the parties for distribution of award(s), the improvements constructed shall be deemed to belong to the Lessee.

ARTICLE XV

QUIET ENJOYMENT AND EXCLUSIVE MERCHANDISING

Lessor covenants and agrees that Lessee, on paying the rents and observing and keeping the covenants, agreements and stipulations of this Lease on its part to be kept, shall lawfully, peaceably and quietly hold, occupy and enjoy said demised premises during the term of this Lease, without hindrance, ejection or molestation by Lessor or any person or persons.

Lessor represents that it is the sole owner of said premises and has a good and legal right to enter into this Lease and has complied with all the laws of the State of Ohio in the leasing of the premises herein and will furnish any and all necessary written certifications of its good title and right to lease herein without cost to Lessee and will further take whatever action is necessary to cure any title defect in the title to said premises.

ARTICLE XVI

WAIVER OF RIGHTS OF REDEMPTION

If, at any time hereafter, Lessor shall obtain possession of the demised premises under legal proceedings or pursuant to the terms and conditions of this Lease or pursuant to present or future law, because of default by Lessee in observing or performing any term, covenant, condition or agreement of this Lease, all rights of redemption provided by law, statute or ordinance now in force or hereafter enacted shall be and are hereby waived by Lessee, other than any rights of secured creditors or mortgagees or bondholder of record, and the issuance of a warrant pursuant to a final order or decree in such proceedings shall terminate the relation of Lessor and Lessee, and of landlord and tenant without any right of redemption or reinstatement.

ARTICLE XVII

PRESENT CONDITION OF PREMISES

Lessee represents that the demised premises, the improvements thereon, the sidewalks and structures adjoining the same subsurface conditions have been examined by Lessee and that Lessee accepts the same, without recourse to Lessor, in the condition or state in which they or any of them now are, without representation or warranty, express or implied in fact or by law, as to the nature, condition or usability thereof or as to the use or uses to which the premises or any part thereof may be put or as to the prospective income from, and expense of operation of, the demised premises.

ARTICLE XVIII

RIGHTS OF ASSIGNMENT AND SUBLEASING

Lessee may sell, assign or otherwise transfer all or any part of its interest hereunder provided that no such assignment shall be made hereunder without prior written consent from the President and Board of Trustees of Ohio University in accordance with Article III.

Lessee may permanently, but not temporarily sublease, portions of the buildings identified in Appendix A of the demised premises for commercial purposes (temporary leases are less than one (1) year), provided that all such proposed subleases are first approved by the President of Ohio University, which approval shall not be unreasonably withheld. The parties further agree that such commercial sublease will be limited to commercial activities that relate to serving the residents of the Renaissance Community; and all such subleases shall

have a fixed and/or percentage rent provision to be paid under Article IIID. Lessor may require as a reasonable condition of approval of any such sublease that the subtenant execute an attornment agreement with Lessor agreeing that in the event of termination of this Lease the subtenant will recognize Lessor as its landlord and attorn to Lessor and agree not to amend or cancel such sublease without Lessor's consent. The Lessor shall upon request of Lessee execute a non-disturbance agreement with and for the benefit of any subtenant, in form and substance acceptable to Lessee, to be effective as long as subtenant shall not be in default under the terms of its sublease. The parties further agree that this Article shall not extend to subleases of individual units of the Renaissance Community.

ARTICLE XIX

SUBORDINATION, FOREBEARANCE, ETC.:

RIGHT TO PERFORM LESSEE'S COVENANTS

In the event that Lessee's interest, or any part thereof, under this Lease is subject to any first leasehold mortgage or bonds, and the leasehold mortgagee or bondholder ("holder") has given written notice of its interest to Lessor, the following provisions shall apply for the benefit of the holder notwithstanding any other provision of this lease to the contrary:

- a. NOTICE. Lessor shall give to the holder a copy of each notice of default and other communication relative to defaults from Lessor to Lessee hereunder, concurrently with the giving of any such notice or other communication to Lessee, at the address or addresses specified in writing from time to time to Lessor by the holder. Lessor shall also give to the holder a copy of any notice of rejection of this Lease of any part thereof by any trustee in bankruptcy of Lessee. No notice of default to Lessee shall be effective unless copies thereof are so given to the holder.
- b. FOREBEARANCE BY LESSOR. Lessor will not exercise any right, power or remedy with respect to any default hereunder, including but not limited to the rights, powers and remedies given to Lessor in Article IV hereof, so long as the holder shall have the right to cure any such performance by or at the instance of the holder as if the same had been made by Lessee, as follows:
 1. The holder shall have a reasonable time (not more than 30 days following receipt of written notice of such default) within which to cure any default in the payment or rent and other sums due hereunder to the extent then susceptible of being cured by the holder.
 2. In the event of a non-monetary default, the holder shall have a reasonable time (not more than 90 days following receipt of written notice of such default) within which to cure such non-monetary default; and
 3. In the event of any default which the holder is not then capable of curing the holder shall have additional time in

which to acquire the leasehold estate by foreclosure or otherwise, but only on the condition that and so long as (a) the holder commences foreclosure or other proceedings within 90 days after receipt of written notice of default and thereafter diligently proceeds to acquire the leasehold estate, and (b) the holder pays or causes to be paid to Lessor the rent and other sums due hereunder.

c. FURTHER AGREEMENTS OF LESSOR.

1. Lessor agrees that this Lease shall not be amended without, in each case, the prior written consent of the holder;
2. Lessor agrees not to accept surrender or termination of this Lease or of the leasehold estate or any portion thereof created hereby without in each case the prior written consent of the holder; and
3. In the event of termination of this Lease prior to the expiration of the term hereof as the same be extended from time to time, Lessor shall give written notice to the holder of such termination, together with a statement of all rent and other sums due hereunder but for such termination, after which the holder shall have the right and option to obtain a new Lease by giving written notice to Lessor on or before the thirtieth day following receipt of Lessor's notice to the holder of termination of the Lease, which new Lease shall be upon the same terms and conditions as this Lease, commencing as of the termination of this Lease and continuing for the remainder of the then term hereof, with the same renewal rights and options as set forth herein.

- d. LIMITATION OF LIABILITY. In the event the holder acquires the leasehold estate by foreclosure, conveyance in lieu thereof or otherwise, the holder shall be liable for the performance of the agreements and obligations of Lessee hereunder only so long as the holder is the owner of the leasehold estate or any portion thereof and is in possession of the demised premises, and the holder shall have no liability for the performance of the agreements and obligations of Lessee hereunder from and after any subsequent assignment or other transfer of the leasehold estate, any other provision in this Lease to the contrary notwithstanding.

- e. CONTINUITY OF LEASEHOLD ESTATE. All improvements located upon the demised premises and all subleases of space within the demised premises shall remain a part of the leasehold estate, and title thereto shall remain in Lessee or in the holder, notwithstanding the termination of this Lease, so long as the holder has the right to acquire a new Lease from Lessor as provided for in paragraph (c) of this Article XIX. Upon termination of this Lease and the expiration of such right to acquire a new Lease, title thereto shall pass to Lessor.

ARTICLE XX

ESTOPPEL CERTIFICATES

Each party hereto agrees that at any time during the term of this Lease, within thirty (30) days after request by the other party hereto, it will execute, acknowledge and deliver to such other party or to any prospective purchaser, assignee transferee, mortgagee bondholder designated by such other party, a certificate stating: (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and

effect as modified, and identifying the modification agreements); (b) the date to which rent has been paid; (c) whether or not there is any known existing default by Lessee in the payment of any rent or other sum of money hereunder, and whether or not there is any other existing default by either party hereto with respect to which a notice of default has been served, and if there is any such default, specifying the nature and extent thereof; and (d) whether or not there are any known setoffs, defenses of counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate.

ARTICLE XXI

RIGHTS CUMULATIVE

All the rights and remedies of Lessor and Lessee under this Lease or pursuant to present or future law shall be deemed to be separate, distinct and cumulative and no one or more of them, whether exercised or not, nor any mention of or reference to, any one or more of them in this Lease, shall be deemed to be in exclusion of, or a waiver of, any of the others, or of any of the rights or remedies which Lessor or Lessee may have, whether by present or future law or pursuant to this Lease, and both Lessor and Lessee shall have, to the fullest extent permitted by law, the right to enforce any rights of remedies separately and to take any lawful action or proceedings to exercise or enforce any right or remedy without thereby waiving or being barred or estopped from exercising and enforcing any other rights and remedies by appropriate action or proceedings.

ARTICLE XXII

NOTICES

Notices, demands and communications hereunder to the Lessee or to the Lessor shall be validly and sufficiently served, given or made only if mailed by registered mail, or certified mail, postage prepaid, addressed as follows:

a. If to Lessor:

Director of Department of Administrative Services
State Office Tower - 30 E. Broad Street
Columbus, Ohio 43215

b. If to Lessee:

National Senior Developers (N.S.D.)
600 Rose Building
Cleveland, Ohio 42114

Copies of all notices, demands and communications from Lessor or Lessee shall also be directed to the President and Trustees of Ohio University:

Ohio University
Cutler Hall
Athens, Ohio 45701

Attn: Secretary to the Board of Trustees

In all cases where Lessor must give notice to Lessee, that a copy of such notice go to the Mortgagee or Bondholder of record to the same address that is of record for either.

Either party may designate, by notice in writing, a new address, to which any such notice, demand or communication shall thereafter be so addressed and mailed.

ARTICLE XXIII

LESSOR'S RIGHT OF ACCESS

The Lessor or any agent of Lessor shall have the right at any reasonable time and upon reasonable notice to Lessee to enter the demised premises for the purpose of specific examination or for any purpose which it or they may deem necessary for the protection of the rights of Lessor. Nothing herein contained shall be deemed, to limit the Lessor's right of a general inspection of the premises, oblige the Lessor to make any inspection or examination of the demised premises, or to maintain said premises.

Lessor, prior to entering the demised premises for the purpose of a specific examination or for any other purpose, shall cause to be delivered to Lessee's agent a written notice setting out the reason for the need to enter and examine such premises and Lessee shall have the right to have an agent of Lessee's present at the time of such entry and examination of the premises.

ARTICLE XXIV

NON-WAIVER

No waiver by Lessor of any breach by Lessee of any term, covenant, condition or agreement herein and no failure by Lessor to exercise any right or remedy in respect of any breach hereunder, shall constitute a waiver or relinquishment for the future of any such term, covenant, condition or agreement, nor bar any right or remedy of Lessor in respect of any such subsequent breach, nor shall the receipt of any rent or additional rent, or any portion thereof, by Lessor, operate as a waiver of the rights of Lessor to enforce the payment of any other such rent or additional rent then or thereafter

in default, or to terminate this Lease, or to recover the demised premises or to invoke any other appropriate remedy which Lessor may select as herein or by law provided.

ARTICLE XXV

LIMITATION OF LESSOR'S LIABILITY

The term "Lessor" as used in this Lease, so far as covenants or obligations on the part of Lessor are concerned, shall be limited to mean and include only the owner or owners at the time in questions of the fee of the demised premises, and in the event of any transfer or transfers of the title to such fee, Lessor herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer and conveyance of all liability as respects the performance of any covenants or obligations on the part of Lessor contained in this Lease thereafter to be performed, provided, that, any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be turned over to the grantee and any amount then due and payable to Lessee by Lessor or the then grantor under any provision of this Lease shall be paid to Lessee, and provided further that upon any such transfer, the grantee or transferee shall expressly assume and agree to be bound by, subject to the limitations of this Article, all of the terms, covenants, and conditions in this Lease contained, to be performed on the part of Lessor, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall, subject as aforementioned, be binding on Lessor, its successors and assigns, only during and in respect of their respective successive periods of ownership.

ARTICLE XXVI

TITLE TO IMPROVEMENTS: SURRENDER

Lessee covenants and agrees that its title to the Improvements shall become subject to the terms and conditions of this Lease, upon execution of the same, and that any grantees or assignees of its title to the Improvements or this Lease shall take subject to and be bound by the terms and conditions of this Lease expressly including the following provisions:

a. Upon termination of the Lease, by expiration or prior termination by default or otherwise, Lessor shall be the sole and absolute owner of the Improvements, free of any right, title, interest or estate of Lessee, subject to

the rights of Mortgagees or Bondholders of record, therein without the execution of any further instrument and without payment of any money or other consideration thereof. Lessee shall execute such further assurances of title as may be required. Lessee hereby grants, releases, transfers, sets over, assigns and conveys to Lessor all of its right, title and interest in and to the Improvements, subject to the rights of Mortgagees to record, upon the termination of this Lease and subject to the right of Lessee to remove all signs and identifying indicia on the premises. Nothing herein contained shall adversely affect any right that Lessee may have to quiet enjoyment and possession so long as the Lease shall continue in force and effect and Lessee shall not be in default hereunder.

b. The Lessee shall upon such termination will and truly surrender and deliver the demised premises and deliver the Improvements, and fixed equipment and fixtures excepting Lessee's or subtenants' movable trade fixtures, machinery, equipment and personal property including signs and other identifying indicia (without any payment or allowance whatever to Lessee on account of, or for, the Improvements or any part thereof) to the possession and use of Lessor, without fraud or delay and in good order, condition and repair, ordinary wear and tear excepted, taking into consideration the useful life of the Improvements if said Lease does not terminate until the time provided herein and the extensions as provided by options to renew herein.

c. The Lessee covenants and agrees that without the prior written consent of Lessor it will not execute and deliver or renew any sublease to an operator or account which would extend beyond the term of this Lease, it being the intention of the parties that the Lessor at the termination of this Lease shall be the sole owner of the Improvements as well as the demised premises, not subject to any lease, or subtenants' rights of any kind, except as specifically consented to by Lessor, subject to the right of Mortgagees or Bondholders of record.

d. Lessor, upon termination of the Lease for any reason, may without notice (any notice to quit or intention to re-enter required by law, being expressly waived by Lessee) re-enter upon the Property and possess itself thereof by summary proceedings, ejectment, or otherwise, and may dispossess Lessee and remove Lessee and all other persons and property from the Property and may enjoy the demised premises and improvements and have the right to

receive all rents and other income from the same, subject to the rights of Mortgagees or record. Any personal property of Lessee remaining on the Property more than 30 days after termination or expiration of this Lease shall be deemed abandoned by it and be retained by Lessor as its sole property or be disposed of, without liability or accountability, as Lessor sees fit.

e. It is the intent and agreement of the parties that any mortgage lien or bond indebtedness created by Lessee, sublessees, purchasers, or assigns will be retired by Lessee, sublessees or assigns within the term of the lease during which said lien or indebtedness is created.

ARTICLE XXVII

LESSORS APPROVAL

Any provision herein which requires or relates to the granting of approvals by Lessor, the President and Board of Trustees of Ohio University or the President of Ohio University shall be construed that such approval will not be unreasonably withheld.

ARTICLE XXVIII

NO ORAL CHANGES

This Lease may not be changed or modified orally but only by agreement in writing signed by the party against whom such change or modification is sought to be enforced.

It is understood that any such supplemental writing to this Lease can be signed by the Director of the Department of Administrative Services and does not require the signature of the Governor of the State of Ohio.

ARTICLE XXIX

TITLES OF NO EFFECT

The titles set forth in this Lease, and the references to such titles at various places in this Lease, are intended for ease of reference only and shall have no force or effect in the interpretation of this Lease.

ARTICLE XXX

CONVENANTS TO CONTINUE

The provisions hereof shall be considered as running with the land and shall apply to, bind and inure to the benefit of not only the Lessor and Lessee but also the successors and assigns of the parties; provided however, that no

assignment by or through Lessor or Lessee in violation of the provisions hereinbefore contained shall vest any right in the assignee thereunder.

ARTICLE XXXI

GOVERNING LAW

This Lease shall be construed according to and governed by the laws of the United States Government and the state of Ohio.

ARTICLE XXXII

MEMORANDUM OF LEASE

At Lessee's request, Lessor will execute and deliver to Lessee a memorandum of this Lease containing the information required by Section 5301.251, Revised Code of Ohio, and such other information as Lessee shall reasonably determine.

Witnesses as to the signature of
the Deputy Director of the Department
of Administrative Services

THE STATE OF OHIO/LESSOR

By: William G. Sykes, Director,
Department of
Administrative Services

Witness as to the signature of the
President of Ohio University

By: Charles J. Ping, President
of Ohio University

Witnesses as to the signature of
Lessee:

NATIONAL SENIOR DEVELOPERS/
LESSEE

By: Emilie M. Barnett

By: Robert L. Soltz

Approved as to Form:

Snively Company, Inc.

Anthony J. Celebreeze
Attorney General

By: Thomas Snively

ATTEST

By: Assistant Attorney General

Donald L. Barrett
President of ACCURC

This lease was prepared by John F. Burns, Director of Legal Affairs of Ohio University and Assistant Attorney General of the State of Ohio, 100 McGuffey Hall, Athens, Ohio 45701-2979.

OHIO UNIVERSITY
ATHENS, OHIO 45701

BOARD OF TRUSTEES

March 12, 1985

TO: Chairman and Members of Board of Trustees and
President Ping

FROM: William Kennard, Treasurer and
Alan Geiger, Secretary

SUBJECT: Confidential Outline of NSD Lease Terms and Conditions.

1. GENERAL PROJECT INFORMATION

1. The total area involved in the lease is approximately 43 acres and includes a total of 154 residential units renovated from within former Mental Health buildings. The lease is for 40 years with a 40 year option period. Lease terms require the project to be completed 4 years from the signing of the agreement.
2. The total estimated project cost is \$9,054,000. The projected sources for this amount are:
Private mortgage - \$4,073,300, UDAG Loan - \$2,000,000, CDBG Loan - \$170,000. Partners contribution - \$1,801,400 and Entry fees - \$1,009,300.
3. Project Rents, including water and sewer.
Main Building (87 units)
 - 1 Bedroom - \$730 (incl. \$170 for congregate care)
 - 2 Bedroom - \$805 (incl. \$170 for congregate care)
Phase I Cottages (25 units)
Studio - \$450
1 Bedroom - \$575
2 Bedroom - \$675

Phase II Cottages (42 units)
1 Bedroom - \$625
2 Bedroom - \$750
4. Lease does not provide provision for University to reclaim unused land or buildings during lease period.

II. FINANCIAL DATA

1. ACCURC will receive an advance of \$50,000 and all unit rent payments (less 10% payable to State Department of Mental Health) until ACCURC debt obligation (approximately \$150,000) and expenses are satisfied.
2. Once the ACCURC expenses and debt are satisfied (10-12 years) the unit rent payments (less 10% payable to State Department of Mental Health) will accrue to the University.
3. Unit rent is \$200 per unit per year. (154 units x 200 = \$30,800.) Unit increases with CPI Index.
4. If annual income exceeds 12% of partners cash contribution then the university and the State Department of Mental Health would share 10% of the return in excess of 12%. (Financial Plan suggests that this clause will not produce additional income).
5. If the project is sold, the university and the Department of Mental Health will share 12% of the net return to the developer after all debt and developer's cash contribution are repaid.