

# MEDICAL OFFICE LEASE AGREEMENT

THIS LEASE is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between [Hospital] an [State] not-for-profit corporation ("Lessor"), and \_\_\_\_\_, a \_\_\_\_\_ corporation ("Lessee") upon the terms and conditions set forth below.

## 1. DEFINITION AND TERMS

### 1.1 Lessor:

Notices to:

### 1.2 Lessee:

Billing Address:

Notices to:

1.3 Lease Execution Date: \_\_\_\_\_, 20\_\_

1.4 Term: \_\_\_\_\_ months

1.5 Commencement Date: \_\_\_\_\_, 20\_\_

1.6 Expiration Date: \_\_\_\_\_, 20\_\_

1.7 Building:

1.8 Land: Shall include the land upon which the Building sits, including any appurtenances necessary thereto.

1.9 Annual Rent: \$\_\_\_\_\_, which shall be automatically increased, effective on the annual anniversary of the Commencement Date, at a rate of 3% over the Annual Rent charged in the immediately preceding lease year.

1.10 Monthly Rent: \$\_\_\_\_\_, which shall be automatically increased, effective on the annual anniversary of the Commencement Date, at a rate of 3% over the Monthly Rent charged in the immediately preceding lease year. If the Commencement Date is other than on the first of a month, during the first month Lessee shall pay at a per diem rate equal to 1130 of the Monthly Rent for every day remaining in the first month.

1.11 Security Deposit: \$\_\_\_\_\_.

1.12 Build Out Amount: \$\_\_\_\_\_.

1.13 Leased Premises: \_\_\_\_\_ rentable square feet (prorata \_\_\_ % of the

Building) as shown in Exhibit A attached hereto, commonly referred to as Suite Number \_\_\_\_\_ and Floor Number \_\_\_\_\_.

**1.14 Permitted Medical Practice:** The Leased Premises will be used by Lessee for the operation and conduct of a medical practice, described as follows:

\_\_\_\_\_.

**1.15 Building Business Hours:** The business hours of the Building shall be: Monday through Saturday, 8:00 A.M. to 5:00 P.M.

**1.16 Exhibits:** The following Exhibits attached to this Lease are incorporated herein by this reference:

- A. Suite Floor Plan
- B. Building Site Plan
- C. Tenant Improvements

## 2. PREMISES

**2.1 Leased Premises.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the Leased Premises in the Building. The area of the Leased Premises has been determined (or if not so determined, shall be subject to re-determination at any time at Lessee's option and expense) by physical measurement by a qualified architect or space planner, applying the current Building Owners and Managers Association ("BOMA") American National Standard.

**2.2 Common Areas.** Lessee shall have the right to the use, in common with all other tenants in the Building, all of the common areas ("Common Areas") located in the Building and on the Land, including but not limited to, the following:

- a. **Building Common Area.** Any common stairways and access ways, conference rooms, vending/break areas, lobbies, entrances, stairs, elevators and any passageways thereto, and the common pipes, ducts, conduits, wires and appurtenant equipment serving the Leased Premises;
- b. **Land Common Area.** Any common walkways, sidewalks, parking spaces and driveways necessary for access to the Building and parking areas, and any recreation or break area on the Land; and
- c. **Parking.** Any common parking areas as shown on the site plan attached as Exhibit B (the "Parking Area"). Lessor represents that, to the best of its knowledge, the Parking Area is in compliance with all zoning statutes, regulations and ordinances ("Zoning Laws"), without variance, applicable to the Lessor, the Building or the Land and pertaining to parking.

Lessee's use of the Common Areas is subject to reasonable rules and regulation imposed equally by Lessor from time to time as to all Building tenants, and to Lessor's right to make necessary or appropriate physical changes from time to time in the Common Areas, provided that Lessor shall give Lessee at least thirty (30) days prior written notice of any new or changed rule or regulation imposed upon the use of the Common Areas, or of any such physical changes, and such rights reserved to Lessor shall be exercised in a manner that minimizes interference with Lessee's use and occupancy of the Leased Premises and use and enjoyment of the Common Areas. Except for changes, if any, required by law from time to time, no changes in the Common Areas shall materially adversely affect Lessee's parking rights or Lessee's access to or use and enjoyment of the Leased Premises.

### 3. TERM

**3.1 Commencement of Term.** If Lessor is unable to deliver possession of the Premises at the commencement of the Term as set forth in Section 1.5, Lessor shall not be liable for any damages resulting therefrom or arising in connection therewith but Lessee shall not be liable for any rent until the earlier of (i) the date Lessee takes actual possession of the Premises or (ii) the date Lessor's work is substantially completed in accordance with this Lease, whether or not Lessee's own work in completing its own improvements are finished. As used herein, "actual possession" means the time when Lessee's personnel first occupy a portion of the Premises for carrying on the normal functions of its business in the Premises. As used herein, "substantial completion" means the time when Lessor's work has been completed to the extent that the Premises are suitable, ready, and available for their intended use as a medical office as evidenced by the issuance of a Certificate of Occupancy.

**3.2 Renewal Options.** Provided that this Lease is in full force and effect and Lessee is not in default hereunder, Lessee shall have the right and option to renew this Lease for Two (2) periods of Sixty (60) months under the same terms, conditions, and provisions herein for the original Primary Term of the Lease, except for Rent. The renewal options to be effective must be exercised by the Lessee by written notice to Lessor in the form and manner provided herein at least nine (9) months prior to the commencement date of the renewal term.

**3.3 Surrender and Holding Over.** Upon the Expiration Date or earlier termination of this Lease, Lessee shall surrender the Leased Premises to Lessor in good order, condition and repair, reasonable wear and tear excepted. If Lessee retains possession of the Premises or any part thereof after the Expiration Date, Lessee shall pay Lessor monthly Rent and Additional Rent at one and one half times the total Rent paid in the immediately preceding month for the time the Lessee thus remains in possession and, in addition thereto, shall pay Lessor for all damages, consequential as well as direct, sustained by reason of the Lessee's retention of possession. If Lessee remains in possession of the Premises or any part thereof after the termination of the term, such holding over shall, at the election of Lessor expressed in a written notice to Lessee, constitute a renewal of this Lease on a month to month basis at the Rent provided for in this Lease. The provisions of this Section do not exclude Lessor's rights

of reentry or any other right hereunder.

#### 4. RENT

**4.1 Rent.** Commencing on the Commencement Date and during each year of the Term of this Lease, Lessee shall pay the Annual Rent for the Leased Premises. Monthly Rent shall be paid monthly in advance, on the first (1<sup>st</sup>) day of each month, without notice or demand, without relief from valuation or appraisal laws, at the address of Lessor, or at such other place as Lessor shall from time to time designate in writing. In the event the Lessee fails to pay any monthly installment of rent within ten (10) days of the due date of such installment, Lessee shall pay in addition to such rent due a late charge of \$50.00. Furthermore, Lessee shall pay interest at a rate of 1.0% per month on all delinquent unpaid rent after 30 days of the day the monthly installment was due. Such interest shall be calculated from the due date of the installment until the date received by Lessor. If any successive options to extend this Lease set forth herein are exercised, the monthly Rent for the first year of any such Optional Renewal Term will be increased 3% over the amount of Rent paid in the immediately preceding year, and said monthly rent shall be increased annually by 3% during any such Optional Renewal Term. The foregoing notwithstanding, the Rent established in the first year of any such Optional Renewal Term shall in no event be less than the then-prevailing fair market rent for comparable space in the \_\_\_\_\_ [Region] area as determined by studies conducted from time to time by Lessor's real estate consultant.

**4.2 Additional Rent – Operating Expense Increases.** Lessee shall pay as Additional Rent its proportionate share of increases in annual operating expenses incurred by Lessor in connection with the Building, Premises, Common Areas and Land in accord with the following definitions, descriptions, and procedures:

(a) Costs Included in Operating Expenses. The term "operating expenses" include all operating expenses of any kind or nature as determined in accordance with generally accepted accounting principles and shall include, but not be limited to, all general and special real estate or ad valorem taxes or special assessments paid or levied by any governmental or quasi-governmental authority, or which shall be levied on Lessor or against the property as a result of the use, ownership or operation of the property; the cost of building supplies; the utility costs incurred in connection with the operation of the Building, including both common areas and medical offices; janitorial services; exterior window washing; repair or replacement of any surface coverings in any common area hallways and entryways, including, by way of example and not limitation, carpeting, flooring materials, wall coverings, painting, and ceiling tiles; general and preventative maintenance and normal repair, including the heating and air conditioning system of the property; landscaping maintenance and lawn care; maintenance and repair of parking lots, sidewalks, and other common areas furnished by Lessor for use by tenants of the property; the cost of rubbish and trash removal and snow removal; service contracts for the mechanical, electrical, and elevator systems of the property; the cost of such security guard and protection services if

deemed reasonably necessary by Lessor; insurance in amounts and coverages determined by Lessor, including fire and extended coverage, rental interruption, sprinkler leakage, plate glass and public liability insurance; labor costs incurred in the operation and maintenance of the property, including wages and other payments, costs to Lessor of workmen's compensation and disability insurance; payroll taxes, and employee fringe benefits; professional property management fees; legal, accounting, inspection and consultation fees incurred in connection with the normal and prudent operation of the property; and, all other costs and expenses relating to the property and all other charges properly allocable to the repair, operation and maintenance of the Building in accordance with generally accepted accounting principles.

(b) Costs Excluded from Operating Expenses. The term "operating expense" shall specifically exclude Lessor's income taxes; leasing commissions; interest on debt or amortization payments on any mortgage; and any other expense which under generally accepted accounting principles would not be considered a normal maintenance or operating expense, except as otherwise specifically provided herein; and further shall expressly exclude any expense associated either with new construction or additions to the property for the purpose of adding additional space to the Building, relocating space within the Building, adding on to existing space in the Building, or any expense associated with remodeling of any space within the Building not leased by Lessee hereunder. Any expense designed to enhance the space of another Tenant or designed to enlarge or modify the Building to accommodate additional tenants shall not be an operating expense.

(c) Prorata Share. The term "prorata share" of the operating expenses shall, except as may be modified by the following paragraph, mean that percentage of common operating expenses calculated by dividing the total number of leasable square feet of the leased Premises by the total number of leasable square feet in the Building, as specified in Section 1.13. At such time, if ever, as any leasable space is added to the Premises, Lessee's prorata share shall be increased to the percentage calculated by dividing the number of leasable square feet in the expanded Premises by the total number of leasable square feet in the Building. At such time, if ever, as any leasable space is added to the Building, Lessee's prorata share shall be decreased to the percentage calculated by dividing the number of leasable square feet in the Premises by the expanded total number of leasable square feet in the Building.

(d) Payment. The Lessee's proportionate share shall be an amount equal to the actual increase in operating expenses for the most recent twelve month period between July 1 to June 30 compared to the previous twelve month period between July 1 and June 30, divided by the leasable square feet in the Building, times the number of square feet comprising the Leased Premises. Lessee shall have the right, at its own expense, to have an audit of Lessor's records relating to such operating cost escalation made by a Certified Public Accountant. If such an audit reflects an error of 5% or more, then Lessor will reimburse Lessee the cost of the audit, as well as adjusting charges hereunder accordingly. The proportionate share of increases shall be added to the then current Monthly Rent and shall be effective on the first

day of the month after receipt by the Lessee of written notice of such adjustment from Lessor, Lessor's failure during the Lease term to prepare and deliver any statements or bills, or Lessor's failure to make a demand under this Section or under any other provision of this Lease shall not in any way be deemed to be a waiver of, or cause Lessor to forfeit or surrender, its rights to collect any items of additional rent which may have become due pursuant to this Paragraph during the term of this Lease, except as otherwise specifically set forth in this Lease. Lessee's liability for all additional rent due under this Paragraph shall survive the expiration or earlier termination of this Lease.

(e) Other Additional Rent. The Lessee shall also pay, as Additional Rent, any money and charges required to be paid by Lessee pursuant to the terms of this Lease Agreement. If such amounts or charges are not paid at the time provided in this Lease, they shall be collectible as Additional Rent with the next installment of Rent thereafter falling due hereunder, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any other remedy of the Lessor.

## 5. LEASEHOLD IMPROVEMENTS

**5.1 Leasehold Improvements.** On or before the date the Primary Term of this Lease commences, Lessor shall cause the leasehold improvements in the Premises set forth in Exhibit C to be completed in accordance with the terms and conditions set forth herein. Lessor shall be responsible for said improvements as specified, except to the extent that Lessee agrees to pay for specific upgrades or additional or substitutional items as set forth in Exhibit C.

**5.2 Lessee Tenant Extras.** If Lessor agrees to perform, at Lessee's request, any additional work or improvement above and in addition to the improvements to be provided by Lessor, such work and items shall be performed and provided by Lessor at Lessee's expense and are defined as "Tenant Extras". All upgrades or additional or substitutional items shall be deemed to be a Tenant Extra. Lessor will attempt to accommodate, on a best efforts basis in accord with the Change Order procedures set forth in Section 5.3 below, any reasonable request for additional work or upgrades, provided that, in Lessor's opinion, the scope of work of said Change Order does not negatively impact the value of the Premises nor interfere with Lessor's ability to re-lease the Premises upon the expiration of the Lease Term. Lessee agrees that that it will exercise its best efforts to review and finalize all plans and specifications as soon as practicable after lease execution so as to minimize the frequency and scope of Change Order requests.

**5.3 Change Order Procedures.** Lessee shall appoint a single individual to take responsibility for coordinating all Lessee's communications with Lessor relative to the improvements specified in Exhibit C. If Lessee requests any change, Lessee's representative shall request such change in writing to Lessor, and such request shall be accompanied by documentation sufficient to show and explain changes from the approved improvements set

forth in Exhibit C. After receiving this information, Lessor shall give Lessee's representative a written estimate of the maximum cost of design and installation costs to incorporate the changes in accordance with such request ("Change Order"). If Lessee approves the Change Order, Lessor shall proceed with such change, addition or deletion, and shall invoice Lessee for the costs thereof which shall be payable upon commencement of the Lease. In the absence of a written and fully executed Change Order, Lessor shall proceed in accordance with the drawings and improvements specified in Exhibit C.

**5.4 Improvements Constructed by Lessee.** If any work is to be performed in connection with Tenant improvements on the Premises by Lessee or Lessee's contractor: (a) Such work shall proceed upon (i) Lessor's written approval of Lessee's contractor, (ii) delivery to Lessor of certificates of insurance prior to commencement of work in the Leased Premises indicating that Lessee's contractor carries public liability and property damage insurance under a comprehensive liability insurance policy covering bodily injury in the amounts of One Million Dollars (\$1,000,000) per person and One Million Dollars (\$1,000,000) per occurrence and covering property damage in the amount of One Million Dollars (\$1,000,000), and (iii) Lessor's written approval of plans and specifications for such work. (b) All work shall be done in conformity with a valid building permit when required, a copy of which shall be furnished to Lessor before such work is commenced, and in any case, all such work shall be performed in a good and workmanlike manner and in compliance with all requirements of applicable governmental authorities and of the insurers of the Building. Notwithstanding any failure by Lessor to object to any such work, Lessor shall have no responsibility for Lessee's failure to meet all applicable regulations. (c) All work by Lessee or Lessee's contractor shall be scheduled through Lessor's general contractor or representative. (d) Lessee or Lessee's contractor shall arrange for necessary utility and other services with Lessor's contractor and shall pay such reasonable charges for such services as may be charged by Lessor's contractor. (e) Lessee's entry to the premises for any purpose, including without limitation, inspection or performance of Lessee's construction by Lessee's agents, prior to the Lease commencement date shall be subject to all the terms and conditions of the Lease except the payment of Rent. Lessee's entry shall mean entry by Lessee, its officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors. (f) Lessee shall promptly reimburse Lessor upon demand for any extra expense incurred by the Lessor by reason of faulty work done by Lessor or its contractor, or by reason of any delays caused by such work, or by reason of inadequate clean-up. (g) Lessee shall indemnify and hold Lessor harmless from any loss, cost or expense, including attorneys' fees and costs, incurred by Lessor as a result of any defects in design, materials or workmanship resulting from Lessee's alterations, additions or improvements to the Leased Premises.

**5.5 Ownership of Improvements.** All alterations, additions, improvements and fixtures, including without limitation cabinetry, floor coverings, lighting fixtures, ducts, controls, heating or cooling, which may be made or installed by either of the parties hereto upon the Premises and which in any manner are attached to the floors, walls or ceilings, are the

property of Lessor when so installed, excepting those trade fixtures of Lessee, and shall remain upon and be surrendered with the Premises as a part thereof, without disturbance, molestation or injury. Lessee shall not make any changes or alterations, structural or otherwise, to the Premises without Lessor's prior written consent. Lessee shall remove its trade fixtures at the conclusion of this Lease and shall repair any damage to the Premises caused by such removal. During the term of this Lease, the Lessee shall not remove or damage the above described improvements and fixtures without the written consent of the Lessor.

## 6. USE AND COMPLIANCE WITH LAWS

**6.1 General Use and Compliance with Laws.** Lessee certifies that it shall use the Leased Premises as an office for the operation of a medical practice as defined as the Permitted Medical Practice above, and all activities incident thereto, and for no other purposes whatsoever without the written consent of Lessor. Specifically, Lessee shall not, without the express written consent of Lessor, directly or indirectly, as a shareholder, officer, director, employee, agent, partner, or proprietor, operate or provide any ancillary service within the Premises which is available, or is planned to be made available, as a patient service by [**Hospital**] in the Building or on Lessor's campus. Tenant shall not use or permit the Premises to be used in a manner offensive or objectionable to the Landlord or other occupants of the Building, or interfere in any way with other Tenants or those having business therein. Lessor certifies that, to the best of its knowledge, the Leased Premises, Building, Common Areas and Land, as of the date of delivery of possession of the Leased Premises to Lessee, are or will be in compliance with all applicable laws, ordinances, rules, regulations and orders of any governmental authority, including but not limited to those governing zoning, health, safety and occupational hazards and pollution and environmental control, and with the Americans with Disabilities Act, and with all recorded declarations, restrictions and covenants applicable to the Land. Subject to such certification, Lessee shall, at its sole cost and expense, comply with all applicable laws and regulations, specifically including, but not limited to, the generation, handling, storage, and disposal of biohazardous medical waste materials and other materials and matter commonly used in the health care industry.

**6.2 Practice of Medicine.** Lessee hereby agrees to practice medicine in a manner which is informed and shaped by the social and ethical teachings of the Catholic Church including the "Ethical and Religious Directives for Catholic Health Care Services." Further, Lessee understands and agrees that the Leased Premises shall not be used to provide elective abortions or physician assisted suicide/active euthanasia.

**6.3 Condition of Leased Premises.** Except as otherwise set forth in Exhibit C, Lessee's taking possession shall be conclusive evidence against Lessee that the Leased Premises were then in good, safe, and clean order and satisfactory condition. No promise of Lessor to alter, remodel, improve, repair (taking into account the specific health care nature of the Leased

Premises), decorate or clean the Leased Premises or any part thereof, and no representation respecting the condition of the Leased Premises or the Building has been made to Lessee by Lessor, except as made herein.

## **7. BUILDING SERVICES, UTILITIES, MAINTENANCE AND REPAIRS**

**7.1 Services and Utilities.** Lessee shall have unrestricted access to the Leased Premises (other than restrictions due to reasonable after-hours security measures) twenty-four (24) hours per day, seven (7) days per week, and during all such hours Lessor shall provide adequate lighting of the Land and Building, together with elevator service (if applicable) and necessary utilities, in order to accommodate such access to and use of the Leased Premises. During Building Business Hours, Lessor shall provide full electricity, heating, gas (if applicable), ventilating and air conditioning and all other utilities and Building services necessary for the comfortable use and occupancy of the Leased Premises and the Common Areas. During hours that are not Building Business Hours, the Lessor may restrict the utilities described in the immediately preceding sentence. A cleaning service designated by Lessor shall be engaged by Lessor to keep the Building and the Leased Premises in good, clean and slightly condition. Except as otherwise expressly provided herein, Lessor shall not be liable for, and Lessee shall not be entitled to, any reduction or abatement of Rent on account of any failure on the part of Lessor to deliver the services and utilities provided in this Lease unless the same results from the gross negligence or willful act of Lessor, its employees, officers, agents or contractors. Lessor also shall provide or cause to be provided reasonable security measures customary for similar office space in the area.

**7.2 Suspension of Services.** Notwithstanding anything to the contrary herein, the following shall apply in the event of any failure, stoppage, interruption, suspension or unavailability of Building services ("Service Interruption"), unless the Service Interruption (a) is caused by the act or neglect of Lessee, or (b) affects all or a significant portion of the surrounding area. If any Service Interruption shall render all or a material portion of the Leased Premises unusable for Lessee's normal operations, and such condition continues for five (5) days following notice to Lessor of such condition, then, (i) Lessee's obligation to pay Rent and other amounts payable under Article 3 hereof shall be abated in the proportion that the unusable space bears to the total Leased Premises, from the expiration of such 5 day period until the Leased Premises (or the unusable portion thereof) shall be made usable for Lessee's normal operations, and (ii) Lessee, at its option, may use reasonable efforts to cure such condition and shall be entitled to recover any reasonable costs thus incurred from Lessor, together with interest at a rate of 1.0% per month.

### **7.3 Maintenance, Repair and Replacement.**

(a) **Lessor Responsibilities.** Lessor shall be responsible for the following: (i) Lessor shall keep, maintain, repair and replace as necessary or appropriate the foundations, roof, and structural portions of the Building in good operating condition and in compliance with all requirements of applicable governmental authorities. Lessor shall keep the exterior of the

Building and all common areas of the Building in good repair in a condition comparable to other medical office space in [Location]. (ii) All equipment, excluding Lessee's trade equipment, including but not limited to heating, air conditioning, electric, water and plumbing equipment and facilities in the Premises, whether installed by Lessor or Lessee, shall be maintained and kept in proper working condition by Lessor. Lessor will provide such maintenance and repairs with reasonable promptness and Lessee is prohibited from performing any maintenance or repairs to any of the aforesaid equipment and from hiring any contractors or persons to repair the same without the prior written approval of Lessor except in the case of emergency. (iii) The Lessor will maintain in a neat and sightly condition aft of the exterior common areas and shall provide lawn and landscape maintenance, snow removal, trash removal, parking lot maintenance and repair, and other requisite services as needed to maintain the aesthetic appearance of the Building in a manner comparable to other medical office complexes in the [Region] area. (iv) Lessor shall not be required to make any such repairs occasioned by an act or negligence of Lessee, its agents, employees, invitees, or licensees, except to the extent that Lessor is reimbursed therefore under any policy of insurance permitting waiver of subrogation in advance of loss.

(b) Lessee Responsibilities. Lessee will be responsible for the following: (i) Lessee shall maintain the Premises in a good, neat and clean condition, including but not limited to all doors, door frames, windows and tenant improvements, and shall advise Lessor to replace all burned out tight bulbs and fluorescent tubes as needed. Lessee shall comply with all requirements of law, ordinance, health officer, fire marshal or building inspector regarding its use of the Premises. Lessee shall permit no waste, damage, or injury to the Premises and shall, at its own cost and expense, replace any plate or window glass which may become broken in the Premises. At the expiration of the tenancy created hereunder, Lessee shall surrender the Premises in good condition, reasonable wear and tear, loss by fire or other unavoidable casualty excepted, and shall repair any damage caused by removal of any fixtures which it is permitted hereunder to remove and shall remove all property from the Premises except that property owned by Lessor, leaving the Premises in a clean, neat condition. (ii) Lessee shall keep the Premises free and clean from rubbish and trash at all times; shall provide routine maintenance for the Premises; and shall store all trash and garbage within the Premises, or in receptacles specified by the Lessor. (iii) Lessee shall, in all matters, act in compliance and conformity with all Federal, State, and local laws and regulations and in conformity with generally accepted health and safety standards. Any and all hazardous medical wastes materials and other materials and matter commonly used in the health care industry shall be generated, dealt with, handled, stored, and disposed of by Lessee at Lessee sole cost and expense in conformity with said Federal, State, and local laws and regulations and in conformity with generally accepted health and safety standards, and shall not be disposed of in any respect in any area of the property. Lessee agrees to indemnify, defend, and hold harmless Lessor, its Managing Agent, and any of their officers, directors, employees, agents, licensees, or invitees from and against any and all claims, demands, liabilities, suits, actions, judgments, losses, costs, damages, and any expenses, including,

without limitation, attorneys fees, arising or resulting from, or suffered, sustained or incurred by said parties with respect to violation of any Federal, State, and local laws and regulations or violation of any generally accepted health and safety standards.

**7.4 Inspection of Premises and Access.** Lessor, at reasonable times with the consent of Lessee (excepting emergencies, as to which no consent shall be required), which consent shall not be unreasonably withheld, may enter the Leased Premises to complete improvements undertaken by Lessor on the Leased Premises or Building, to inspect, clean, maintain or repair the same, and for other reasonable purposes. Lessor shall give Lessee at least twenty four (24) hours notice prior to any entry into the Leased Premises (excepting emergencies, as to which such notice, if any, as is reasonable under the circumstances shall be given, and Lessor's entry shall be solely for the purpose of taking necessary actions to remedy and/or repair the emergency situation), and in no event shall Lessor unreasonably interfere with access to or use of the Leased Premises or Parking Area by Lessee, its agents, employees or invitees.

## **8. FIXTURES AND ALTERATIONS**

**8.1 Fixtures.** Lessee may install any trade fixtures, equipment, furnishings, furniture and other fixtures or removable personal property in the Leased Premises, provided, that the same are installed and removed without permanent or structural damage to the Building. All such property shall remain Lessee's property and shall be removed by Lessee upon expiration or termination of this Lease.

**8.2 Alterations.** Lessee may make non-structural alterations, additions or changes in or to the Leased Premises with prior notification to Lessor, provided that unless the same are approved by Lessor. Lessor may require Lessee to remove them upon expiration or termination of this Lease, at Lessee's expense and without damage to the Leased Premises. Lessee shall not make alterations, additions or changes to the Leased Premises affecting the structure of the Building without Lessor's prior written consent. Lessee may elect to select its own contractor to perform any such work, subject to compliance with all of the provisions of Section 5.4 hereof.

**8.3 Mechanic's Liens.** No person shall be entitled to any lien upon the Leased Premises or the Land, in whole or in part, or any interest or estate in any such property, by reason of any work, labor, services or material claimed to have been performed or furnished to or for Lessee, or otherwise on account of any act or failure to act on the part of Lessee, and Lessee shall neither cause nor permit the filing of any such lien. If any such lien claim or notice shall be filed, Lessee shall cause the same to be released or provide other satisfactory security to Lessor with respect to the same (which may be in the form of a bond, title insurance endorsement or other assurance reasonably satisfactory to Lessor) within sixty (60) days; and if not so released or secured, Lessor, at its option, may pay up to the full amount of such lien claim to cause its release, and such amount, together with interest thereon from the date of payment at a rate of 1 .0% per month, shall be deemed due and payable by Lessee

immediately. Nothing in this Lease shall be deemed or construed to constitute consent to or request to any party for the performance of any labor or services or the furnishing of any materials for the improvement, alteration or repairing of the Leased Premises; nor as giving Lessee the right or authority to contract for, authorize or permit the performance of any labor or services or the furnishing of any material that would permit the attaching of a valid mechanic's lien.

## 9. ASSIGNMENT AND SUBLETTING

Lessee shall not assign, mortgage, encumber or otherwise transfer this Lease or its interests hereunder, in whole or in part, or sublet the Leased Premises in whole or in part, without the prior written consent of Lessor which will not be unreasonably withheld. An assignment shall be deemed to have taken place, thus requiring the Lessor's consent, if the Lessee experiences a change in control. In the event Lessor consents to any such transaction, Lessee shall remain fully liable to perform all the obligations of Lessee under this Lease, including but not limited to payment of Rent.

## 10. INSURANCE AND INDEMNIFICATION

**10.1 Building Insurance.** During the Term, Lessor shall maintain with respect to the Building, including all tenant improvements (but excluding Lessee's and other tenants' trade fixtures and personal property), a policy or policies of all risk insurance (including sprinkler, vandalism, malicious mischief, and lost rent coverage, and any other endorsements required by any mortgagee of the Land or Building) in an amount equal to one hundred percent (100%) of the full insurable replacement value (replacement cost new, including debris removal and demolition) thereof.

**10.2 Lessee's Property and Fixtures.** Lessee assumes the risk of damage to any furniture, equipment, machinery, goods, supplies or fixtures that are or remain the property of Lessee or as to which Lessee retains the right of removal from the Leased Premises.

**10.3 Lessee's Public Liability Insurance.** Lessee shall, at its own cost and expense, keep and maintain in full force during the Term, a policy or policies of comprehensive public liability insurance, insuring Lessee's activities in or about the Leased Premises against loss, damage or liability for personal injury or death of any person or loss or damages to property occurring in, upon or about the Leased Premises covering bodily injury in the amounts of not less than One Million Dollars (\$1,000,000) per person and not less than One Million Dollars (\$1,000,000) per occurrence, and covering property damage in the amount of not less than One Million Dollars (\$1,000,000), with not less than Two Million Dollars (\$2,000,000) in aggregate or combined single limit coverage. Lessor, its successors and assigns, its managing agent, and any nominee of Lessor holding any interest in the Building, including, without limitation, any mortgagee, shall be named as additional insured's under each such policy of liability insurance maintained by Lessee with respect to this Lease.

**10.4 Indemnification of Lessor.** Lessee shall indemnify and hold harmless Lessor, and its officers, principals, directors, members, partners, equity owners, shareholders, employees, agents, servants, subtenants, concessionaires, licensees, contractors and invitees (i) from and against any and all liability, penalties, losses, damages, costs and expenses, demands, causes of action, claims or judgments arising from or growing out of any injury to any person or persons or any damage to any property as a result of any occurrence during the Term occasioned in any way as a result of the negligence (with indemnification for medical malpractice being limited to the limitations contained in Ind. Code 27-12-14-3, and with no other limitations being applicable) caused by the action or inaction of Lessee or Lessee's officers, principals, directors, members, partners, equity owners, shareholders, employees, agents, servants, subtenants, concessionaires, licensees, contractors or invitees occurring in or on the Leased Premises, Building or Land, or arising out of Lessee's use, occupation or operation of the Leased Premises, during the Term, and (ii) from and against all legal costs and charges, including attorneys' fees, incurred in connection with any such matter and the defense of any action arising out of the same or in discharging the Building or Land or any part thereof from any and all liens, charges, or judgments which may accrue or be placed thereon by reason of any act or omission of Lessee; provided, however, that Lessee shall not be required to indemnify Lessor for any damage or injury of any kind arising solely as the result of Lessor's gross negligence or willful misconduct or that its agents, SJRMC Real Estate Standard Medical Office Lease officers, employees, contractors, servants, licensees, invitees or other tenants of the Building.

**10.5 Lessor's Public Liability Insurance and Indemnification.** Lessor shall save Lessee harmless and defend Lessee, and its officers, principals, directors, members, partners, equity owners, shareholders, employees, agents, servants, subtenants, concessionaires, licensees, contractors and invitees (i) from any and all liability, penalties, losses, damages, costs and expenses, demands, causes of action, claims or judgments arising from or growing out of any injury to any person or persons or any damage to any property as a result of any occurrence during the Term occasioned in any way as a result of the gross negligence or willful misconduct of Lessor or Lessor's officers, principals, directors, members, partners, equity owners, shareholders, employees, agents, servants, licensees, contractors and invitees occurring in or on the Building, Land or Leased Premises, or arising out of Lessor's use, maintenance, occupation or operation of the Land or Building, during the Term, and (ii) from and against all legal costs and charges, including attorneys' fees, incurred in connection with any such matter and the defense of any action arising out of the same; and to protect against such liability Lessor shall maintain during the Term commercial public liability insurance in standard form with respect to the Building and the Land and the operation thereof, having a minimum limit of combined coverage of bodily injury and property damage of not less than Two Million Dollars (\$2,000,000.00).

**10.6 Waiver of Subrogation.** Any policy or policies of fire, extended coverage, all-risk or similar casualty insurance, which either party obtains in connection with the Building or

Leased Premises, or Lessee's personal property therein, shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured prior to the occurrence of injury or loss. Lessor and Lessee waive any rights of recovery against the other for damage or loss due to hazards covered by insurance containing such a waiver of subrogation clause or endorsement to the extent of the damage or loss covered thereby. Notwithstanding anything to the contrary contained in this Section 9.6 or elsewhere in this Lease, neither party shall be deemed to have released or waived any claim against the other for damages to property within the deductible amount of such party's insurance policy, which deductible amount shall not exceed Five Thousand Dollars (\$5,000), whether or not at any time the actual deductible is greater than that amount.

**10.7 Insurance Certificates.** Lessee shall furnish to Lessor a certificate of insurance issued by the insurance carrier of each policy of insurance which is required to be carried by Lessee pursuant hereto. Said certificate(s) shall expressly provide that such policies shall not be cancelable or subject to reduction of coverage or otherwise be subject to modification except after thirty (30) days' prior written notice to the parties named as insureds or to which any such certificate has been issued.

**10.8 Lessee's Insurance.** Notwithstanding anything to the contrary contained in this Article 9, Lessee may, at its option, satisfy any or all of its obligations to insure with (a) a so-called "blanket" policy or policies of insurance, including the applicable coverages as described above with respect to the Leased Premises, as well as coverage of other premises and properties of Lessee, or in which Lessee has some interest, or (b) an excess or umbrella liability policy or policies of insurance, now or hereafter carried and maintained by Lessee; provided, however, that Lessor and any additional party named pursuant to the terms of this Lease shall be named as additional insureds thereunder as their respective interests may appear, and provided that the coverage afforded Lessor and any such additional insureds shall not be reduced or diminished by reason of the use of any such blanket or umbrella policy or policies and that all the requirements set forth in this Article 9 are otherwise satisfied.

## 11. DAMAGE AND DESTRUCTION

**11.1 Damage and Restoration.** If either the Leased Premises or Building is damaged or destroyed to the extent that Lessor reasonably determines that it cannot, with reasonable diligence, be fully repaired or restored by Lessor within one hundred eighty (180) days after the date of such damage or destruction, either Lessor or Lessee may terminate this Lease. Lessor shall notify Lessee of any such determination in writing, within thirty (30) days after the date of such damage or destruction. If Lessor so determines that the Building can be fully repaired or restored within the one hundred eighty (180) day period, or if Lessor so determines to the contrary but neither party terminates this Lease, then this Lease shall remain in full force and effect and Lessor shall, to the extent insurance proceeds are not required to be applied to mortgagee indebtedness on the Building or Land, diligently repair or rebuild the Leased Premises and/or Building to return such improvements to the condition

in which it/they existed immediately prior to such damage or destruction, as soon as possible and within the maximum period of one hundred eighty (180) days, if applicable

**11.2 Rent Abatement.** Rent due and payable hereunder shall be abated proportionately during any period in which, by reason of any such damage or destruction to the Leased Premises or the Building, the operation of Lessee's business in the Leased Premises experiences substantial interference, and that continuation of all or part of Lessee's business in the Leased Premises is not practical pending reconstruction. In such event, the Rent payable hereunder, or an equitable proportion thereof in the event Lessee continues to conduct business in the Leased Premises, shall abate from the date of damage or destruction until Lessee is able to conduct its full business operations in the Leased Premises.

## 12. EMINENT DOMAIN

**12.1 Total Condemnation.** If the whole of the Building is acquired or condemned by eminent domain or inversely condemned or sold in lieu of condemnation, for any public or quasi-public use or purpose ("Condemned"), then this Lease shall terminate as of the date of title vesting in such proceeding or conveyance in lieu of any proceeding, and Rent shall be prorated to the date of such termination.

**12.2 Partial Condemnation.** If less than the whole of the Building is Condemned, but such partial condemnation renders the Leased Premises unusable for the full and normal conduct of the business of Lessee, or constitutes a substantial portion of the Building, as reasonably determined by Lessor, then the Lease shall terminate as of the date of the title vesting in such proceeding or conveyance in lieu of any proceeding and Rent shall be prorated to the date of termination. Otherwise,

Lessor shall promptly restore the Leased Premises to a condition comparable to its condition immediately prior to such partial Condemnation, less the portion thereof lost in such partial Condemnation, and this Lease shall continue in full force and effect, except that after the date of such title vesting, the Rent shall be proportionately reduced to reflect the percentage of the Leased Premises, Building and/or the Parking Area Condemned.

**12.3 Notices and Award.** Lessor shall, immediately upon receipt of notice in connection with any condemnation or potential condemnation, give Lessee notice in writing thereof. If Lessee receives notice of any such occurrence, Lessee shall immediately notify Lessor thereof. If the Leased Premises are wholly or partially Condemned, Lessor shall be entitled to the entire award paid for such condemnation, except as set forth herein. Lessee shall have the right to claim such compensation as may be separately awarded or recoverable by Lessee in Lessee's own right on account of any and all costs or loss that Lessee would incur in removing Lessee's furniture, fixtures, leasehold improvements and equipment to a new location.

## 13. DEFAULT

**13.1 Events of Default.** Each of the following shall constitute an “Event of Default” on the part of Lessee:

a. **Payment.** Failure to pay any installment of Rent or other monies when due and payable under this Lease, if such failure continues for a period of thirty (30) days after written notice of such failure from Lessor to Lessee;

b. **Performance.** Except as otherwise set forth below, Default in the performance of any of Lessee’s non-payment obligations or covenants under this Lease, including Lessee’s compliance with the Permitted Medical Practice defined in Section 1.15, if such default continues for thirty (30) days after written notice thereof from Lessor to Lessee, provided, however, that if the obligation or covenant to be performed by Lessee is of such nature that the same cannot reasonably be performed or cured within such thirty (30) day period, such default shall not constitute an Event of Default if Lessee commences such performance or cure within said thirty (30) day period and thereafter diligently undertakes to complete, and does so complete, the required performance or cure within a reasonable time. Lessee understands and agrees that a breach of Section 6.2 of this Lease shall be an incurable Event of Default, thereby enabling Lessor to exercise all rights and remedies pursuant to section 13.2 below without providing Lessee with the written notice or opportunity to cure as prescribed by the immediately preceding sentence;

c. **Assignment.** A general assignment by Lessee for the benefit of creditors.

d. **Bankruptcy.** The filing of a voluntary petition by Lessee seeking the rehabilitation, liquidation or reorganization of Lessee under any law relating to bankruptcy, insolvency or other relief of debtors, or the filing of an involuntary petition by any of Lessee’s creditors seeking any such relief, if not dismissed or otherwise removed within ninety (90) days;

e. **Receivership.** The appointment of a receiver or other custodian to take possession of substantially all of Lessee’s assets or of this leasehold, if not dismissed or otherwise removed within ninety (90) days;

f. **Dissolution.** Entry of a court decree or order directing the winding up or liquidation of Lessee or of substantially all of its assets, if not reversed or otherwise removed within ninety (90) days; or any action by Lessee toward the dissolution or winding up of its affairs; or

g. **Attachment.** Attachment, execution or other judicial seizure of substantially all of Lessee’s assets or this leasehold, if not dismissed or otherwise removed within ninety (90) days.

**13.2 Lessor’s Remedies.** Upon the occurrence of an Event of Default, Lessor may, at its option:

a. Lessee shall reimburse the same to Lessor immediately upon demand;

- b. without terminating this Lease or Lessee's obligations hereunder, including but not limited to the Lessee's obligation to pay rents, and with or without legal process, peaceably re-enter and retake possession of the Leased Premises, and remove Lessee's property therefrom and store or dispose of such property at the expense of the Lessee, all without liability to Lessor or other persons for any such property so removed at the time of re-entry, except if caused solely by the willful act or gross negligence of Lessor;
- c. terminate this Lease by written notice to the Lessee, without terminating Lessee's obligations hereunder, including but not limited to the Lessee's obligation to pay Rent;
- d. relet the Leased Premises or any part thereof following repossession of the Leased Premises by Lessor, whether or not this Lease has been terminated, and without duty to so relet, for such term or terms, which extend beyond the Term, at such rental or rentals and upon such other terms and conditions, as Lessor in its sole discretion shall determine, and making such alterations and repairs to the Leased Premises as Lessor may reasonably determine to be necessary in connection therewith, provided that the net amount, if any, realized by Lessor from such reletting shall be credited against the amounts owed by Lessee under this Lease;
- e. following termination of this Lease, recover from Lessee all rent and other amounts due and unpaid under the terms of this Lease as of the date of termination, together with such other amounts as may be recoverable under applicable law to compensate Lessor for all damages proximately caused by Lessee's failure to perform its obligations under this Lease;
- f. exercise or seek any other right or remedy allowed at law or in equity under the statutes or common law of the state in which the Land is located.

In connection with any of the foregoing, Lessor shall be entitled to recover from Lessee, promptly upon demand, any and all costs and expenses incurred by Lessor, including but not limited to reasonable attorneys' fees and costs of reletting, following any such Event of Default by Lessee. Lessee also shall be liable for and agrees to pay to Lessor interest at a rate of 1.0% per month, with respect to the following: (1) all Rent under this Lease remaining unpaid for thirty (30) days after the due date, from the due day until paid; (2) all costs and expenses incurred by Lessor following any Event of Default, from the date paid or incurred by Lessor until reimbursed; and (3) all other amounts at any time becoming due and payable hereunder, from the date due and payable until paid.

**13.3 Lessor's Default.** It shall be a default under this Lease by Lessor if Lessor shall fail to perform or observe any obligation or covenant required to be performed or observed by it under this Lease for a period of thirty (30) days after written notice thereof from Lessee. Upon the occurrence of any such default, if the same has not been reasonably cured by Lessor within said period of thirty (30) or fewer days (provided, however, that if no emergency exists and the default is of such nature that the same cannot reasonably be cured within a thirty (30) day period, such cure period shall be extended for a reasonable time if Lessor

commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete the same), then Lessee may, at its option cure the default and offset against the rents next due and payable hereunder the reasonable costs, if any, advanced by Lessee to effect such cure. Provided, however, that Lessee's right of offset shall be subject to the following limitations: (A) The subject default must be of a nature that materially affects Lessee's parking, access to the Building or Leased Premises, or ability to conduct its Permitted Medical Practice in the Leased Premises; (B) Lessee shall submit to Lessor a written statement of its actual expenditures incurred to effect the cure of the default, and Lessor shall not have paid the same within fifteen (15) days after receipt of said statement; (C) Lessee shall submit a written notice of its exercise of said right of offset at the time the Rent payment or portion thereof against which the right is exercised otherwise would be due; and (D) Lessee's right of offset during any period of twelve (12) consecutive months shall be limited to fifty percent (50%) of the total Rent payments payable during such twelve (12) month period.

**13.4 Remedies Cumulative; No Waiver.** Each right and remedy provided to a party under this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise. The exercise or beginning of the exercise by a party of any one or more of the rights or remedies provided for in this Lease, or now or hereafter existing at law or in equity or by statute or otherwise, shall not constitute a waiver of any other right or remedy provided for in this Lease or now or hereafter existing at law in equity or by statute or otherwise. No failure by a party to insist upon the strict performance of any term hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial payment by a party during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Lease nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

#### **14. SUBORDINATION, ATTORNMENT AND ESTOPPEL LETTER**

**14.1 Subordination and Attornment.** This Lease and Lessee's interest hereunder is and shall be subject and subordinate to the lien of any mortgage, ground lease, installment sale agreement or other instrument of security now existing or hereafter placed upon any or all of Lessor's interest or estate in the Land, and to all renewals, modifications, consolidations, replacements and extensions thereof (all of which are hereinafter referred to collectively as a "Mortgage" and the holder of such Mortgage, its successors and assigns, are referred to as a "Mortgagee"), all automatically and without the necessity of any further action on the part of the Lessee to effectuate such subordination. In case Lessor's interest or estate in the Leased Premises shall terminate by foreclosure or otherwise, then the Mortgagee shall have all the rights of Lessor under this Lease, following such termination. Lessee, at the request of a

Mortgagee or the purchaser in connection with any foreclosure sale or deed in lieu thereof, shall attorn to the Mortgagee or purchaser (as the case may be). Upon request of any Mortgagee, Lessee shall execute and deliver such further instruments evidencing the foregoing subordination and attornment agreements as shall be desired by such Mortgagee; provided, however, that the foregoing subordination and attornment agreements are given upon the understanding, and any such instrument shall contain the Mortgagee's agreement that, if the Mortgagee or any such purchaser shall so succeed to the interest or estate of Lessor, through foreclosure or otherwise, Lessee shall be allowed to continue in possession of the Leased Premises as provided in this lease so long as Lessee shall not be in default. Notwithstanding the foregoing, any Mortgagee may, at any time and without any consent from Lessor or Lessee, subordinate its Mortgage to this Lease by giving notice of the same in writing to Lessee and Lessor, and thereupon this Lease shall be deemed to be prior to such Mortgage without regard to the respective times of execution, delivery or recordation, and in that event such Mortgage shall have the same rights with respect to this Lease as though this Lease had been executed, delivered and recorded prior to the execution, delivery, and recordation of its Mortgage.

**14.2 Estoppel Letter.** Within ten (10) days after request therefor from Lessor, Lessee shall execute and deliver to Lessor a statement in such form as Lessor may reasonably request, or as a prospective purchaser or encumbrancer of the Building or Land may request (a) certifying that this Lease is in full force and effect, without modification (or if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which rent and other charges are paid in advance, if any, b) acknowledging that there are not any uncured Events of Default on the part of Lessor hereunder, or specifying such Event of Default if they are claimed, and (c) any other requirements of Lessor or a prospective purchaser or encumbrancer of the Building or Land including current financial statements of Lessee. Any such statements may be conclusively relied upon by any prospective purchaser or encumbrancer of the Building or Land. Lessee's failure to deliver such statement within such time shall be a binding agreement upon Lessee (a) that this Lease is in full force and effect, without modification, except as may be represented by Lessor, (b) that there are no uncured Events of Default in Lessor's performance hereunder, (c) that not more than one monthly installment of the basic rental has been paid in advance, (d) that any terms or conditions of Lessor's lender's estoppel certificate are satisfied and agreed to by the parties. Without limiting the foregoing, Lessee hereby appoints Lessor as Lessee's attorney in fact to execute such estoppel certificate upon the failure of Lessee to do so.

## **15. RIGHTS RESERVED BY LESSOR**

**15.1** Lessor shall have the following rights, exercisable without notice and without liability to Lessee for damage or injury to property, person or business and without affecting an eviction or disturbance of Lessee's use or possession or giving rise to any claim for offset or abatement of rent:

- a. To change the name or street address of the Building;
- b. To install and maintain signs on the exterior and interior of the Building;
- c. To have pass keys to the Leased Premises;
- d. To grant to anyone the exclusive right to conduct any business or render any service in the Building, provided such exclusive right shall not operate to exclude Lessee from the use expressly permitted by Section 11.5.
- e. To enter the Leased Premises to make inspections, alterations or additions in or to the Leased Premises or the Building or to exhibit the Leased Premises to prospective tenants, purchasers or others, at reasonable hours; and at any time in the event of an emergency, and to perform any acts related to the safety, protection, preservation, reletting, sale or improvement of the Leased Premises or the Building;
- f. To approve the weight, size and location of safes and other heavy equipment and articles in and about the Leased Premises and the Building and to require all such items to be moved in and out of the Building and Leased Premises only at such times and in such manner as Lessor shall direct and in all events at Lessee's sole risk and responsibility; SJRMC Real Estate Standard Medical Office Lease 11
- g. To approve the installation of any equipment, devices, machinery, mechanical equipment, electronic equipment or air conditioning equipment involving excessive utility consumption inconsistent with the operation of a typical medical office. In the event Lessor does provide written approval for the installation of equipment that requires electrical service or any other utility service and/or air conditioning in excess of normal requirements, the cost of said excess may, at Lessor's option, be determined by separate utility metering and billed to Lessee in the form of Additional Rent.
- h. At any time or times, to decorate and to make at its own expense, repairs, alterations, additions and improvements, structural or otherwise, in or to the Building or part thereof, and any adjacent building, land, street or alley, and during such operations to take into and through the Leased Premises or any part of the Building all material required and to close or temporarily suspend operation of entrances, doors, corridors, elevators or other facilities.

## 16. MISCELLANEOUS

**16.1 Quiet Possession.** If Lessee shall perform all of the covenants and obligations herein provided to be performed by lessee, Lessee shall at all times during the Term have the peaceable and quiet enjoyment of possession of the Leased Premises without any manner of hindrance from Lessor or any persons lawfully claiming under Lessor.

**16.2 Notices.** Any notice required or permitted to be given or served by either party to this Lease shall be given in writing, and shall be deemed given on the earliest of (a) the date three (3) business days after being deposited in the United States mail, certified or registered,

postage prepaid, (b) when actually delivered, if delivered personally or by courier, or (c) next business day if sent by a reputable overnight courier, or (d) when actually received, if transmitted by telecopier, telegraph or telex, in each case addressed to the applicable party as set forth in Article I.

**16.3 Parties.** This Lease and all of the terms and provisions hereof shall inure to the benefit of and be binding upon Lessor and Lessee, and their respective heirs, successors, assigns and legal representatives.

**16.4 Time.** Time is of the essence of every provision hereof.

**16.5 Attorneys' Fees.** In any action or proceeding which Lessor or Lessee may be required to prosecute to enforce its respective rights hereunder, including arbitration as described in Section 16.9 below, the unsuccessful party therein agrees to pay all costs incurred by the prevailing party therein, including reasonable attorneys' fees, to be fixed by the court, and said costs and attorneys' fees shall be made a part of the judgment in said action.

**16.6 Captions.** The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

**16.7 Severability.** If any provision of this Lease shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Lease shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

**16.8 Applicable Law.** This Lease, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the internal laws of the State of

**16.9 Resolution of Disputes.** The parties shall attempt in good faith to resolve any dispute involving the interpretation or construction of this Lease promptly by negotiation between the parties. Either party may give written notice to the other of any such dispute, and, within twenty (20) days after delivery of such notice, representatives of the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the dispute has not been resolved within forty five (45) days of the disputing party's notice, or if the parties fail to meet within said twenty (20) day period, either party may initiate mediation of the controversy or claim, or other procedures, as provided hereinafter. All negotiations under this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the applicable federal and state rules of evidence. If the dispute has not been resolved by negotiation as provided above, either party may give notice to the other requesting initiation of proceedings to resolve the matter by binding arbitration under the then-current rules of the American Arbitration Association. In the event of arbitration,

each party shall select an arbitrator who is an expert with real estate transactions of the nature described in this Lease within forty-five (45) days of either party's notice. Both arbitrators so selected by the parties shall agree upon one arbitrator who is an expert with real estate transactions of the nature described in this Lease who shall serve as the sole arbitrator to resolve the dispute. This arbitration requirement does not limit the right of either party to (i) exercise the remedies set forth in Sections 13.2 and 13.3 of this Lease; (ii) exercise self-help remedies relating to collateral or proceeds of collateral; or (iii) obtain provisional ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before, during or after the pendency of any arbitration proceeding. SJRMC Real Estate I Standard Medical Office Lease 12

**16.10 Entire Agreement.** This Lease sets forth all covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Leased Premises, Building and Land, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between Lessor and Lessee other than as are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by Lessor and Lessee.

**16.11 Construction.** The Language used in this Lease shall be deemed to be the language shown by the parties to express their mutual intent, and no rule of construction shall be applied against any party.

**16.12 Substitution of Premises.** At any time after the execution of this Lease, Lessor may substitute for the Leased Premises other premises in the building complex (hereinafter referred to as the "New Premises"), in which event the New Premises shall be deemed the Leased Premises for all purposes. This right on the part of the Lessor may be exercised if, and only if, the New Premises shall be substantially equivalent in area and in appropriateness for Lessee's use. In the event this right is exercised, Lessor shall pay the expense of moving Lessee, its property and equipment to the New Premises, including comparable leasehold improvements, moving expenses, replacement of existing stationary supplies, and changes in computer wiring and telephone service.

**16.13 Security Deposit.** Lessee has deposited with Lessor the Security Deposit as security for return of the Leased Premises in good condition at the end of the Term or on earlier termination and forfeiture as provided in this Lease. The Security Deposit shall be returned to Lessee at the end of the Term, provided Lessee shall not have created an Event of Default (as defined in Article 13).

**16.14 Signage.** Lessor shall provide, at Lessor's expense, a general directory for the Building that shall list Lessee similarly with all other tenants of the Building. Subject to Lessor's prior written approval, Lessee shall be permitted to install, at Lessee's expense, identifying signage within the Building adjacent to Lessee's Suite. No other signage shall be permitted without the Lessor's prior written consent.

**16.15 Brokerage Commission.** Lessee represents and warrants that it has had no dealing with any broker or leasing agent in connection with the negotiation or execution of this Lease other than Lessor's representative. In the event any broker or leasing agent other than Lessor's representative, if any, shall make a claim for a commission or fee in connection with the negotiation or execution of this Lease, Lessee shall be responsible for the payment thereof, and Lessee agrees to hold Lessor harmless from and indemnify Lessor against any such claim or liability for a commission or fee.

**16.16 Medical Statutes, Rules and Regulations.** The parties understand and agree that this Lease is intended to comply with all local, state and federal statutes, rules and regulations applicable to the medical industry (referred to herein as the "Medical Regulations"). Specifically, the parties understand and agree that this Lease is intended to comply with certain safe harbors promulgated under the Medical Regulations. Both parties understand and agree that if the Medical Regulations change, or if the facts and circumstances relating to this Lease cause this Lease to no longer comply with the Medical Regulations, both parties will agree upon a modification to this Lease so that the Lease will comply with the Medical Regulations. Under no circumstances shall this Lease be construed to require or obligate Lessee to utilize any of the services or admit any patients to Lessor or its affiliates. Notwithstanding any other term to the contrary, this Agreement creates no requirement that Lessee make referrals to, be in a position to make or influence referrals to or otherwise generate business for the Lessor or its affiliates. By execution of this agreement any Physician associated with Lessee acknowledges that she has not, at any time been debarred or excluded from participation in Medicare or Medicaid and has not been convicted of a health care related criminal offense. Offers of lease are contingent upon Lessor obtaining a background investigation of any member of Lessee affirming the preceding sentence. Any costs associated with the application process for approved provider status shall be the responsibility of Lessor. IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written. SJRMC Real Estate Standard Medical Office Lease.

LESSOR

By:

Printed:

Its:

ATTEST:

By:

Printed: