

LEASE

This lease, made this 12th day of July 2015, between 4048 Associates LLC having an office at 4048 New Castle Avenue, New Castle, DE 19720 ("Landlord", "Lessor" or "Owner") and Family Foundations Academy, Inc. ("Tenant").

WITNESSETH:

The Landlord hereby lets unto Tenant and Tenant hereby hires and takes from Landlord the following described property: 160 & 170 Lukens Drive, New Castle, DE 19720 (consisting of 36,000 square feet and 44,663 square feet, respectively) (the "Premises" or the "premises"). The Premises shall include all lands and improvements, easement rights and access appurtenant to the foregoing.

To have and to hold the premises unto Tenant, its successors and assigns subject to all of the following terms, covenants, conditions, and agreements herein contained for a term of six (6) years commencing occupancy on or about July 13, 2015 and ending June 30, 2021, or until said term is sooner terminated pursuant to any provisions of this lease ("Lease Term"). In the event that Tenant's charter is not renewed beyond June 30, 2020, Tenant may elect to terminate this Lease upon written notice to Landlord.

Commencement of Tenant's obligations to pay rent, and additional rent, is contingent upon the occurrence of the foregoing (unless waived in writing by Tenant):

- (i) Approval of the Premises by the State of Delaware Board of Education for Tenant's intended use;
- (ii) Certificate of occupancy for the Premises for Tenant's intended use;
- (iii) Delivery to Tenant, within thirty (30) days after the date hereof, of a satisfactory report from the current service provider for maintenance of the HVAC systems and equipment of the Premises that all of the systems and equipment is in good working order, such report to include results of all inspections specified in Exhibit "A" included in Section 6b hereof.

If the foregoing contingencies have not been satisfied by August 21, 2015, Tenant may elect to terminate the lease by written notice to Landlord.

1. **RENT:** Tenant shall pay to Landlord, without demand, deduction or offset, rent at the annual rate of as per rent schedule below payable monthly in advance the first day of every month in equal amounts of as per rent schedule below. **Tenant shall occupy building 170 during months one through twelve and buildings 160 and 170 during months thirteen through seventy-two and during subsequent renewal terms. The terms of this lease shall only apply to the space occupied by Tenant.**

<u>Months</u>	<u>Monthly</u>	<u>Annual</u>	<u>Cost/SF/Year</u>
1-3*	Free	N/A	N/A

4-12	\$39,080.13	\$468,961.50	\$10.50
13-15	\$40,057.13	\$480,685.54	\$10.76
16-24	\$72,344.63	\$868,135.54	\$10.76
25-36	\$74,153.24	\$889,838.93	\$11.03
37-48	\$76,007.07	\$912,084.90	\$11.31
49-60	\$77,907.25	\$934,887.02	\$11.59
61-72	\$79,854.93	\$958,259.20	\$11.88

In addition to monthly rent, Tenant shall be responsible for those items specifically addressed in the Service Rider.

*Regardless of when the Lease Term commences, Tenant will get the benefit of no less than ninety-two (92) days of rent-free period.

2. **POSSESSION:**

a. Landlord will deliver, and Tenant agrees to accept, the Premises in their present "AS IS" condition **EXCEPT, building shall be delivered ADA compliant and free of roof leaks** (and damages caused by the leaks will be repaired), with all HVAC equipment in good working order (or corrected within thirty (30) days after the date hereof) and all work identified on Exhibit A attached hereto to be completed within thirty (30) days after the date hereof. These same terms and conditions shall apply to 160 Lukens Drive at the time possession of that building is delivered to Tenant. Should Landlord fail to perform by the time due any of the necessary repairs above and pursuant to Exhibit A, Tenant may have the work performed by a contractor to be selected by Tenant. Tenant may deduct the cost of all such necessary repairs to the Premises which it has made from the monthly rent or rentals. With respect to any necessary repairs that Tenant has previously disclosed in writing to Landlord other than those listed on Exhibit A, Tenant may elect to perform that work with the understanding that it will bill that work back to Landlord. Tenant will provide to Landlord copies of invoices documenting the work and Landlord will pay Tenant those documented repair costs up to, in the aggregate \$5,000.00. In the event of non-payment thereof, Tenant shall have the option of crediting such nonpayment against rent due or to become due hereunder.

b. The taking of possession of the Premises by Tenant shall constitute and acknowledgement by Tenant that the Premises are in good condition and satisfactory to Tenant, except for the work to be completed by Landlord as provided in Section 2a above. Tenant agrees that in the event of the inability of landlord to deliver possession of the Premises at the commencement of the lease term, Landlord shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Tenant shall not be liable for any rent until such time as landlord can and does deliver possession. In the event of such a delay, it is understood and agreed that the commencement of the term of this Lease shall also be postponed until delivery of possession and that the termination date of the term shall be correspondingly extended.

3. **USE OF PREMISES:**

a. Tenant may use the Premises for educational use and any other lawful use. The premises can be used for the above purposes or any other usage not deemed to be hazardous, damaging or degrading on account of fire or otherwise. The Landlord is aware of Tenants intended use and does not consider it hazardous.

b. Tenant shall comply with all governmental laws, ordinances and regulations applicable to its use of the demised premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon or connected with its use of the demised premises, all at Tenant's sole risk and expense.

c. In the event the State, County or local building code requires any repairs, modifications, alterations or additions to the premises or surrounding grounds, beyond the agreed Tenant improvements, to permit the continued use of the Premises by the Tenant for the purposes stated in this Lease, the Tenant shall promptly undertake to do all such required work at its expense, or the Lessor will have, at its option, the right to renegotiate or terminate the Lease; however, Tenant has the right to lawfully contest any such requirements in accordance with procedures allowed by law. Landlord will not be responsible for maintaining the visual appearance of the lot area. Tenant will be responsible for screening and maintaining the lot area so that it does not detract from the surrounding buildings. At the request of the Landlord, Tenant shall clean up the lot area, which is unsightly. If any of the said repairs, modifications, alterations or additions are the responsibility of the Tenant, as defined in Section 5 or Section 6 or other sections of this Lease, and Tenant shall fail to do so after written notice and a reasonable period to cure that failure, then the Tenant shall repay to the Landlord, as additional rent, the cost of those repairs, modifications, alterations or additions within ten (10) days of the Landlord's written request for repayment; but Landlord has advised Tenant that currently no such services are shared and all utilities are directly servicing the Premises.

4. **UTILITY SERVICES:** Tenant shall pay when due all charges for water, gas, fuel, oil, sewer, telephone, electricity and other utilities and services used on or charged against the premises, including charges for water, telephone, system monitoring and inspection related to the sprinkler system or burglar system, if applicable. To the extent that water, sewer and the exterior electric bills and sprinkler system monitoring and inspections fees are submitted to the Landlord for the Premises or the common areas, Tenant shall pay as additional rent it pro-rated share of same; but Landlord has advised Tenant that currently no such services are shared and all utilities are directly serving the Premises.

5. **MAINTENANCE BY LANDLORD:**

a. Landlord shall at its expense maintain, including replacement if necessary, only the roof, foundation, and the structural soundness of the exterior walls of the building in good repair and condition, including termite eradication throughout, but excluding all windows, window glass, plate glass, and all doors.

b. Tenant shall repair and pay for any damage caused by Tenant's negligence or default hereunder or that of its agents, invitees, employees, and customers. Landlord shall immediately give written notice to Tenant of the need for repairs and Tenant shall proceed

promptly to make such repairs, Tenant's liability hereunder shall be limited to the cost of such repairs or corrections.

6. **MAINTENANCE BY TENANT:**

a. Tenant covenants throughout the term, at its expense, to maintain in good order and repair the interior structure of the Premises, and to maintain and replace when necessary, all window and door glass therein, interior and exterior, to maintain and repair all building service equipment therein including, but not limited to, electrical, plumbing, heating, air conditioning, and sprinkler equipment, pipes, wires, ducts, fixtures, and appliances; to make all ordinary and necessary repairs, to keep the Premises in a safe, clean and sanitary condition, to provide for the removal of trash and rubbish; and to surrender to Premises at the end of the term in as good condition as when received except for ordinary wear and use, fire or other unavoidable casualty. HVAC Responsibility: Tenant is responsible for and required to properly maintain, service and repair and/or replace all mechanical systems and HVAC Systems, serving the premises as its sole cost and expense. Notwithstanding the foregoing, Tenant's liability for maintenance, service, repairs and/or replacements of such systems will not exceed \$500 per repair. All costs in excess of \$500 are the responsibility of Landlord who shall pay the same within ten (10) days of written request from Tenant. If Landlord does not timely make any such payment, Tenant may deduct all such costs invoiced to Landlord from the monthly rent or rentals. Other than Tenant's responsibility above with respect to certain costs of maintaining the HVAC Systems, any replacements of systems or equipment are the responsibility of Landlord, provided that Landlord's responsibilities for replacement of any HVAC Systems is contingent on Tenant having maintained the maintenance contract provided for in Section 6b hereof.

b. Without limiting Tenant's obligations under Para. 6a above, Tenant shall, at all times during the term of this Lease, have and keep in force a maintenance contract, in form and with a contractor satisfactory to Landlord, providing for inspection at least once each calendar quarter of the heating, air conditioning and ventilating equipment (which inspection shall encompass the work described on Exhibit A below, and providing for necessary repairs thereto. Said contract shall provide that it will not be cancelable by either party thereto except upon thirty (30) days' prior written notice to Landlord. Tenant shall send to Landlord a copy of this contract within thirty (30) days of the commencement date of this Lease, as well as provide Landlord with copies of all service calls and reports within fifteen (15) days after any service call. If Tenant fails to provide proof of such contacts within ten (10) days of a written request from the Landlord, Landlord may contract with a reputable supplier on behalf of Tenant and the cost thereof shall be payable by Tenant to Landlord, upon demand, as additional rent.

EXHIBIT "A" - The following work will be required in accordance with the maintenance contract required in Para. 6b of the attached Lease:

1. Check performance of all major components
2. Lubricate moving parts as required
3. Check refrigerant charges (during cooling season)
4. Inspect for oil and refrigerant leaks
5. Check operating and safety controls
6. Check pressures and temperatures

- 7. Inspect condensers
- 8. Inspect fans, motors and starters
- 9. Tighten electrical connections at equipment
- 10. Test amperages and voltages
- 11. Check belts and drives
- 12. Change oil and filters, or dryers, as required (at least four times per year)
- 13. Check temperature on control system
- 14. Thoroughly inspect heat exchanger

c. Notwithstanding anything herein contained, the Landlord's obligation with respect to the repair of any damage to the premises caused by fire or other casualty or by a condemnation shall be determined under the provisions of Paras. 7 and 8, respectively, and not of this Paragraph.

d. Should Landlord fail to perform any of the duties required to be performed by it pursuant to this Paragraph or Para. 3c of this Lease within forty-five (45) days after such failure, Landlord agrees that Tenant may have the necessary work performed by a responsible contractor to be selected by the Tenant after receiving three (3) bids for the required work. The Tenant shall not, however, have any required work performed without first giving the Landlord thirty (30) days notice in writing. The Tenant may deduct the cost of all such necessary repairs to the Premises which it has made from the monthly rent or rentals.

7. **FIRE AND OTHER CASUALTIES:** If the Premises are damaged or destroyed by fire or other casualty, Tenant shall give prompt notice thereof to Landlord.

a. If in the mutual judgment of Tenant and Landlord, the Premises are not usable for Tenant's purposes the Landlord may, at its option, either terminate this Lease or elect to repair and/or rebuild the Premises. The Landlord shall notify the Tenant as to its election within thirty (30) days after Tenant's notice to Landlord. If the Landlord elects to terminate this Lease, the Lease shall be deemed terminated as of the date of the casualty, any rent paid being appropriately apportioned. If the Landlord elects to rebuild and/or repair the Premises, the Landlord and Tenant shall, as soon as possible after receipt by Tenant of Landlord's notice, enter into good faith negotiations to determine the terms for the repair or rebuilding of the Premises, it being understood that in no event shall rent accrue or be payable hereunder between the date of the casualty and completion of all repairs. If, within sixty (60) days after Tenant has notified Landlord of the occurrence of a casualty, no satisfactory terms have been reached, the Tenant may terminate the Lease without liability as of the date of casualty, any rent paid being appropriately apportioned.

All such work to be performed by Landlord, hereunder shall be done in such manner that upon completion thereof, the Premises as restored shall be as useful for its intended purposes as immediately prior to the occurrence of the casualty.

b. If, in the mutual judgment of the Landlord and Tenant, the Premises are usable for Tenant's purposes, such destruction shall in no way annul or void the Lease, except that, the annual rent payable under Para. 1 hereof shall be appropriately reduced and adjusted between Landlord and Tenant as of the date of the occurrence of the casualty, which reduction

shall be in accordance with the ratio which the area of the damaged Premises bears to the area of the Premises prior to the occurrence of the casualty. The Landlord shall restore the Premises within one hundred twenty (120) days period, Tenant shall have the right to cancel this lease without being liable to Landlord for any rent or damages whatsoever at any time before such restoration is completed, provided, however, that in the event Landlord is unable to complete the necessary repairs within said one hundred twenty (120) day period because of events beyond its control, such as inclement weather, strikes, lack of an available labor force, or acts of God, then the one hundred twenty (120) day period shall be adjusted to reflect the delays caused by such events.

8. CONDEMNATION:

a. If the premises shall be taken under any condemnation or eminent domain proceeding, or if such part of the Premises be taken that in the mutual judgment of the Landlord and Tenant, the remainder is not suitable for the Tenant's purposes as set forth in Para. 3 hereof, then this Lease shall terminate as of the date Tenant's use and occupancy thereof was terminated.

b. Any rent paid being appropriately apportioned.

c. If any part of the Premises shall be taken under any condemnation or eminent domain proceeding that, in the mutual judgment of the Landlord and Tenant, the remainder is suitable for the Tenant's purposes as set forth in Para. 3 hereof, then the annual rent payable under Para. 1 hereof shall be appropriately reduced and adjusted between Landlord and Tenants as of the date Tenant shall be required to surrender to the taking authority the taken portion of the Premises, which reduction shall be in accordance with the ratio which the area of the taken portion of the Premises bears to the area of the entire Premises prior to the taking.

d. The proceeds of any condemnation or eminent domain proceeding award, settlement or compromise for the value of the Premises taken shall be distributed between Landlord and Tenant in accordance with their respective interests. If in the condemnation or eminent domain proceedings the value of Tenant's interest in the Premises is not specifically determined, Landlord and Tenant shall negotiate in good faith to agree upon the value of Tenant's interest. In the event Landlord and Tenant are unable to reach an agreement, Tenant may resort to arbitration as provided in Para. 12 hereof. For the purposes of this provision, Tenant's interest shall be construed to include only the value of any alterations or additions made or fixtures installed in the Premises at the expense of Tenant in accord with Para. 9 hereof and the loss of business, if any, attributable to the taking. Tenant shall not be entitled to compensate for the value of its leasehold interest.

The provisions of this Para. 8 shall survive termination or expiration of this Lease.

9. ALTERATIONS, CHANGES AND IMPROVEMENTS:

Tenant shall not create any openings in the roof or exterior walls, nor make any alterations, additions, or improvements to the demised premises without the Landlord's prior consent. Consent for those alterations, additions or improvements shall not be unreasonable withheld by Landlord. Tenant shall have the right at all times to install Tenant's shelves, bins, machinery, air conditioning or heating equipment trade fixtures and signs, and may erect communications antennas on either the

side and/or roof of the demised premises, provided Tenant complies with all applicable governmental laws, ordinances and regulations, and further provided that such installations by Tenant shall not overload, damage or deface the demised premises and shall be done in good and workmanlike manner.

In making any alterations, additions or improvements, Tenant shall not do or suffer, nor have power to do or suffer, anything to be done whereby the Premises may be encumbered by a mechanics' lien or claim. Nothing contained herein shall be taken as giving expressly or impliedly to Tenant any power to subject the Premises to any mechanics' lien or claim, it being intended that whatever is done by Tenant shall be done solely at Tenant's own cost, risk and expense. Tenant shall whenever and as often as any mechanics' lien or claim is filed against the Premises purporting to be for labor or materials furnished or to be furnished, discharge the same of record within ten (10) days after the date of filing, or deposit with Landlord an amount equal to the amount claimed in such mechanics' lien proceeding or claims. Tenant shall save Landlord harmless from and indemnify Landlord against, any and all claims for injury, loss or damage to persons or property caused by or resulting from the doing of any such work.

10. **ASSIGNMENT AND SUBLEASING:** Provided Tenant is not in default of any of the terms, conditions or covenants contained in this Lease, Tenant shall not, without the prior consent of the Landlord, which consent shall not be unreasonable withheld, assign this Lease or sublet to affiliated company of Tenant or Its Parent Company. No assignment or subletting shall be for any use which is unlawful, detrimental to the demised premises, more hazardous on account of fire or otherwise, or for a use that will cause greater wear and tear than the use for which the premises are leased as defined in Paragraph 3 hereinabove or for a term which would extend beyond the termination date of the primary term of this Lease. Notwithstanding any such sublease or assignment, Tenant shall remain principal obligor to the Landlord under all the terms, conditions, covenants and obligations of this Lease; and, the acceptance of an assignment or subletting of the premises by any firm, person or corporation shall be construed as a promise on the part of such assignee or subtenant to be bound by and perform all of the terms, conditions and covenants by which Tenant herein is bound. No such assignment or subletting shall be construed to constitute a novation or a release of any claim Landlord may then or thereafter have against Tenant hereunder. In the event of default by Tenant while the demised premises are assigned or sublet, Landlord, in addition to any other remedies provided herein (or provided by law), may at Landlord's option, collect directly from such assignee or subtenant all rents becoming due to Tenant under such assignment or sublease and Landlord may apply such rent against any sums due to Landlord by Tenant hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the further performance of its obligations hereunder.

11. **LANDLORD'S RIGHT OF ENTRY:** Landlord shall have the right to enter upon the demised premises or any part thereof without charge at all reasonable time and in the case of emergency, at any time, for the purpose of determining whether the covenants herein contained are being carried out by Tenant, to inspect the physical condition of the demised premises, to make or facilitate any repairs or alterations to the demised premises (but nothing contained in this Para. shall obligate Landlord to make any repairs or alterations), to show the demised premises to prospective purchasers or tenants and Tenant shall not be entitled to any

abatement or reduction of rent damages by reason of any of the foregoing. Provided, however, that any such access shall only be allowed if Landlord or his representative is accompanied by an employee of the Tenant, and Tenant hereby agrees not to unreasonably withhold the providing of said employee for this purpose. In addition, Landlord will exercise its right of entry in a way that avoids interference with Tenant's operations (e.g., Landlord can time entry for after school hours). Tenant may identify portions of the Premises that may not be entered (except in the event of an emergency) because of privacy concerns (e.g., areas holding student records).

12. **WAIVER OF TRIAL BY JURY:** It is mutually agreed by and between the Landlord and the Tenant that the respective parties, hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of the Landlord and Tenant, Tenant's use of or occupancy of the Premises and/or any claim of injury or damage and any emergency or any other statutory remedy.

13. **QUIET ENJOYMENT:** Landlord covenants that so long as Tenant is not in default hereunder, Tenant shall peacefully and quietly have, hold and enjoy the Premises for the term of this Lease.

14. **NOTICES:** Unless otherwise provided in this Lease, all notices, demands, requests or other communications hereunder which may be or are required to be given by either party to the other shall be in writing and shall be deemed to have been duly given, effective upon mailing first class certified mail, return receipt requested, to the appropriate party at its address as set forth below or to such other address as may have been furnished in writing to the party giving the notice by the party to whom notice is to be given:

TO TENANT: Family Foundations Academy, Inc
 c/o Nicholas Medaglio, Director of Finance and Operations
 170 Lukens Drive
 New Castle, DE 19720

TO LANDLORD: 4048 Associates, LLC
 4048 New Castle Avenue
 New Castle, DE 19720

15. **SURRENDER:** Tenant shall, upon expiration of this Lease, quit and surrender the premises in the same condition in which said Premises were at the beginning of this Lease, except for reasonable wear and tear, natural deterioration beyond the control of Tenant and damage by fire or other casualty not caused by Tenant, its agents, invitees, employees or customers or tornado. Tenant may, at its option, either abandon in place or remove from the premises any or all alterations, additions, Improvements, equipment and fixtures installed by Tenant. Any damage done to the premises by the Tenant's removal of anything, which may so be removed hereunder by Tenant, shall be repaired by the Tenant at its sole cost and expense.

16. **REAL ESTATE TAXES:**

a. The Landlord covenants that it shall pay all property taxes, special charges and assessments levied or otherwise imposed on the premises including, but not limited to, special charges and assessments for the construction, installation, repairs and maintenance of roads, sewage systems and street lighting. In the event of non-payment thereof, Tenant shall have the option of paying the same and crediting such payment against rent due or to become due hereunder. Because the monthly rent includes the property taxes that remain Landlord's obligation to pay, in the event that the Premises are at any time exempt from property tax or if the property taxes paid for the Premises materially decrease, the parties will equitably reduce the monthly rent.

17. INSURANCE:

a. Tenant will not conduct or permit to be conducted any activity or place any equipment in or about the Premises or the Business Center of which the Premises are a part (if applicable) which will, in any way, increase the rate of fire insurance or other insurance on the Premises or the Business Center; and if any increase in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to any activity or equipment of Tenant in or about the Premises or the Business Center, such statement shall be conclusive evidence that the increase in such rate is due to such activity or equipment of Tenant in or about the Premises or the Business Center. As a result thereof, Tenant shall be liable for such increase in the cost of fire insurance or other insurance, which increase shall be considered as additional rent payable hereunder, and Tenant shall reimburse the Landlord therefore upon demand. To the best of Landlord's knowledge, Tenant's use of the Premises for a school will not increase the insurance expense as aforesaid.

b. Indemnity: The Tenant covenants with the Landlord that Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damage to property of Tenant or any other person during the term of this lease, from any cause whatsoever, by reason of the use, occupancy or enjoyment of the Premises by the Tenant or any person thereon or holding under said Tenant except to the extent caused solely by the negligence or wrongful conduct of the Landlord or its designated agents, servants or employees and that Tenant will indemnify and save harmless the Landlord from all liability whatsoever, on account of any such real or claimed damage or injury from all liens, claims, and demands against Landlord arising out of the use of the Premises and its facilities, or from any repairs or alterations which Tenant may make upon said premises, but Tenant shall not be liable to indemnify Landlord for damage or injury occasioned solely by the negligence or wrongful conduct of the Landlord or its designated agents, servants or employees unless covered by insurance Tenant is required to provide. This obligation to indemnify shall include reasonable attorney's fees and investigation costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made. Landlord shall ensure that any contractors or other agents of the Landlord working on or around the Premises or the Business Center shall be adequately insured to cover risks and liabilities arising from their activities. Tenant shall ensure that any contractors or other agents of the Tenant working on or around the Premises or the Business Center shall be adequately insured to cover risks and liabilities arising from their activities.

c. Subrogation: The Tenant hereby waives any rights it may have against the Landlord and or its insurance carrier on account of any loss or damage occasioned by the Tenant, the Tenant's property, or any other property that the Tenant has brought to the Premises or the Business Center or which the Tenant has permitted anyone to bring into the Premises or onto the Business Center, arising from risk generally covered by fire and extended coverage insurance. The Landlord hereby waives any rights it may have against the Tenant and or its insurance carrier on account of any loss or damage occasioned by the Landlord, the Landlord's property, or any other property that the Landlord has brought to the Premises or the Business Center or which the Landlord has permitted anyone to bring into the Premises or onto the Business Center, arising from risk generally covered by fire and extended coverage insurance.

d. Tenant Insurance: Tenant further covenants and agrees that from and after the delivery of the Premises from Landlord to Tenant, Tenant will carry and maintain, at its sole cost and expense, the following types of insurance, in at least the amounts specified and in the form hereinafter provided for:

1 (a). Commercial General Liability Coverage:

General Aggregate Liability Coverage (other than Products or Completed Operations)	\$2,000,000
Products/Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Fire Damage Limit (any one fire)	\$1,000,000
Medical Expense Limit (any one person)	\$5,000

1 (b). Umbrella or Excess Policy Coverage \$2,000,000

Tenants' Insurance coverage will insure any and all liability of the insured with respect to said Premises or arising out of the maintenance, use or occupancy thereof. All such commercial general liability insurance and umbrella/excess liability insurance coverage shall specifically insure the performance by Tenant of the indemnity provisions as to liability for injury to or death of persons and injury or damage to property contained within this Section 17.

2. Plate Glass: The Tenant shall be responsible for the maintenance of the plate glass on the Premises.

3. Tenant Improvements: Insurance covering all of these items specified as Tenant's modifications, Tenant's work or Tenant's leasehold improvements, trade fixtures, merchandise and personal property from time to time in or upon the Premises, and personal property, of other in Tenant's possession, in an amount not less than the full replacement cost without deduction for depreciation from time to time during the term of this Lease, providing

protection against any peril including within the classification "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism and malicious mischief. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of Section 19 hereof.

4. Policy Form: All policies of insurance provided for herein shall be issued by insurance companies with general policyholders' rating of not less than A-, size VII (\$50,000,000 - \$100,000,000 in Adjusted Policyholder Surplus) as rated in the most current "Best Insurance Reports", and qualified to do business in the State of Delaware and shall be issued in the names of Landlord, Tenant and such other persons or firms as Landlord specifies from time to time. Such policies shall be for the mutual and joint benefit and protection of Landlord, Tenant and others hereinabove mentioned and executed copies of such policies of insurance or certificates hereof shall be delivered to the Landlord with ten (10) days after delivery of possession of the Premises to Tenant and thereafter within thirty (30) days prior to the expiration of the term of such policy. All public liability and property damage policies shall contain a provision that the Landlord, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents and employees by reason of the negligence of the Tenant. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by the Tenant in like manner and to like extent. All policies of insurance delivered to the landlord must contain a provision that the company writing said policy will give to the Landlord twenty (20) days notice in writing in advance of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with and not in excess of coverage which the Landlord may carry.

5. Failure of Tenant to Obtain: In the event that Tenant fails to procure and/or maintain any insurance required by this Section 17, or fails to carry insurance required by law or governmental regulation, Landlord may (but without obligation to do so) at any time or from time to time, but with prior written notice, procure such insurance and pay the premiums therefore, in which event Tenant shall repay the Landlord all sums so paid by Landlord as additional rent within ten (10) days following Landlord's written demand to Tenant for such payment.

c. Blanket Policy: Notwithstanding anything to the contrary contained within this Section 17, the Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so called blanket policy or policies of insurance carried and maintained by the Tenant; provided, however, that the Landlord and others hereinabove mentioned shall be named as an additional insured thereunder as their interests may appear and that the coverage afforded the landlord will be reduced or diminished by reason of the use of such blanket policy of insurance, and provided further that the requirements set forth herein are otherwise satisfied. The Tenant agrees to permit the Landlord at all reasonable times to inspect the policies of insurance of the Tenant covering risks upon the premises for which policies or copies thereof are not required to be delivered to the Landlord.

f. Landlord Insurance: The Landlord will place fire and extended coverage (and including so-called all-risk coverage or its then current equivalent) insurance upon all

buildings and other improvements constituting a part of the demised premises and the amount shall be for the full insurable replacement value thereof.

18. **EQUIPMENT WARRANTY:** Landlord hereby agrees to give Tenant the benefit of any and all warranties or guarantees, if any, which Landlord may have or to which Landlord is entitled, covering air conditioning equipment, heating equipment, plumbing or any other portion of the herein demised premises which is the subject of a warranty of guaranty and for which Tenant is responsible under this Lease, and covering the roof if Tenant performs Landlord's obligation with respect thereto under Para. 6d of this Lease.

19. **DEFAULT:** If during the term of this Lease there shall occur any of the following events:

a. if the Tenant shall file a voluntary petition in bankruptcy or for reorganization, or shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, or

b. if a receiver, trustee or liquidator of the Tenant or if all or substantially all of the property of the Tenant shall be appointed in any proceeding brought by the Tenant, or if any such receiver, trustee or liquidation shall be appointed in any proceeding brought against the Tenant and such receiver, trustee or liquidator shall not be discharge within sixty (60) days after such appointment, or if the Tenant by the order or decree of a court shall be adjudicated a bankrupt or declared insolvent, or shall be dissolved, or

c. if a petition proposing the liquidation or reorganization of the Tenant pursuant to the Federal Bankruptcy Act or any similar law, Federal or State, shall be filed against the Tenant and such petition shall not be discharged or denied within sixty (60) days, or

d. if the interest of the Tenant in the premises shall be sold under execution of other legal process, or

e. if the Tenant shall fail to pay any installment of rent or sum payable as rent and the same remains unpaid for five (5) days after Tenant's receipt of written notice from Landlord that the payment was not made when due.

f. if the Tenant shall default in the performance of any other requirement of this Lease and Tenant shall not start to cure the same within thirty (30) days after Tenant's receipt of written notice from Landlord that the performance was not made when due and Tenant shall not in good faith and with due diligence be proceeding to cure within a reasonable time to cure the same.

In any of such events of default (i.e. as set forth above in Paragraph 19 a-f) Landlord may at Landlord's option either terminate this Lease or re-enter and take possession of the Premises, and either the giving of such notice or such re-entry and taking possession shall terminate this Lease and all the right, title and interest of Tenant hereunder, without prejudice, however, to the right of the Landlord to exercise all other available legal remedies and without discharging Tenant from any of its liabilities hereunder.

In the case of any default hereunder, Landlord shall have the right to pursue statutory summary possession proceedings without prejudice to Landlord's exercise of its other remedies hereunder.

In the case of any default hereunder, Landlord may exercise its statutory remedy of distress for rent without prejudice to Landlord's exercise of its other remedies hereunder.

Landlord will permit any lender to Tenant to access the Premises and recover its collateral.

20. **INDEMNIFICATION OF LANDLORD:** Landlord shall have no liability to Tenant or to third persons for property damage or personal injuries resulting from any act or omission by Tenant under this Lease, and Tenant shall indemnify and save Landlord harmless from all liability, loss and claims of every kind and nature arising out of the obligations of Tenant undertaken herein, excepting, however, losses or claims paid for by insurance, and damage, personal injuries, liability, loss or claims caused by the negligence of Landlord, its agents, representatives or invitees.

21. **SUBORDINATION:** This Lease is and shall be subordinate to each mortgage, and to all renewals, modifications, amendments, replacement, consolidation and extensions, thereof, at any time a lien upon Landlord's interest in the Premises; provided, however, that if any such mortgage shall be foreclosed and if Tenant shall not then be in default under this Lease, then the mortgagee shall not disturb the Lease or Tenant's possession of the Premises by reason of the foreclosure of any such mortgage and Tenant shall have the quiet, peaceful and uninterrupted possession of the demised premises. At Tenant's request, Landlord will deliver to Tenant reasonable written confirmation by the holder of such mortgage of such agreement not to disturb Tenant's possession and this Lease. Within thirty (30) days after the date hereof, and as a condition to Tenant's obligation to pay rent or additional rent, Landlord shall deliver to Tenant a confirmation of such non-disturbance protection from the holder of any mortgage on the Premises as of the date hereof.

22. **DEFINITION OF LANDLORD AND TENANT:** Wherever used herein, the words "Landlord" and "Tenant" shall be construed to mean Landlords and Tenants where there is more than one Landlord or Tenant, and the necessary grammatical changes required to make the provisions hereof apply either to corporations, partnerships or individuals, men or women, shall in all cases be assumed as though in each case fully expressed. Each of the provisions of this Lease shall extend to, and shall bind or insure to the benefit of not only Landlord and Tenant, but also their respective heirs, successors, legal representatives and assigns, so far as this Lease and the term hereby created is assignable by the terms hereof.

23. **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.

24. **ENTIRE AGREEMENT:** This Lease Agreement embodies the entire agreement between the parties hereto and there have been no agreements, representations, or warranties between the parties other than those set forth or provided for herein. This Lease Agreement may

not be changed or modified in whole or in part except by supplemental Lease Agreement signed by the parties hereto.

25. **OPTIONS**: Provided tenant is not in default of this lease, Landlord shall grant to tenant the option of extending this lease for three (3) periods of five (5) years each. All terms and conditions shall be the same except that (i) for the first such option, the minimum annual rent shall be one hundred and two and one half percent (102.5%) of the rent in the last year of the original term with an annual increase of two and one half percent (2.5%) thereafter and (ii) for each of the other two such options, the minimum annual rent shall be negotiated between Landlord and tenant. In the event that real estate taxes have increased by more than 5% during any single tax year during the lease term or subsequent renewal term, Tenant shall be responsible for the minimum annual rent plus any amount over the five percent (5%) increase to real estate taxes. Tenant shall give Landlord at least (90) day's notice of their intent to renew said lease.

26. **SECURITY DEPOSIT**:

a. Tenant has deposited with Owner **\$39,080.13**, receipt of which is hereby acknowledged, as security for the full and faithful performance of each and every term, provision, covenant and conditions of this lease. Upon the delivery of possession of 160 Lukens Drive to Tenant by Landlord, Tenant will deposit with Owner an additional **\$33,264.50** as security deposit. Tenant may elect to replace the cash deposit with a letter of credit. In the event Tenant defaults in respect of any of the terms, provisions, covenants or conditions of this lease, including but not limited to the payment of rent, Owner may use, apply or retain the whole or any part of such security deposit for the payment of any rent in default or for any other sum which Owner may spend or be required to spend by reason of Tenant's default. Owner will give Tenant prompt written notice of Owner's intent to use the security deposit and the purpose of that use. Should Tenant faithfully and fully comply with all of the terms, provisions, covenants and conditions of this lease, the security deposit or any balance thereof shall be returned to Tenant at the expiration of the term hereof. Tenant shall not be entitled to any interest on said security deposit.

b. Tenant agrees that it will not rely upon the security deposit as the last month's rent and that if it does so, Landlord will be entitled to, as liquidated damages for the breach of this section of this Lease, an amount equal to one monthly installment of the Annual Rent at the annual rent in effect at the time of the breach of this Section of the Lease.

27. **ANNUAL INCREASE**: Two and one-half percent (2.5%) base rent increase per annum.

28. **SIGNS**. Tenant may at its expense install any and all building and monument signs for the Premises as permitted by applicable municipal regulations and permits.

29. **RIGHT OF FIRST REFUSAL**. If the Landlord should, at any time during the time this Lease is in force and effect, receive a bona fide offer to purchase the Premises, and such offer is satisfactory to Landlord, Landlord shall promptly give written notice of such offer to Tenant. Said notice shall contain the price as well as all terms and conditions of the offer. The terms of such sale must be for the Premises only (and not including other property) and on an

arms' length basis and may not contain any term or condition that cannot be delivered or performed by any third party. Tenant shall have and is hereby granted a right for a period of ten (10) business days from receipt of the notice (the "Acceptance Period") within which to elect, by written notice to Landlord, whether or not to purchase the Premises under the same terms and conditions as those offered to Landlord in such notice. If Tenant shall fail to respond to said notice within the Acceptance Period, Tenant will be deemed to have elected not to purchase the Premises. If Tenant does not exercise Tenant's right to purchase within Acceptance Period, Landlord shall be free to make a sale of the Premises to that offeror upon the terms contained in the offer. Any sale by Landlord, other than to Tenant, shall be made expressly subject to the terms, provisions and conditions of this Lease. If Landlord does not sell the Premises to the offeror pursuant to such offer, the right of first refusal to purchase hereby granted to Tenant shall be applicable to all future offers for purchase of the Premises, including any further negotiations for purchase by such a prior offeror. As used in this Section, the term Landlord includes the person, persons, party or parties named as Landlord in the preamble of this Lease and any successor to any such person, persons, party or parties whether by purchase or otherwise. The right to purchase granted to Tenant in this Section shall apply to any offer of a ground lease, master lease or other long-term lease arrangement and shall apply to the sale of more than fifty percent (50%) ownership interests in Landlord (in one or a series of transactions).

30. EARLY USE OF 160 LUKENS. Tenant has the option to use up to two (2) classrooms and/or the gym facility (which contains 6,328 square feet) located at 160 Lukens Drive prior to taking possession of 160 Lukens Drive. Tenant will give notice to Landlord of its exercise of such option. If Tenant exercises this option, Tenant will pay monthly rent based on the then current rental rate for the square footage of the classroom and/or gym elected (subject to the 3 months rent-free period) and the prorated share (based on square footage) of utilities from the date Tenant's occupancy of that space commences. Tenant shall also have such reasonable rights of access as are necessary for Tenant to access and use this space prior to its possession of 160 Lukens Drive.

31. ATHLETIC FIELD. Tenant will have the right to use, rent free, the additional field previously made available to the prior tenant of the Premises and that is now part of an approximately 175 acre tract owned by Landlord or an affiliate and intended for future use or development. This use is subject to the condition that if the owner ever needs that ground during the Lease Term or subsequent renewals, it can take it back, at its election, by notice to Tenant. Landlord will give as much prior notice as possible in light of its intended development or use of the ground.

SERVICE RIDER

HEAT	TENANT (DIRECT)
AIR CONDITIONING	TENANT (DIRECT)
ELECTRIC SERVICE	TENANT (DIRECT)
GAS SERVICE	TENANT (DIRECT)
WATER CHARGES	TENANT (DIRECT)
SEWER CHARGES	TENANT (REBILLED)
SNOW & ICE REMOVAL FROM SIDEWALKS,	TENANT (DIRECT)
SANDING & SALTING ALL SIDEWALKS	TENANT (DIRECT)
SNOW & ICE REMOVAL FROM ROAD & LOTS,	TENANT (DIRECT)
SANDING & SALTING ROAD & LOTS	TENANT (DIRECT)
REPLACE WINDOW GLASS	TENANT (DIRECT)
REPLACE DOOR GLASS	TENANT (DIRECT)
REPAIR OR REPLACE DOORS	TENANT (DIRECT)
REPAIR DOOR ACCESS CONTROLS	TENANT (DIRECT)
JANITORIAL & CLEANING SERVICES	TENANT (DIRECT)
WINDOW WASHING	TENANT (DIRECT)
HVAC MAINT. & REPAIRS	TENANT (DIRECT)
HVAC QTRLY. EQUIPMENT SERVICE	TENANT (DIRECT)
HVAC REPLACEMENT CAUSED BY TENANT'S FAILURE TO SERVICE EQUIPMENT	TENANT
HVAC EQUIPMENT REPLACEMENT	LANDLORD
ROOF REPAIRS	LANDLORD
STRUCTURAL REPAIRS	LANDLORD
PARKING LOT MAINTENANCE	LANDLORD
TRASH/ RUBBISH REMOVAL	TENANT (DIRECT)
PEST CONTROL	TENANT (DIRECT)
TELEPHONE & DATA SYSTEMS	TENANT (DIRECT)
MOWING & LAWN & SHRUB CARE	TENANT (DIRECT)
ORDINARY REPAIR, INTERIOR	TENANT (DIRECT)
ORDINARY REPAIR, EXTERIOR	TENANT (DIRECT)
LIGHT BULBS & FIXTURES	TENANT (DIRECT)
FIRE SYSTEM & SECURITY SYS. MONITORING	TENANT (DIRECT)
ANNUAL /QTRLY FIRE SYSTEMS INSPECTION	TENANT (REBILLED)
TELEPHONE LINES FOR FIRE SYSTEMS	TENANT (REBILLED)
ELEVATOR SERVICE & MAINTENANCE	TENANT (REBILLED)
SEMI ANNUAL ELEVATOR TESTING	TENANT (REBILLED)

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

ATTEST:

4048 Associates, LLC

Richard Ferrara

V.R. Negro
BY:

ATTEST:

TENANT: Family Foundations Academy, Inc

Julia A. Hottel

Charles S. McDowell
BY: Charles S. McDowell
President

EXHIBIT A

Landlord's Repair Work

ADA

The handrails in the fire stairs do not have the extension at the top or bottom of each handrail.

Main stair

The handrails: they create a ladder effect, there is not guard rail above the handrail, there is not a proper length extension top and bottom, the center switchback handrail is not continuous and there is not center rail.

Gang toilet rooms

The counter tops are higher than code and need the drains insulated to protect users.

Water fountains

A fountain with a high/low component is now required for new installations. Current fountains are full height.

General Maintenance Issues:

- Confirm functionality of all HVAC systems. ID when filters were changed and how often they are to be changed.
- Confirm functionality of all toilet facilities (Urinals had been out of use for some time. One toilet has an "out of order" sign on it.)
- Replace broken latches at toilet stalls
- Address any roof leaks.
- Replace ceiling tiles with old stains to enable ID of any future/current leaks.
- Confirm that all maintenance rooms, electrical closets, elevator doors, etc., into corridors have functioning closers installed.
- Replace all light bulbs (lamps).
- Missing window film on one of two storefront doors the exit to the south (near fire stair).

- Repair window gasket in the south east room on the first floor. Confirm status of gaskets in general.
- The southeast room on the first floor is missing some mini blinds. At those missing locations, it has mini blind brackets but not the blinds themselves. Check all rooms for mini blind status.
- Cracked prismatic light fixture lenses.
- Gang toilet room counters are de-laminating.
- One gang toilet room has a large hole in the drywall at the floor base.

For 160, the same analysis will need to be done at the time proposed for delivery of that space, and all necessary ADA repairs made.