

The submission of this document for examination does not constitute an option of offer to lease space at the Property. This document shall have no binding effect on the parties unless executed by the Landlord and the Tenant and a fully executed copy is delivered to the Tenant.

6/02

**CASTLE ON THE HILL LEASE**

This Agreement, made and entered into this 10<sup>th</sup> day of October, 2002, by and between CASTLE ON THE HILL LIMITED LIABILITY COMPANY ("Landlord") and CASTLE ON THE HILL ASSOCIATION ("Tenant").

The parties agree as follows:

**1. PREMISES-TERM.**

Landlord leases to Tenant the following real estate, situated in Woodbury County, Iowa:

The auditorium, lower gymnasium, office space, gift shop space and print shop museum ("Premises") (office, gift shop and print shop museum space further described in paragraph 18) located in the former Central High School building situated on the real estate described as follows, to wit:

All of Block Sixty-Nine (69), and the vacated alleys therein, together with the North One (1) foot of that part of vacated Twelfth Street which abuts thereon, Sioux City East Addition, in the County of Woodbury and State of Iowa

together with all improvements thereon, and all rights, easements and appurtenances thereto belonging, for a Set forth in Paragraph 18 herein.

**2. RENT.**

Tenant agrees to pay Landlord as rent \$ 1.00 per year in advance commencing on the first day of this lease and on the same day of each year thereafter, during the term of this lease. Rent for any partial month shall be prorated accordingly. As additional rent, Tenant shall also pay:

All sums shall be paid at the address of Landlord, or at such other place as Landlord may designate in writing. Delinquent payments shall draw interest at 10% per annum.

**3. POSSESSION.**

Tenant shall be entitled to possession on the first day of the lease term, and shall yield possession to Landlord at the termination of this lease. SHOULD LANDLORD BE UNABLE TO GIVE POSSESSION ON SAID DATE, TENANTS ONLY DAMAGES SHALL BE A PRORATA ABATEMENT OF RENT.

**4. USE.**

Tenant shall use the premises only for Any lawful use.

**5. CARE AND MAINTENANCE.**

- A) Tenant takes the premises as is, except as herein provided;
- B) Landlord shall keep the following in good repair: (strike inapplicable words) (roof), (exterior walls), (foundation), (sewer), (plumbing), (heating), (wiring), (air conditioning), (parking area), (driveways), (sidewalks), (exterior decorating).  
Landlord shall not be liable for failure to make any repairs or replacements unless Landlord fails to do so within a reasonable time after written notice from Tenant.

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Doc. No. WOODBURY COUNTY, IOWA  
Filed for Record

JAN 17 2003

1:05 PM Fee \$ 31.50  
PAID BY BILL, AUDREY & ROBERT  
BY SKINNEY Designer

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Landlord
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Tenant

C) Tenant shall maintain the premises in a reasonable safe, serviceable, clean and presentable condition, and except for the repairs and replacements provided to be made by Landlord in subparagraph (b) above, shall make all repairs, replacements and improvements to the premises, INCLUDING ALL CHANGES, ALTERATIONS OR ADDITIONS ORDERED BY ANY LAWFULLY CONSTITUTED GOVERNMENT AUTHORITY DIRECTLY RELATED TO TENANTS USE OF THE PREMISES. Tenant shall make no structural mechanical or exterior changes or alterations without the prior written consent of Landlord, except for renovation of space below stage and access thereto. Further the consent required herein shall not be unreasonably withheld. In addition to the Insurance requirements set forth in Article 9, below, Tenant shall insure for any plate glass or windows in or on the Premises.

**6. UTILITIES AND SERVICES.**

See Paragraph 18

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**7. SURRENDER.**

Upon termination of this lease, Tenant will surrender the premises to Landlord in good and clean condition, except for ordinary wear and tear or damage without fault or liability of Tenant. Continued possession, beyond the term of this Lease and the acceptance of rent by Landlord shall constitute a month-to-month extension of this lease.

**8. ASSIGNMENT AND SUBLETTING.**

No assignment or subletting, either voluntary or by operation of law, shall be effective without the prior written consent of Landlord, which consent shall not unreasonably be withheld.

**9. INSURANCE.**

- A) PROPERTY INSURANCE. Landlord and Tenant agree to insure their respective real and personal property for the full insurable value. Such insurance shall cover losses included in the Insurance Services Office Broad Form Causes of Loss (formerly fire and extended coverage) to the extent permitted by their policies the Landlord and Tenant waive all rights of recovery against each other.
- B) LIABILITY INSURANCE. Tenant shall obtain commercial general liability insurance in the amounts of \$1,000,000.00 each occurrence and \$2,000,000.00 annual aggregate per location. This policy shall be endorsed to include the Landlord as an additional insured.

**10. LIABILITY FOR DAMAGE.**

Each party shall be liable to the other for all damage to the property of the other negligently, recklessly or intentionally caused by that party (or their agents, employees, or invitees), except to the extent the loss is insured and subrogation is waived under the owner's policy.

**11. INDEMNITY.**

Except for the negligence of Landlord, Tenant will protect, defend, and indemnify Landlord from and against any and all loss, costs, damage and expenses occasioned by, or arising out of any accident or other occurrence causing or inflicting injury or damage to any person or property, happening or done in, upon or about the premises, or due directly or indirectly to the tenancy, use or occupancy thereof, or any part thereof by Tenant or any person claiming through or under Tenant.

**12. DAMAGE.**

In the event of damage to the premises, so that Tenant is unable to conduct business on the premises, this lease may be terminated at the option of either party. Such termination shall be effected by notice of one party to the other within twenty days after such notice, and both parties shall thereafter be released from all future obligations hereunder.

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**13. MECHANICS LIENS.**

Neither Tenant, no anyone claiming by, through, or under Tenant, shall have the right to file any mechanic's lien against the premises. Tenant shall give notice in advance to all contractors and subcontractors who may furnish, or agree to furnish, any material, service or labor for any improvement on the premises. Tenant agrees to provide Landlord with lien waivers from any contractor or supplier who has provided services or work in the Premises.

**14. DEFAULT, NOTICE OF DEFAULT AND REMEDIES.**

EVENTS OF DEFAULT

A) Each of the following shall constitute an event of default by Tenant: (1) Failure to pay rent when due; (2) failure to observe or perform any duties, obligations, agreements, or conditions imposed on Tenant pursuant to the terms of the lease; (3) abandonment of the premises. "Abandonment" means the Tenant has failed to engage in its usual and customary business activities on the premises for more than Six (6) months, (4) institution of voluntary bankruptcy proceedings by Tenant; institution of involuntary bankruptcy proceedings in which the Tenant thereafter is adjudged a bankruptcy; assignment for the benefit of creditors of the interest of Tenant under this lease agreement; appointment of a receiver for the property or affairs of Tenant, where the receivership is not vacated within ten (10) days after the appointment of the receiver.

NOTICE OF DEFAULT

B) Landlord shall give Tenant a written notice specifying the default and giving the Tenant ten (10) days in which to correct the default. If there is a default (other than for nonpayment of a monetary obligation of Tenant, including rent) that cannot be remedied in ten (10) days by diligent efforts of the Tenant, Tenant shall propose an additional period of time in which to remedy the default. Consent to additional time shall not be unreasonably withheld by Landlord. Landlord shall not be required to give Tenant any more than three notices for the same default within any 365 day period.

REMEDIES

C) In the event Tenant has not remedied a default in a timely manner following a Notice of Default, Landlord may proceed with all available remedies at law or in equity, including but not limited to the following: (1) **Termination.** Landlord may declare this lease to be terminated and shall give Tenant a written notice of such termination. In the event of termination of this lease, Landlord shall be entitled to prove claim for and obtain judgment against Tenant for the balance of the rent agreed to be paid for the term herein provided, plus all expenses of Landlord in regaining possession of the premises and the reletting thereof, including attorney's fees and court costs, crediting against such claim, however, any amount obtained by reason of such reletting; (2) **Forfeiture.** If a default is not remedied in a timely manner, Landlord may then declare this lease to be forfeited and shall give Tenant a written notice of such forfeiture, and may, at the time, give Tenant the notice to quit provided for in Chapter 648 of the Code of Iowa.

**15. SIGNS.**

Landlord, during the last ninety days of this lease, shall have the right to maintain on the premises either or both a "For Rent" or "For Sale" sign. Tenant will permit prospective tenants or buyers to enter and examine the premises.

**16. NOTICES AND DEMANDS.**

All notices shall be given to the parties hereto at the addresses designated unless either party notifies the other in writing of a different address. Without prejudice to any other method of notifying a party in writing or making a demand or other communication, such notice shall be considered given under the terms of this lease when it is deposited in the U.S. Mail, registered or certified, properly addressed, return receipt requested, and postage prepaid.

**17. PROVISIONS BINDING.**

Each and every covenant and agreement herein contained shall extend to and be binding upon the respective successors, heirs, administrators, executors and assigns of the parties hereto.

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18. ADDITIONAL PROVISIONS.

ROLL 572 IMAGE 1594

- A) The space for the office and the gift shop will be an area of approximately 28 feet by 59 feet located as shown on Sheet A03 of the revised plan identified as Job #01407 dated February 19, 2002. The print shop museum space will be the old book room area which is shown on Sheet #A04 of Job #01407 dated February 19, 2002. This is the area under the west side of the stage and it is designated as "Book room or Print shop".
- B) The term of this lease shall be from the date on which the Landlord has completed renovation of the premises which are the subject of this lease, but in no event shall the date be later than January 1, 2005. The term shall be for a period of 15 years, but Tenant may sooner terminate it upon 60 days written notice.
- C) Landlord shall renovate the auditorium and the lower gymnasium in a manner that they can be (1) leased by Tenant to persons and organizations desiring to use them or (2) used by the Tenant for events. These renovations shall specifically include adding and updating necessary utilities and HVAC, cleaning, painting, upgrading lighting, providing public restrooms, covering and enclosing all windows in the auditorium, creating a door and window in the garage way wall providing access to the old boys locker room and anything else necessary to meet all fire codes. Tenant, its invitees, its tenants and their invitees shall have access to the leased premises on a 24 hour per day, 7 days per week basis, but shall not interfere with Landlord's renovation of same.
- D) The only utilities costs for which Tenant shall be responsible are the additional costs of utilities when events are taking place. These additional utilities are to be determined by comparing utility bills from when the facilities are not in use to those when events have taken place. Further, Tenant shall be responsible for cleaning the leased premises after events and Tenant further agrees to use the cleaning company as designated by Landlord (which shall be the same company as Landlord contracts with for the cleaning of the residential common areas in the Building housing the premises).
- E) Upon 60 days written notice, EFN IX, the "Investor Member", or NuStyle Investment Corporation, the Managing Member, of the Castle on the Hill Limited Liability Company has the right to terminate this lease for causes related to Section 42 low income housing tax credit or the inability of the LLC to meet its financial and contractual obligations.
- F) After the expiration of the term of this lease or after the required 15 year holding period, according to Section 42, the Tenant shall have the exclusive right, for a period of 60 days, to purchase this property at its reasonable market value. If the parties cannot agree on the market value of the property then each shall appoint an appraiser and the purchase price shall be determined by averaging the two appraisals.
- G) In the event that Tenant's use of the premises causes a nuisance to residents living in the building, and thus creates financial hardship on the Castle on the Hill Limited Liability Company, Landlord shall have the right to terminate this lease effective sixty (60) days following written notice to Tenant of same. If tenant can cure default in the 60 days following the written notice, the termination shall be nullified. If there is disagreement between the Landlord and Tenant in this regards, a third party arbitrator may be brought in to rectify the situation during the 60 days.

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IN WITNESS WHEREOF, Landlord and Tenant have signed this lease as of the day and year first-above written.

LANDLORD ADDRESS:

Castle on the Hill Limited Liability Company  
c/o Seldin Company  
13057 West Center Road  
Omaha, NE 68144

LANDLORD:

Castle on the Hill Limited Liability Company

BY: Tommy Barrett

WITNESS: Catherine Briggs

TENANT ADDRESS:

Castle on the Hill Association  
610 13<sup>th</sup> St.  
P.O. Box 1776  
Sioux City, IA 51102

TENANT:

Castle on the Hill Association

BY: Donald Jensen  
Donald Jensen, President

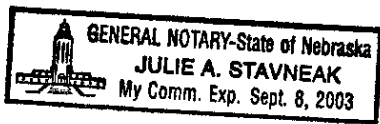
WITNESS: Michael H. Prosser  
BY: Michael H. Prosser, Treasurer

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Landlord
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STATE OF NEBRASKA )  
 ) ss:  
COUNTY OF DOUGLAS )

On this 11<sup>th</sup> day of October, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared Tammy Barrett to me personally known, who being by me duly sworn, did say that she is the president, of said corporation; that (no seal has been procured by the said) (the seal affixed thereto is the seal of said) corporation that said instrument was signed (and sealed) on behalf of said corporation by authority of its Board of Directors; and that the said Tammy Barrett as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.

Julie A. Stavneak  
Notary Public in and for  
said State Nebraska



STATE OF IOWA )  
 ) ss:  
COUNTY OF WOODBURY )

On this 10<sup>th</sup> day of October, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared Donald Jensen and Michael H. Prosser to me personally known, who being by me duly sworn, did say that they are the President and Treasurer, of said corporation; that (no seal has been procured by the said) (the seal affixed thereto is the seal of said) corporation that said instrument was signed (and sealed) on behalf of said corporation by authority of its Board of Directors; and that the said Donald Jensen and Michael H. Prosser, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.

[Signature]  
Notary Public in and for  
said State