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**LEASE**

**THIS AGREEMENT**, made and entered into this 12th day of November, 1996, by and between **MADISON COUNTY MEMORIAL HOSPITAL**, hereinafter called "Landlord", and **COMMUNITY CHILD CARE, LTD.**, hereinafter called "Tenant".

**WHEREAS**, Tenant is obtaining a loan from United States Department of Agriculture, Rural Development, to erect a building on the lease premises described below; and

**WHEREAS**, this Lease will be the primary security for such loan.

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

1. **Premises and Term.** Landlord leases to Tenant the following-described real estate situated in Madison County:

See Exhibit "A" attached hereto,

and all rights, easements and appurtenances thereto belonging, for a term beginning on the 12th day of November, 1996, and ending on the 31st day of December, 2036, or the United States Department of Agriculture Rural Development loan termination date, whichever shall last occur.

2. **Rent.** Tenant shall pay Landlord the sum of One Dollar (\$1.00) per year as rent for such premises, payable on the first day of this lease period, and on the same day of each year thereafter during the term of this Lease.

3. **Possession.** Tenant shall be entitled to possession on the first day of the lease term, and shall give possession to Landlord on the termination of this lease.

4. **Use.** Tenant shall not use the leased premises for any unlawful purposes.

5. **Utilities.** Tenant shall pay all utilities and services which may be used on the leased premises.

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6. **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.

7. **Property Insurance.** To the extent of all insurance collectable for damage to property, and to the extent permitted by their respective policies of fire and extended coverage insurance, each party waives rights of subrogation against the other, regardless of fault.

8. **Indemnity.** Tenant will protect, defend, indemnify, and hold Landlord harmless 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 occurring upon the premises 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.

9. **Liability Insurance.** Tenant shall obtain commercial general liability insurance in the amount of \$500,000 each occurrence, and \$1 million annual aggregate. Such policy shall include liability arising from premises operation, independent contractors, personal injury, products and completed operations, and liability assumed under an insured contract. This policy shall be endorsed to include the Landlord as an additional insured.

10. **Assignment and Subletting.** Tenant shall have the right to assign this lease or mortgage its interest in this lease, and to sublet the premises.

In the event Tenant proposes to assign this lease, mortgage its interest in this lease, or sublet the premises, Tenant shall give the Landlord thirty (30) days' notice of such proposed action. Landlord may within such 30-day period cancel this lease, and all of Tenant's rights

thereto, provided that Landlord pays in full the outstanding balance owing upon the Rural Development United States Department of Agriculture indebtedness which is secured by this lease.

Landlord shall also have the right to cancel this lease in the event it does not use the premises for community child care, sick child care and adult day care. In the event of such cancellation by Landlord, Landlord shall pay in full the outstanding balance owing upon the Rural Development United States Department of Agriculture indebtedness which is secured by this lease.

11. **Termination upon Default of Tenant.** Upon default in payment of rent, abandonment of the premises, or upon any other default by Tenant of the terms of this lease, this lease may, at the option of Landlord, and without prejudice to any other rights or remedies afforded Landlord by law, be cancelled and forfeited; provided, however, before any such cancellation and forfeiture, Landlord shall give Tenant and United States Department of Agriculture Rural Development notice specifying the default, or defaults, and stating that this Lease will be cancelled and forfeited thirty (30) days after notice, unless such default or defaults are remedied within such period.

In the event of default by Tenant, Landlord shall be entitled to recover all costs of collection of any amount due by Tenant to Landlord, including attorney fees if allowable by law.

12. **Mechanics' Liens.** Neither Tenant, nor 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.

13. *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.

14. *Additional Provisions.* All costs, expenses and obligations of every kind relating to the leased premises, including, but not limited to, property taxes, special assessments, liability insurance, property insurance, and all repairs, maintenance and upkeep of every nature which may arise or become due during the term of the lease shall be paid by Tenant, and Landlord shall be indemnified by Tenant against such costs, expenses and obligations.

15. *Annual Statements by Tenant.* Tenant agrees to provide Landlord, at least annually or at such other times as requested by Landlord, its financial statements consisting of its profit and loss statement, balance sheet, and any tax returns filed by Tenant. Tenant shall also furnish, upon request by Landlord, proof that the payments owing to United States Department of Agriculture Rural Development are current and paid up to date.

Dated this 12th day of November, 1996.

MADISON COUNTY MEMORIAL HOSPITAL

By

James Merick  
President Board of Trustees

COMMUNITY CHILD CARE, LTD.

By

Jacque Mts. President  
Mary Ann Hein Secretary

STATE OF IOWA :  
:SS  
MADISON COUNTY :

On this 2 day of December, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared Jim Harvick and ~~Rebecca Mitchell~~ <sup>RKH</sup> ~~Mary Ann Green~~ <sup>Business</sup>, to me personally known, who being by me duly sworn, did say that they are the ~~President of Community Child~~ <sup>RKH</sup> ~~and~~ <sup>Secy</sup> President & Treasurer of Madison County Memorial Hospital; that no seal has been procured by Madison County Memorial Hospital; that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said ~~Mary Ann Green, Rebecca Mitchell~~ <sup>RKH</sup> ~~and~~ <sup>RKH</sup> Jim Harvick, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by Madison County Memorial Hospital and by them voluntarily



Rebekah Mitchell exp. 2-22-97 #173197  
Notary Public in and for the State of Iowa

STATE OF IOWA :  
:SS  
MADISON COUNTY :

On this 12th day of November, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared Jacque Mohs and Mary Ann Green, to me personally known, who being by me duly sworn, did say that they are the President and Secretary of Community Child Care, Ltd.; that no seal has been procured by Community Child Care, Ltd.; that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said Jacque Mohs and Mary Ann Green, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by Community Child Care, Ltd. and by them voluntarily executed.

Jerrold B. Olson  
Notary Public in and for the State of Iowa



**EXHIBIT "A"**

Description of leased premises for Madison County Memorial Hospital-Community Child Care, Ltd. lease.

Commencing at the Southwest Corner of the following described real estate.

Commencing at the Northeast corner of Section One (1), in Township Seventy-five (75) North of Range Twenty-eight (28) West of the Fifth P.M., running thence South,  $89^{\circ}54'$  West, 657.0 feet, thence due South 667.0 feet to the point of beginning, thence continuing due South 383.0 feet, thence South,  $16^{\circ}53'$  West, 74.5 feet, thence South,  $89^{\circ}40'$  West, 638.4 feet, thence due North 457.0 feet, thence North  $89^{\circ}54'$  East, 660.0 feet to the point of beginning.

Thence 53 feet North to the point of beginning, thence East 210 feet, thence North 193 feet, thence West 154 feet, thence North 100 feet, thence West 56 feet, thence South 293 feet to the point of beginning.