

# Partnering with a Provider—

## *Lease & Service Agreement Example*

**Child Care Center License**  
**[Name of Development]**  
**[City, State]**

**LICENSOR: [LICENSOR NAME]**  
**LICENSEE: [LICENSEE NAME]**

**Date: [DATE]**

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**CHILD CARE CENTER LICENSE**  
**[DEVELOPMENT NAME]**  
**[CITY, STATE]**

THIS CHILD CARE CENTER LICENSE (this “License”), is made as of [DATE], by and between [\_\_\_\_\_, a(n) \_\_\_\_\_], (“Licensor”) and [\_\_\_\_\_, a(n) \_\_\_\_\_], (“Licensee”).

**1. LICENSE OF PREMISES**

1.1 Premises. Licensor hereby licenses to Licensee, and Licensee hereby licenses from Licensor, for the term and subject to the covenants hereinafter set forth, to all of which Licensor and Licensee hereby agree, certain space containing approximately [SQUARE FOOTAGE] square feet of interior floor space (the “Premises”) as shown by the cross hatching on the site plan attached hereto as Exhibit A. The Premises is part of the building located at [ADDRESS OF DEVELOPMENT] (the “Building”). The Building is part of the mixed use and residential project commonly known as [DEVELOPMENT NAME] (the “Development”). [Licensor owns a ground leasehold interest in the real property on which the Premises are located, pursuant to that certain Ground Lease Agreement (Residential) (the “Ground Lease”) dated [DATE OF AGREEMENT] between Licensor and the [GROUND LESSOR] (“Ground Lessor”), and this License is subject to the terms and conditions of such Ground Lease. ONLY IF APPLICABLE].

1.2 The Outdoor Play Area (SECTION OPTIONAL). Throughout the term of this License, Licensee shall have the exclusive use, during Licensee’s hours of operation, of the outdoor play area comprising approximately [SQUARE FOOTAGE] square feet immediately adjacent to the Premises as shown on Exhibit A, including the playground improvements thereon (the “Playground Equipment”) (the “Outdoor Play Area”). Licensee may not use the Outdoor Play Area at any time other than during Licensee’s hours of operation established pursuant to [SECTION OF AGREEMENT RE” OPERATING HOURS] (“Licensee’s Operating Hours”) and Licensor shall have the right to use, or grant to any persons or entity(ies) the right to use, the Outdoor Play Area at any time other than during Licensee’s Operating Hours. Licensor and/or its management company shall have the right to access the Outdoor Play Area for maintenance purposes between the hours of [HOURS OF OPERATION], or at other agreed upon times arranged with Licensee.

1.3 Child Care Improvements/Center. The term “Child Care Improvements” shall mean the Premises and the Outdoor Play Area (if applicable). The child care services operation and program conducted by Licensee on the Premises and the Outdoor Play Area shall be referred to herein as the “Child Care Center”.

## 2. LICENSE TO OPERATE

2.1 Occupancy of Child Care Improvements. On the terms and conditions set forth in this License Agreement, Licensor grants to Licensee, and Licensee accepts from Licensor, a license to occupy and use Child Care Improvements. The Child Care Improvements includes [INSERT NUMBER] parking spaces located as shown on Exhibit A. The Child Care Improvements do not include any other space within the Development such as the residential units, any other occupied or reserved parking spaces, operated and used by Licensor exclusively for the benefit of the tenants of Licensor. During the business hours of the Child Care Center, Licensee may allow the children to use, on an exclusive basis, the fenced Outdoor Play Area. Licensee shall not use other play areas in the courtyard that are reserved for the tenants, guests and invitees of Licensor. The Licensor and/or its property management company shall have the right to access the Outdoor Play Area for maintenance purposes in the morning between the hours of 7 am and 8 am or at another agreed upon time as arranged with the Licensee.

2.2 Reservation of Right to Use. Licensor reserves the right to use the Child Care Improvements any evening after 6:00 P.M. on weekdays and all day on weekends and holidays when the Child Care Center is closed with 24-hours advance notice and the consent of Licensee, which consent shall not be unreasonably withheld. Licensor shall name Licensee as additionally insured on Licensor's liability insurance policies. After each use, Licensor shall leave the Child Care Improvements in the same condition in which the Child Care Improvements were found.

2.3 Use of Child Care Improvements During the term of this License, Licensee shall use the Child Care Improvements to provide child care services. The duties and responsibilities of Licensee with respect to its operation of the Child Care Center and use of the Child Care Improvements are set forth in this Section 2.3 as well as other sections of this License.

2.3.1 Licensee shall develop, administer, supervise, and operate the Child Care Center on the Child Care Improvements. Licensee shall obtain and maintain all licenses, permits and approval required by the State and required by those public agencies having jurisdiction over the operation of a Child Care Center on the Child Care Improvements. Licensee shall deliver to Licensor copies of all such licenses, permits, and approvals prior to the time that any children use or occupy the Child Care Improvements. Following the initial provision of these licenses, permits and approvals, the Licensee shall provide these licenses, permits and approvals annually following the State Community Care Licensing Annual Visit. Licensee shall be solely responsible for the recruitment, screening, hiring, training and supervising of all child care staff.

2.3.2 Licensee shall follow the following terms in implementing and operating the Child Care Center:

- (a) Licensee agrees to follow the following minimum staffing guidelines:
  - (i) Infants/Toddlers [INSERT REQUIREMENT, e.g. 1:4]
  - (ii) Pre-schoolers [INSERT REQUIREMENT, e.g. 1:12]
- (b) Age group configurations will change with changing demands. Age groups are defined as follows:
  - (i) Infants/Toddlers           Up to age 24 months
  - (ii) Pre-schoolers            24 months and up
- (c) License will comply with all licensing requirements, including capacity.
- (d) Licensee shall require staff certifications. As a minimum, all staff will have and maintain the necessary current certifications, including, without limitation, any new infant/toddler and continuing education requirements as required by the State of California for licensing purposes.

2.3.3 It shall be the duty of the Licensee, at Licensee's sole cost and expense, to purchase or procure furniture, equipment and supplies for the operation of the Child Care Center.

2.3.4 Licensee shall provide for janitorial, telephone, electric, gas and water services for the Child Care Improvements, and shall pay all monthly telephone, electric, gas and water charges.

2.3.5 [OPTIONAL: If providing meals] Licensee shall provide a minimum of lunch and two (2) snacks per day that meet the requirements of the USDA Child Care Food Program.

2.3.6 Licensee shall submit a statistical and financial report regarding the operations of the Child Care Center to Licensor or its agent on an annual basis by [INSERT DATE] for the preceding fiscal year ended [INSERT DATE].

2.3.7 Licensee will comply with fee schedules, if any, mandated by Licensee's funding sources, and shall make good faith efforts to ensure the fee schedules provide the greatest possible eligibility for low and very low income residents of the Development.

2.3.8 Licensee will be prepared to operate the Child Care Center no later than [DATE], unless delay in occupancy is caused by the Licensor or by licensing approvals. If delay is caused by the Licensor, the Licensor shall notify the Licensee no less than thirty (30) days prior to the mutually agreed upon occupancy date. The Licensor and the Licensee will cooperate to determine a new occupancy date.

2.3.9 Licensee shall establish regular business hours, which shall be subject to approval by Licensor and which shall reasonably accommodate the needs of working parents. The approved business hours shall be posted in the Child Care Center.

### 3. DELIVERY OF PREMISES AND TERM

3.1 Term. The term of this License shall begin on [COMMENCEMENT DATE] (“Commencement Date”) and shall end on [END OF TERM DATE]. Licensors shall deliver the Child Care Improvements to Licensee on the Commencement Date.

3.2 Termination Right. Licensors and Licensee shall each have the right to terminate this License at any time upon at least one hundred eighty (180) days prior written notice to the other, which notice shall specify the date of termination. Notwithstanding the foregoing, Licensee shall not have the right to terminate this License prior to payment in full of the Initial Improvement Rent (if any) in the amount and as defined in the Rent Rider attached hereto. Additionally, subject to the approval of Licensors, which approval shall not be unreasonably withheld, conditioned or delayed, Licensee may terminate this License by giving ninety (90) days prior written notice to Licensors only when Licensee demonstrates that operating funds from the federal or state governments or any other funding source will be or have been terminated, reduced or withheld so that such actions materially impact Licensee’s ability to provide child care services at the Premises.

3.3 Condition of Premises. LICENSEE AGREES THAT THE CHILD CARE IMPROVEMENTS ARE BEING LICENSED BY LICENSOR, AND ARE ACCEPTED BY LICENSEE, IN THEIR EXISTING STATE AND CONDITION, “AS IS, WITH ALL FAULTS,” AND LICENSEE ACKNOWLEDGES AND AGREES THAT NEITHER LICENSOR NOR ITS REPRESENTATIVES HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, WITH RESPECT TO THE CONDITION OF THE CHILD CARE IMPROVEMENTS, THE SUITABILITY OR FITNESS OF THE CHILD CARE IMPROVEMENTS, THE BUILDING OR THE DEVELOPMENT OR ANY APPURTENANCES THERETO FOR THE DEVELOPMENT, USE OR OPERATION OF THE CHILD CARE CENTER, THE COMPLIANCE OF THE CHILD CARE IMPROVEMENTS, THE BUILDING OR THE DEVELOPMENT WITH ANY LAWS, ANY MATTER AFFECTING THE USE, VALUE, OCCUPANCY OR ENJOYMENT OF THE CHILD CARE IMPROVEMENTS, OR, EXCEPT AS MAY BE SPECIFICALLY PROVIDED IN THIS LEASE, WITH RESPECT TO ANY OTHER MATTER PERTAINING TO THE CHILD CARE IMPROVEMENTS OR ANY APPURTENANCES THERETO. LICENSEE HAS INSPECTED OR HAD AN OPPORTUNITY TO INSPECT THE CHILD CARE IMPROVEMENTS FOR CODE AND SAFETY MATTERS, AND HAS SATISFIED ITSELF THAT THE CHILD CARE IMPROVEMENTS ARE SUITABLE AND SAFE FOR ITS USE.

\_\_\_\_\_  
LICENSEE (initial)

3.4 Release and Waiver. As part of its agreement to accept the Child Care Improvements in its “As Is, With All Faults” condition, effective upon delivery, Licensee, on behalf of itself and its successors and assigns, is deemed to waive any right to recover from, and forever releases, acquits and discharges Licensors, its successors and assigns, of and from any and all claims, liability, damage or loss, whether direct or indirect, known or unknown, foreseen or unforeseen, that Licensee may now have or that may arise on account of or in any way be connected with (i) the physical, geotechnical or environmental condition of the Child Care Improvements, including, without limitation, any hazardous materials in, on, under or above the Child Care Improvements (including, but not limited to, soils and groundwater conditions), and (ii) any laws applicable thereto, including, without limitation, laws relating to hazardous materials. If Licensors shall have made available any reports or other documents concerning the Child Care Improvements, including the

physical condition, Licensee acknowledges such reports or other documentation have been provided as an accommodation to Licensee, without representation or warranty, express or implied, regarding their accuracy. Licensee hereby waives and agrees never to assert any claim against Licensor based in whole or in part on any inaccuracy or incompleteness of any such reports or documents.

3.5 Unknown Claims. In connection with the foregoing release, Licensee acknowledges that it is familiar with statutory and common law principles, which provide that a general release does not extend to claims which the creditor does not know or expect to exist in his or her favor at the time of executing the release, which if known to him or her must have materially affected the settlement with the debtor. Licensee agrees that the release contemplated by this Section 3 includes unknown claims. Accordingly, Licensee hereby waives the benefits of any statute or common law principle contrary to the provisions and releases contained in this Section 3. Notwithstanding anything to the contrary in this Lease, the foregoing release shall survive any termination of this Lease.

\_\_\_\_\_  
LICENSEE (initial)

#### 4. RENT

4.1 Base Rent. Subject to the terms of the Rent Rider attached hereto, beginning on the Commencement Date, Licensee shall pay Licensor, in advance, on or before the first day of each calendar month of the term of this License, a monthly base rental equal to \$\_\_\_\_\_ (the “Base Rent”). If the Commencement Date occurs on any day other than the first day of a calendar month, the monthly installment of Base Rent for the period from the Commencement Date through the end of said calendar month shall be due and payable on the Commencement Date, and the Base Rent installment payable upon execution of this License shall be credited against the Base Rent due for the first full calendar month of the term.

[OPTIONAL]

*The Base Rent due hereunder shall increase on [DATE] to \$\_\_\_\_\_ per month.*

[OPTIONAL]

*The Base Rent due hereunder shall be subject to annual increases on each anniversary of the Commencement Date (each a “Base Rent Adjustment Date”), such increases equal to \_\_\_\_\_% of the Base Rent payable during the month immediately prior to such Base Rent Adjustment Date.*

4.2 Rent and Other Charges. Initial Improvement Rent (if any), Market Rent (if any), Base Rent and any other amounts which Licensee is or becomes obligated to pay Licensor under this License, including, without limitation, payments for certain utilities pursuant to Section 7.1, reimbursement for maintenance and repair expenses pursuant to Section 8.1, and reimbursement for insurance expense pursuant to Section 11.5, are sometimes collectively referred to herein as “Rent” and all remedies applicable to non-payment of Rent hereunder, at law or in equity shall be applicable thereto. Licensee shall pay all Rent to Licensor without notice, demand, deduction or offset, in lawful money of the United States of

America, at the address of Licensor specified in next to Licensor's signature hereto, or to such other person or at such other place as Licensor may from time to time designate in writing.

4.3 Late Payments. Licensee acknowledges that the late payment by Licensee of any Rent will cause Licensor to incur costs and expenses, the exact amount of which is extremely difficult and impractical to fix. Such costs and expenses will include administration and collection costs and processing and accounting expenses. Therefore, if any Rent is not received by Licensor within five (5) days after such Rent is due, Licensee shall immediately pay to Licensor a late charge equal to four percent (4%) of such delinquent payment. Licensor and Licensee agree that such late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Licensor for the loss suffered by Licensee's failure to make timely payment. In no event shall such late charge be deemed to grant to Licensee a grace period or extension of time within which to pay any Rent or prevent Licensor from exercising any right or enforcing any remedy available to Licensor upon Licensee's failure to pay any Rent due under this License in a timely fashion, including the right to terminate this License. All amounts of money payable to Licensee to Licensor hereunder, if not paid when due, shall bear interest from the due date until paid at the maximum annual interest rate allowed by law for business loans (not primarily for personal, family or household purposes) not exempt from the usury law at such due date or, if there is no such maximum annual interest rate, at the rate of eighteen percent (18%) per annum.

## 5. TAXES PAYABLE BY LICENSEE

Licensee shall pay prior to delinquency all taxes, assessments, license fees, charges or other governmental impositions assessed against or levied or imposed upon Licensee's business operations, or upon Licensee's interest herein granted, or Licensee's fixtures, furnishings, equipment and personal property located in the Premises, or otherwise on the Child Care Improvements, and any improvements to the Child Care Improvements that may be made by Licensee in accordance with the terms herein. Whenever possible, Licensee shall cause all such items to be assessed and billed separately from the property of Licensor. In the event any such items shall be assessed and billed with the property of Licensor, Licensee shall pay Licensor its share of such taxes, charges or other governmental impositions within thirty (30) days after Licensor delivers a statement and a copy of the assessment or other documentation showing the amount of such impositions applicable to Licensee's property. Licensee shall pay any rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the Rent or services herein or otherwise respecting this License.

[FOR NON-PROFIT CORPORATIONS AS OPPOSED TO GOVERNMENT AGENCIES, ADD THE PARAGRAPH BELOW.]

[Additionally, as a material covenant of this License, Licensee shall annually complete and file an application for a welfare exemption from real property taxes, and shall submit a copy of the complete application to Licensor not later than February 15 of each year, and Licensee shall at all times during the term hereof maintain its designation as a charitable organization under Section 501(c)(3) of the Internal Revenue Code.]



## 6. USE

6.1 Permitted Use. The Premises shall be used solely for the purposes of operating the Child Care Center as provided herein (the “**Permitted Use**”). Licensee shall not use or permit the Child Care Improvements to be used for any purpose other than the Permitted Use.

6.2 Continuous Operation. Licensee, at its sole cost and expense, shall keep and maintain the Premises fully fixtured, furnished, supplied and staffed for the efficient serving of its customers and shall operate the Child Care Center in a first class manner, diligently and continually throughout the term of this License. Licensee shall keep the Child Care Center to be operated during the hours from [OPERATING HOURS] (“Licensee’s Operating Hours”) without interruption, provided that Licensee may, at its option, operate during shorter hours or not at all on New Year’s Day, Martin Luther King Day, Chinese Lunar New Year, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veteran’s Day, Thanksgiving, the day after Thanksgiving, Christmas, and such other holidays as are generally recognized in [CITY, STATE]. In addition, Licensee may, at its option, operate during shorter hours or not at all during the Summer Break Recess, Winter Break Recess and Spring Break Recess for the [CITY, STATE] Public School System. Any change in Licensee’s Operating Hours shall be subject to Licensor’s prior written approval, which approval shall not unreasonably be withheld or delayed, provided that such operating hours shall be at least six (6) hours per day Monday through Friday and shall be established to reasonably accommodate the needs of working parents, if possible. Licensee’s Operating Hours shall be posted in the Premises.

### 6.3 Specific Operating Covenants.

6.3.1 Licensee shall obtain and maintain all licenses, permits and approval required by the State of California and required by those public agencies having jurisdiction over the operation of a Child Care Center on the Child Care Improvements and Licensee shall continuously comply with all requirements of such licenses, permits and approvals. Without limiting the foregoing, Licensee shall comply with California Code of Regulations, Title 22, Division 12, Chapter 1. Licensee shall obtain the initial licenses, permits and approval within sixty (60) days of execution of this License. If Licensee fails to secure such permits, the License will terminate immediately. Licensee shall deliver to Licensor copies of all such licenses, permits, and approvals prior to the time that any children use or occupy the Child Care Improvements. Following the initial provision of these licenses, permits and approvals, the Licensee shall provide these licenses, permits and approvals annually within thirty (30) days following the State Community Care Licensing Annual Visit; provided that any temporary permits issued by the State on such inspection date shall meet this criteria so long as final license and permit(s) are provided within sixty (60) days following the annual visit. Licensee shall be solely responsible for the recruitment, screening, hiring, training and supervising of all child care staff. Licensor makes no representations or warranties that Licensee will be able to obtain any licenses, permits or other authorizations necessary or required to conduct the uses permitted herein on the Child Care Improvements.

6.3.2 Licensee shall provide child care services for not less than [INSERT NUMBER (#)] children and up to the maximum capacity as permitted by the State’s Community Care Licensing. Such services shall target children between the ages of [INSERT AGE RANGE] years old. Licensee shall use its

best efforts to provide such child care services for [INSERT NUMBER] children at all times throughout the term of this License.

6.3.3 Licensee shall comply with the enrollment priority set forth below when enrolling children in the Child Care Center program. Licensee will be informed of changes by Licensor in the enrollment priority and be given a reasonable time to implement the changes. The Licensee shall collect and maintain a waiting list, if necessary, assigning preferences according to the below mentioned enrollment system.

First priority: Residents and employees of the Development and employees of the Licensee;

Second Priority: Residents of the [ADDRESS] homeownership units (OPTIONAL IF PART OF THE DEVELOPMENT ARE HOMEOWNERSHIP UNITS);

Third priority: Residents of other properties developed by [DEVELOPER] (“NAME OF DEVELOPER”) and owned by an affiliate of [DEVELOPER] or by a limited partnership in which [DEVELOPER] or an affiliate of [DEVELOPER] is the general partner (collectively, “[DEVELOPER] Properties”) and residents of public housing in the City of [CITY OF DEVELOPMENT];

Fourth priority: Residents of the [NEIGHBORHOOD IN WHICH DEVELOPMENT IS LOCATED];

Fifth priority: Residents of other apartment complexes owned by nonprofit organizations or entities whose managing general partner is a 501(c)(3) organization; (OPTIONAL FOR NON-PROFITS) and

Sixth priority: Other children.

Licensee will actively market all openings for child care services to residents of the Development. Licensee will cooperate with Licensor to publicize the process for being placed on the priority list. All enrollment vacancies will be filled from the priority list using the priorities established above.

6.3.4 Licensee shall provide parenting education classes (OPTIONAL), which shall be open to all residents of the Development.

6.3.5 Licensee shall submit statistical and financial reports regarding the operations of the Child Care Center covered by this License to Licensor or its agent on a quarterly basis no later than thirty (30) days after the end of each quarter of the calendar year using Exhibit C - Form of Licensee Quarterly Report.

6.3.6 One copy of all keys and security system access codes necessary for access to and operation of the Premises and the Outdoor Play Area (OPTIONAL) will be provided to Licensee, who will be solely responsible for their replication, allocation, control, and replacement, if necessary. Should rekeying of the Premises or the Outdoor Play Area (OPTIONAL) become necessary due to a factor within Licensee’s control and outside Licensor’s control, Licensee shall pay such rekeying costs. Security procedures, such as fire exits, earthquake, etc., will be developed by Licensee staff and submitted to Licensor for its review prior to implementation.

6.3.7 Licensee shall make diligent, good faith efforts to find and maintain adequate funding to provide child care services at an affordability target level which matches the income level of residents of

the Development. Without limiting the foregoing, Licensee shall comply with fee schedules, if any, mandated by Licensee's funding sources, and shall make good faith efforts to ensure the fee schedules provide the greatest possible eligibility for low and very low income residents of the Development.

6.3.8 Licensee will be prepared to operate the Child Care Center on the Child Care Improvements by no later than [DATE], unless delay in operation is caused by licensing approvals. Licensee shall use diligent efforts to obtain all licensing approvals necessary to operate the Child Care Center by [DATE].

6.4 General Operating Covenants. As further consideration to Licensor to enter into this License, Licensee covenants and agrees as follows: (i) Licensee shall not conduct or permit to be conducted on the Child Care Improvements any sale by auction, or any fire, distress or bankruptcy sale; (ii) Licensee shall not place or install on the Child Care Improvements or permit the use on the Child Care Improvements of any video games, pinball machines, vending machines, newspaper racks, cigarette vending machines or other coin-operated devices; (iii) Licensee shall not store any items outside the boundaries of the Premises, nor shall Licensee place or permit portable signs or any other objects or devices to be stored or to remain outside such boundaries; (iv) the visual appearance of the interior of the Premises from the surrounding exterior area shall be clean, visually attractive and open, and in keeping with operation of a first-class child care establishment; and (v) Licensee shall conduct its business to minimize noise in and about the Child Care Improvements. In addition, Licensee shall not operate or license (or permit to be operated or licensed) any portion of the Child Care Improvements for adult entertainment or the sale of alcoholic beverages, firearms, adult books or adult videos. Licensee shall not do or permit to be done in, on or about the Child Care Improvements, nor bring or keep or permit to be brought or kept therein, anything which is prohibited by or will in any way conflict with any law, ordinance, rule, regulation or order now in force or which may hereafter be enacted, or which is prohibited by any insurance policy carried by Licensor for the Building or the Development, or which will in any way increase the existing rate of, or cause a cancellation of, or affect any insurance for the Building or the Development. Licensee shall comply with all applicable federal, state and local reporting and disclosure requirements applicable to its operations on the Child Care Improvements. Licensee shall not do or permit anything to be done in or about the Child Care Improvements which will in any way obstruct or interfere with the rights of Licensor or other authorized occupants of the Development, or injure or annoy them. Licensee shall not cause, maintain or permit any nuisance in, on or about the Child Care Improvements or commit or suffer to be committed any waste in, on or about the Child Care Improvements.

#### 6.5 Hazardous Substances.

6.5.1 Licensee shall not bring, keep, discharge or release or permit to be brought, kept, discharged or released, in or from the Child Care Improvements, the Building or the Development any toxic or hazardous substance, material or waste or any other contaminant or pollutant, other than non-reportable quantities of such substances when found in commonly used household cleansers and office supplies, and any such substances shall be used, kept, stored and disposed of in strict accordance with all applicable federal, state and local laws. Licensee shall notify Licensor immediately upon discovery of the presence, discharge or release of any hazardous or toxic substance in or around the Child Care Improvements, the Building or the Development (other than the substances expressly permitted above). Upon the written request of Licensor, Licensee shall provide periodic written reports of the type and quantities of hazardous substances, materials, waste and contaminants used, stored or being disposed of by Licensee in the

Premises. If Licensor in good faith determines that such substances create a risk to the health and safety of the Licensee's employees and invitees or to any other authorized occupants or invitee of the Development, Licensee shall, upon demand by Licensor, take such remedial action, at the sole cost and expense of Licensee (including, without limitation, elimination or removal of any hazardous substances from the Child Care Improvements brought, kept, discharged or released by Licensee or any contractor, agent, invitee or employee of Licensee), as Licensor deems necessary or advisable or as required by any applicable law.

6.5.2 Licensee shall promptly notify Licensor of: (i) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority with respect to the presence of any Hazardous Material on the Child Care Improvements or the migration thereof from or to other property, (ii) any demands or claims made or threatened by any party against Licensee or the Child Care Improvements relating to any loss or injury resulting from any Hazardous Material on or from the Child Care Improvements, and (iii) any matters where Licensee is required by applicable law to give a notice to any governmental or regulatory authority respecting any hazardous material on the Child Care Improvements. Licensor shall have the right (but not the obligation) to join and participate, as a party, in any legal proceedings or actions affecting the Child Care Improvements initiated in connection with any environmental, health or safety law. The term "Hazardous Material" for purposes hereof shall mean any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation or distribution of a material safety data sheet.

6.5.3 If any Hazardous Material is released, discharged or disposed of by Licensee or any other occupant or guest of the Child Care Improvements, or their employees, agents or contractors, on or about the Child Care Improvements, or the Development in violation of the foregoing provisions, Licensee shall immediately, properly and in compliance with applicable laws clean up and remove the Hazardous Material from the Child Care Improvements, and the Development and any other affected property and clean or replace any affected personal property (whether or not owned by Licensor, Licensee or any third party), at Licensee's expense. Such clean up and removal work shall be subject to Licensor's prior written approval and direction (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Licensor. If Licensee shall fail to comply with the provisions of this Section within five (5) days after written notice by Licensor, or such shorter time as may be required by applicable law or in order to minimize any hazard to persons or property, Licensor may (but shall not be obligated to) arrange for such compliance directly or as Licensee's agent through contractors or other parties selected by Licensor, at Licensee's expense (without limiting Licensor's other remedies under this Lease or applicable law).

6.5.4 Notwithstanding anything to the contrary, Licensor shall not be obligated to request, review, approve, act upon or provide any information or precautions referred to in this Section and any failure by Licensor to do so shall not be deemed approval or authorization by Licensor of the actions of Licensee.

6.5.5 [Pursuant to California Health and Safety Code Section 25359.7, Licensee acknowledges the presence of hazardous substances beneath the Child Care Improvements, Building and/or Development. Environmental studies conducted in connection with the redevelopment of the Development have indicated that residual concentrations of various chemicals are present in subsurface soils and groundwater at the Development. These chemicals are believed to have been associated with historical uses of the site. Copies of the environmental documents listed above are available for review at the Development’s management offices located at [ADDRESS]. ONLY IF APPLICABLE]

6.6 Compliance with Rules. Licensee shall comply with the Development Rules and Regulations for Nonresidential Licensees (“Rules”) as they may be promulgated or amended by Licensor from time to time. The initial Rules are attached hereto as Exhibit B and incorporated herein by reference. Licensor shall not be liable to Licensee for any violation of the Rules by other occupants of the Development.

6.7 Nondiscrimination. Licensee covenants by and for Licensee and Licensee’s heirs, personal representatives and assigns and all persons claiming under Licensee or through Licensee that this License is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Child Care Improvements herein licensed nor shall Licensee or any person claiming under or through Licensee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Child Care Improvements herein licensed.

6.8 Resident Hiring. [OPTIONAL: If there is a resident hiring requirement for the Development site] Licensee acknowledges that subject to [INSERT REGULATORY AGREEMENT], that Licensor must encourage employment of qualified residents of the Development. Although Licensee shall have no obligation to hire any one or more individuals (specifically including residents of the Development), Licensee agrees to notify the [INSERT REGULATORY AGENCY] of all openings in entry-level positions at the Child Care Center. Any such notice shall be given concurrently with placing advertisements in local advertising media or posting notices at the Premises. The notices will contain a job description and will state the qualifications for employment, such as education or training, needed skills and other requirements. Licensee will interview qualified applicants according to its standard procedures. Licensee reserves the right to promptly select or reject any or all applicants, based on Licensee’s needs and the applicants’ qualifications.

## 7. SERVICES

7.1 Utilities. Licensee shall pay for all water, sewer, gas, electricity, telephone, and other utility-type services furnished to Licensee or the Child Care Improvements, together with all related installation or connection charges or deposits. The Child Care Improvements shall be separately metered or charged, and the Licensee shall contract with and pay directly the provider, for gas, electricity and telephone. Licensor shall provide water, sewer and refuse collection, and Licensee shall reimburse Licensor for all costs incurred by Licensor in connection with the provision of such services based on Licensor’s reasonable estimate of the level of Licensee’s use or consumption of such services. As additional Rent Licensor shall bill Licensee on

a monthly or other periodic basis for such services and payment shall be made by Licensee within ten (10) days after submittal of Licensor's statement. Licensor may, at any time, at Licensor's sole discretion, elect to have water, sewer or refuse collection separately metered or charged to the Child Care Improvements, in which event Licensee shall pay the provider thereof directly. If at any time a utility serving the Child Care Improvements is not separately metered or charged, then, as additional Rent, Licensor shall bill Licensee on a monthly or other periodic basis for such services and payment shall be made by Licensee within ten (10) days after submittal of Licensor's statement.

7.2 Interruption in Services. Licensor shall not be liable in damages for (i) any interruption whatsoever in utility services which is due to fire, accident, strike, governmental authority, acts of God, or other causes beyond the reasonable control of Licensor, (ii) the limitation, curtailment, rationing or restriction on use of water, electricity, gas or any form of energy serving the Child Care Improvements, the Building or the Development, whether such results from mandatory governmental restrictions or voluntary compliance with governmental guidelines, or (iii) any temporary interruption in such service which is necessary to the making of alterations, repairs, or improvements to the Building or the Development or any part of either, nor shall Licensor be liable under any circumstances for consequential damages, however occurring, arising in connection with or incidental to any of the foregoing, nor, shall any such failure, interruption or curtailment relieve Licensee from the duty to pay the full amount of rent herein reserved, or constitute or be construed as a constructive or other eviction of Licensee. Licensee hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future law with respect to such occurrence. Whenever it is reasonably possible to do so, Licensor shall give prior notice to Licensee of any interruption in service for which Licensor is responsible and shall use its best efforts to schedule such interruption in such a manner as to minimize the impact on Licensee's business.

7.3 Electrical Energy Use in the Premises. Licensee's use of electrical energy on the Child Care Improvements shall not at any time exceed the capacity of any of the electrical panel boards, risers, transformers and other equipment serving the Child Care Improvements. In order to insure that such capacity is not exceeded and to avoid any possible adverse effect upon the Building's or Development's distribution of electricity via the Building's or Developments' electrical system, Licensee shall not, without Licensor's prior consent (not to be unreasonably withheld) connect any trade fixtures, appliances, lighting or equipment (other than such items which do not increase Licensee's overall electrical consumption) to the electrical system serving the Child Care Improvements, other than as existing on the commencement of the term of this License.

7.4 Security, Safety Systems and Programs. Any security system installed by Licensee in the Premises must be compatible with any Building-wide or Development-wide security system and shall be subject to Licensor's prior written approval and all other provisions of this License. The risk that any safety or security device, service or program may not be effective, or may malfunction or be circumvented by a criminal, is assumed by Licensee with respect to Licensee's property and interests, and Licensee shall obtain insurance coverage to the extent Licensee desires protection against such criminal acts and other losses. Licensee agrees to cooperate in any reasonable safety or security program developed by Licensor or required by applicable law. The parties acknowledge that safety and security devices, services and programs provided by Licensor, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft of other criminal acts, or ensure safety of persons or property.

## 8. MAINTENANCE AND REPAIRS

8.1 Lessor's Maintenance Obligations. Lessor shall maintain and repair the roof of the Building and the structural elements of the Premises including outside walls, (but excluding windows, any awnings, the entry or entry doors and Licensee's signs or fascia attached to the front of the Premises); any Building systems or equipment serving the Premises in common with other leasable space in the Building, and the Building foundations. If applicable, Lessor shall also maintain the Outdoor Play Area and Playground Equipment in good condition and repair, subject to Licensee's cleaning obligations with respect thereto set forth in Section 8.2. As additional Rent, Licensee shall reimburse Lessor for \_\_\_\_% of the cost of Lessor's repairs and maintenance; provided Licensee shall be required to reimburse Lessor for 50% of the expense incurred by Lessor to maintain and repair the Outdoor Play Area (OPTIONAL) and Playground Equipment. Lessor shall bill Licensee on a monthly or other periodic basis for such costs, and payments shall be made by Licensee within ten (10) days after submittal of Lessor's statement. Any damage in or to any such areas, elements or systems or any other portion of the Building or the Development, caused by Licensee or any agent, officer, employee, contractor, licensee or invitee of Licensee shall be repaired by Lessor at Licensee's expense and Licensee shall pay to Lessor, upon billing by Lessor, as additional Rent, the cost of such repairs incurred by Lessor. Any damage in or to any such areas, elements or systems or any other portion of the Building or the Development, caused by Lessor or any agent, officer, employee, contractor, resident or invitee of Lessor shall be repaired by Lessor at Lessor's expense.

8.2 Licensee's Maintenance Obligation. Licensee shall, at all times during the term of this License and at Licensee's sole cost and expense, maintain and repair the Premises and every part thereof and all equipment, fixtures and improvements therein and keep all of the foregoing clean and in good order and operating condition, ordinary wear and tear and damage thereto by fire or other casualty excepted. Licensee shall also be responsible for cleaning maintenance of the Outdoor Play Area (OPTIONAL). All repairs and replacements made by or on behalf of Licensee shall be made and performed at Licensee's cost and expense, by contractors or mechanics reasonably approved by Lessor and so that the same shall be at least equal in quality, value, character and utility to the original work or installation being repaired or replaced. Licensee hereby waives all rights under California Civil Code Section 1941 and all rights to make repairs at the expense of Lessor or in lieu thereof to vacate the Premises as provided by California Civil Code Section 1942 or any other law, statute or ordinance now or hereafter in effect. Subject to Section 19 hereof, Licensee shall, at the end of the term of this License, surrender to Lessor the Child Care Improvements and all alterations, additions, fixtures and improvements therein or thereto in the same condition as when received, ordinary wear and tear and damage thereto by fire or other casualty excepted. Without limiting the generality of the foregoing:

8.2.1 Licensee shall maintain in a clean condition, its signs (whether within or outside of the Premises), metal work, walls, partitions, floors, doors and the interior and exterior of all windows in the Premises.

8.2.2 Licensee shall provide its own janitorial service for the Child Care Improvements. At the end of each outdoor play period, and at the end of each business day, Licensee shall direct its staff to dispose of any debris in the Outdoor Play Area (OPTIONAL). Licensee shall store all refuse and other waste materials within the Premises in a location which is not visible to customers and shall cause such refuse and



waste materials to be removed from the Premises daily to such location in the Building and in such a manner as may be designated from time to time by Licensor. Licensee shall not place or discard waste materials in any part of the Building, except in the designated collection area.

8.2.3 Licensee shall cause to be maintained in good operating condition and repair all heat, ventilating and air conditioning equipment installed in the Premises. If Licensor so elects, Licensee shall retain the services of Licensor or a maintenance company retained by Licensor to perform maintenance of Licensee's heating, ventilating and air conditioning equipment and shall reimburse Licensor for the costs thereof upon demand.

8.2.4 Licensee shall maintain all electrical and plumbing pipes, lines, outlets, fixtures, and other utility installation in or exclusively serving the Premises. Licensee shall also maintain all sanitary waste lines and facilities within the Premises and beyond the Premises to the point of intersection with common waste lines. Licensee acknowledges that water and sewer service are not separately metered and hereby agrees to reimburse Licensor for the costs associated with its share of the water and sewer service.

8.2.5 Licensee shall retain the services of a licensed pest control contractor to maintain the Premises free of rodents, roaches and other vermin.

8.2.6 Licensee shall contract for and obtain directly its own separate rubbish removal service and agrees to not use Licensor's trash facilities.

8.3 Glass Repair and Maintenance. As soon as practicable and in any event within five (5) days after any exterior glass in the Premises is broken or cracked, including a so-called "bull's eye" break in the glass, Licensee shall, at its sole cost and expense, replace such glass with glass of the same kind and quality, and, as may be necessary or desirable in connection with such replacement, repair or replace the frames for such glass. In the event that Licensee shall fail to so replace such glass and, if necessary, repair or replace such frames within said five (5) day period, Licensor may at any time thereafter replace such glass and, if necessary, replace or repair such frames on Licensee's behalf and Licensee shall promptly pay to Licensor the reasonable cost incurred by Licensor in so doing. In addition, Licensee, at Licensee's expense, shall clean the interior of all windows and the interior and exterior of all doors (including in each case the frames therefor) of the Premises and the perimeter walls thereof whenever, in the reasonable judgment of Licensor, it is necessary.

## 9. ALTERATIONS

9.1 Alterations, Additions or Improvements. Licensee shall not make any alterations, additions or improvements in or to the Child Care Improvements or any part thereof, or attach any fixtures or equipment thereto, without Licensor's prior written consent, which consent, except as hereinafter provided, shall not be unreasonably withheld or delayed. All alterations, additions and improvements, if any, made by Licensee in or to the Child Care Improvements shall be made at Licensee's sole cost and expense, shall be consistent with the use of the Child Care Improvements, shall not adversely affect the utility of the Child Care Improvements for future licensees, shall not affect in any way the structural, exterior or roof elements of the Building or the mechanical, electrical, plumbing or life safety systems of the Building or cause or result in Licensor being



required by law to make additional alterations, additions or improvements to the Building or any portion thereof, and shall otherwise be done in compliance with all of the following:

9.1.1 No such work shall proceed without Licensor’s prior written approval of (i) Licensee’s contractor(s); (ii) certificates of insurance from a company or companies approved by Licensor, furnished to Licensor by Licensee’s contractor for such insurance as may be reasonably required by Licensor; (iii) adequate financial assurances in form and substance reasonably requested by Licensor securing the lien-free completion of the intended work, and (iv) detailed plans and specifications for such work, prepared by a licensed architect and engineer approved in writing by Licensor.

9.1.2 All such work shall be done strictly in accordance with the plans approved by Licensor and otherwise in conformity with a valid building permit and/or all other permits or licenses when and where required, copies of which shall be furnished to Licensor before the work is commenced, and with any work not acceptable to any governmental authority or agency having or exercising jurisdiction over such work, or not reasonably satisfactory to Licensor, being promptly replaced and corrected at Licensee’s expense. Licensor’s approval or consent to any such work shall not impose any liability upon the Licensor.

9.1.3 Licensee shall pay Licensor prior to commencement of the work an administration fee equal to \_\_\_\_ percent (\_\_\_%) of the cost of the work to compensate Licensor for the administrative costs incurred and the Building services provided by Licensor in the supervision and coordination of the work.

9.1.4 Licensee shall immediately reimburse Licensor for any expense incurred by Licensor by reason of any faulty work done by Licensee or Licensee’s contractors, or by reason of inadequate cleanup.

9.1.5 Licensee shall be responsible for any alterations, additions or improvements required by law to be made by Licensor to or in the Child Care Improvements, the Building, or the Development as a result of Licensee’s proposed alterations, additions or improvements.

9.1.6 Licensee or its contractors will in no event be allowed to make plumbing, mechanical or electrical improvements to the Child Care Improvements which adversely affect the Building or any structural modification to the Building without first obtaining Licensor’s consent, which Licensor can in its sole and absolute discretion.

9.1.7 All work by Licensee shall be scheduled through Licensor and shall be diligently and continuously pursued from the date of its commencement through its completion.

9.1.8 Upon completion of any alterations, additions or improvements in or to the Premises by Licensee, Licensee shall, at its sole cost and expense, promptly provide Licensor with updated “record” drawings of all such alterations and improvements.

9.2 No Liens. Licensee shall give written notice to Licensor of the date on which construction of any work will be commenced at least ten (10) days prior to such date. Licensee shall keep the Child Care Improvements and the Building free from mechanics’, materialmen’s and all other liens arising out of any work performed, labor supplied, materials furnished or other obligations incurred by Licensee. Licensor shall have the right to post and keep posted on the Premises any notices that may be provided by law or which Licensor may deem to be proper for the protection of Licensor, the Child Care Improvements and the Building

from such liens. Licensee shall promptly and fully pay and discharge all claims on which any such lien could be based, and in case of any such lien attaching or notice of any lien, Licensee covenants and agrees to cause it to be immediately released and removed of record. Notwithstanding anything to the contrary set forth in this License, in the event that such lien is not released and removed by bond or otherwise within five (5) days after written notice of such lien is delivered by Licensor to Licensee, Licensor may, without waiving its rights and remedies based upon such breach by Licensee and without releasing Licensee from any of its obligations, immediately take all action necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums, costs and expenses, including reasonable attorneys' fees and costs, incurred by Licensor in connection with such lien shall be deemed additional rent under this License and shall immediately be due and payable by Licensee.

## 10. INDEMNIFICATION AND RELEASE OF LICENSOR

10.1 Limitation of Licensor's Liability. Licensor shall not be liable to Licensee, and Licensee hereby waives any and all claims against Licensor, for any damage to or loss or theft of any property or for any bodily or personal injury, illness or death of any person in, on or about the Child Care Improvements, the Building or the Development, from any cause whatsoever, except to the extent caused solely by the gross negligence or willful misconduct of Licensor. In addition, in no event shall Licensor be liable for any consequential, special or punitive damages (including, but not limited to, damage or injury to persons, property and the conduct of Licensee's business and any loss of revenue therefrom). In addition to the foregoing limitations of liability set forth above, Licensee acknowledges and agrees that in the event it shall have any claim against Licensor arising out of or related to this License, Licensee's sole and exclusive recourse shall be against the interest of Licensor in the Development, and Licensee hereby releases and waives any and all rights to assert any claim against, or obtain any damages from, the partners, members, directors and officers of Licensor or any persons or entities constituting or representing Licensor.

10.2 Indemnification. Licensee shall indemnify and defend Licensor, [Management Company, Developer, Asset Management Company, Subsidiary, LLC (if applicable)], and their respective agents, employees and affiliates (collectively, "Indemnitees") against and hold Indemnitees harmless from all claims, demands, liabilities, damages, losses, costs and expenses, including reasonable attorneys' fees and disbursements, arising from or related to any use or occupancy of the Child Care Improvements, or any condition created or suffered to exist by Licensee on the Child Care Improvements, or any default in the performance of Licensee's obligations or any breach by Licensee of any of its representations or warranties under this License, or any damage to any property (including property of employees and invitees of Licensee), or any bodily or personal injury, illness or death of any person (including employees and invitees of Licensee), occurring in, on or about the Child Care Improvements or any part thereof arising at any time and from any cause whatsoever (except that the indemnity as to any Indemnitee shall not apply to the extent caused solely by the gross negligence or willful misconduct of such Indemnitee), or any bodily or personal injury, illness or death of any person (including employees and invitees of Licensee) occurring in, on or about any part of the Building or the Development other than in, on or about the Child Care Improvements when such damage, bodily or personal injury, illness or death is caused by any act or omission of Licensee or its agents, officers, employees, contractors, invitees or licensees, or if any Indemnitee becomes or is made a party to any claim or action instituted by any third party against Licensee, or by or against any person holding

any interest under or using the Child Care Improvements by agreement with Licensee. This Section 10.2 shall survive the termination of this License with respect to any damage, bodily or personal injury, illness or death occurring prior to such termination. The indemnification provisions of this Section 10 are in addition to and shall not detract from, or impair, the indemnification obligations of Licensee under any other provisions of this License.

## 11. INSURANCE

11.1 Insurance Requirements. Licensee shall maintain the following insurance coverage commencing prior to Licensee's first entry on the Premises and continuing throughout the term.

11.1.1 "Commercial General Liability" insurance policies with coverage at least as broad as ISO form CG 00 01 10 93, insuring against claims for bodily injury (including death), property damage, personal injury and advertising liability occurring upon the Child Care Improvements or operations incidental or necessary thereto located in or on the Child Care Improvements, such insurance to afford protection in an amount not less than [INSERT DOLLAR AMOUNT (#)] each occurrence covering bodily injury and broad form property damage including contractual liability (which includes coverage of the indemnity obligations of Licensee under this License) and products and completed operations coverage, except that such insurance in excess of [INSERT SPECIFIC NUMBER(#)] may be covered by a so called "umbrella" or "excess coverage" policy. Such policy or policies shall provide that the coverage limits are not depleted by payment of defense costs. Furthermore, such policies shall not include any exclusion or limitation with respect to sexual abuse or molestation coverage. Licensee shall maintain policies of business automobile liability insurance covering all owned, non owned or hired motor vehicles to be used in connection with Licensee's use and occupancy of the Child Care Improvements with the limits specified above or such lesser liability limits as may be approved by Licensor. All liability insurance carried by Licensee hereunder shall name Licensor [and Management Company (if applicable)] as an additional insured and any other party specified by Licensor. During the term, Licensee shall also maintain workers' compensation insurance as required by statute endorsed to provide waiver of subrogation for the benefit of Licensor.

11.1.2 Property insurance covering all improvements, alterations, and additions installed on the Child Care Improvements by or for Licensee (including without limitation improvements in excess of shell improvements in the Child Care Improvements as of the Commencement Date), and Licensee's personal property, equipment, fixtures and business records in the Premises for damage or other loss caused by fire or other casualty or cause including, but not limited to, vandalism and malicious mischief, theft, water damage of any type (including sprinkler leakage, bursting or stoppage of pipes), explosion, and floor (if the Building is in a flood zone), in an amount not less than the full replacement value thereof, which replacement value coverage shall include the amount necessary to restore the Premises to its condition existing prior to the damage, including, without limitation, restoration of historic elements, to the extent possible under then-applicable law (including, but not limited to any required code upgrades) with an agreed amount endorsement and the elimination of a co-insurance requirement.

11.1.3 Loss of income/business interruption insurance in such amounts as will reimburse Licensee for direct or indirect loss of earnings attributable to all perils commonly insured against under an extended coverage property insurance policy or attributable to prevention of access to or use of the Child Care

Improvements, the Building or the Development as a result of such perils but in no event in an amount less than all Rent or other sums payable hereunder for twelve (12) months.

11.2 General Requirements. All insurance required under this Section 11 and all renewals thereof shall be issued by good and responsible companies qualified to do and doing business in the State of California and which are rated A and have a financial size category of at least VIII in the most recent Best's Key Rating Guide, or any successor thereto (or if there is none, an organization having a national reputation). Each policy shall expressly provide that the policy shall not be canceled or altered without thirty (30) days' prior written notice to Licensor and shall remain in effect notwithstanding any such cancellation or alteration until such notice shall have been given to Licensor and such period of thirty (30) days shall have expired. All liability insurance under this Section 11 shall name Licensor and any other parties designated by Licensor as an additional insured, shall be primary and noncontributing with any insurance which may be carried by Licensor, shall afford coverage for all claims based on any act, omission, event or condition that occurred or arose (or the onset of which occurred or arose) during the policy period, and shall expressly provide that Licensor, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Licensor. Upon the issuance thereof, Licensee shall deliver each such policy or a certified copy and a certificate thereof to Licensor for retention by Licensor. If Licensee fails to insure or fails to furnish to Licensor upon notice to do so any such policy or certified copy and certificate thereof as required, Licensor shall have the right from time to time to effect such insurance for the benefit of Licensee or Licensor or both of them and all premiums paid by Licensor shall be payable by Licensee as additional Rent on demand.

11.3 Waiver of Subrogation. Licensee waives on behalf of all insurers under all policies of property, liability and other insurance (including workers' compensation) now or hereafter carried by Licensee insuring or covering the Child Care Improvements, or any portion or any contents thereof, or any operations therein, all rights of subrogation which any insurer might otherwise, if at all, have to any claims of Licensee against Licensor. Licensor waives on behalf of all insurers under all policies of property, liability and other insurance (including workers' compensation) now or hereafter carried by Licensor insuring or covering the Building or any portion or any contents thereof, or any operations therein, all rights of subrogation which any insurer might otherwise, if at all, have to any claims of Licensor against Licensee. Licensee shall, prior to or immediately after the date of this License, procure from each of the insurers under all policies of property, liability and other insurance (including workers' compensation) now or hereafter carried by Licensee insuring or covering the Premises, or any portion or any contents thereof, or any operations therein, a waiver of all rights of subrogation which the insurer might otherwise, if at all, have to any claims of Licensee against Licensor as required by this Section 11.3.

11.4 Periodic Review of Coverage. In order to maintain the same levels and scope of coverage that will exist as of the Commencement Date, the amounts and types of coverage called for herein shall be subject to review by Licensor at the end of each five (5) year period following the Commencement Date and shall be increased or extended as appropriate to maintain comparable amounts and types of coverage, including adjustments to reflect inflation in property values and awards for personal injury or wrongful death.

11.5 Licensee's Share of Licensor's Insurance Costs. Licensee shall reimburse Licensor for the lesser of [INSERT \$] or the actual cost of all insurance premiums and costs paid by Licensor in connection

with property, liability, and any other insurance maintained by Licensor in connection with the portion of the Development insured by Licensor. Licensee shall make such payments quarterly within thirty (30) days after billing by Licensor.

## 12. COMPLIANCE WITH LEGAL REQUIREMENTS

Licensee shall, at Licensee's sole cost and expense, promptly comply with all laws, ordinances, rules, regulations, orders and other requirements of any government or public authority now in force or which may hereafter be in force, including, without limitation, all relevant laws, ordinances, rules, regulations and orders dealing with the use, transport, storage and disposal of asbestos, petroleum products and hazardous substances, materials and waste which are or may become regulated by any local government authority, the State of California or the United States of America, the federal Americans With Disabilities Act as it affects Licensee's operations and employees on the Child Care Improvements, with all requirements of any board of fire underwriters or other similar body now or hereafter constituted, with the conditions of any certificate of occupancy of the Building or any recorded instrument encumbering the Building (copies of which are provided to Licensee), and with all directives issued pursuant to any law by any governmental agency or officer, insofar as any thereof relate to or are required by the condition (including any condition preexisting the delivery of the Child Care Improvements to Licensee), use or occupancy of the Child Care Improvements, or the operation, use or maintenance of any personal property, fixtures, machinery, equipment or improvements in the Child Care Improvements, whether now in effect or enacted in the future and whether or not now foreseeable, but Licensee shall not be required to make structural changes unless structural changes are related to or required by Licensee's acts or use of the Child Care Improvements or by improvements made by or for Licensee.

## 13. PROHIBITION AGAINST ASSIGNMENT OR SUBLICENSE

The persons and entity operating the Child Care Center on the Child Care Improvements are of great importance to Licensor. As a result, this License is personal to Licensee, and Licensee shall not assign, transfer, mortgage, pledge, hypothecate or encumber this License or any interest therein, and shall not sublet the Child Care Improvements or any part thereof or grant to any person or entity any license or other right to use the Child Care Improvements or any part thereof. Any attempt to do any act prohibited in this Section 13 shall be null and void.

## 14. RIGHTS RESERVED BY LICENSOR

14.1 Reserved Rights. Licensor reserves the right to control the Child Care Improvements, Building and the Development (which rights may be exercised without subjecting Licensor to claims for constructive eviction, abatement of Rent, damages or other claims of any kind), including, without limitation, the rights set forth below. In the exercise of its rights under this Section 14, Licensor shall make reasonable efforts to minimize any interference with Licensee's use of the Child Care Improvements.

14.2 Entry by Licensor. Licensor shall have the right to enter the Child Care Improvements with reasonable verbal or written notice at any time to (a) inspect the Child Care Improvements, (b) exhibit the

Child Care Improvements to prospective purchasers, lenders or licensees, (c) determine whether Licensee is performing all of Licensee's obligations, (d) supply any services to be provided by Licensor, (e) post notices of non-responsibility, and (f) make any repairs to the Child Care Improvements, or make any repairs to any adjoining space or utility services, or make any repairs, alterations or improvements to any other portion of the Building. Licensee waives all claims for damages for any injury or inconvenience to or interference with Licensee's business, any loss of occupancy or quiet enjoyment of the Child Care Improvements or any other loss occasioned by such entry. Licensor shall at all times have a key to unlock all doors in or to the Child Care Improvements (excluding Licensee's safes, vaults and similar security areas designated in a written notice delivered by Licensee to Licensor) and Licensor shall have the right to use any and all means which Licensor may deem proper to open such doors in an emergency to obtain entry to the Child Care Improvements. Any entry to the Child Care Improvements obtained by Licensor by any of such means shall not under any circumstances be construed or deemed to be a violation of this License, or a forcible or unlawful entry into or a detainer of the Child Care Improvements or an eviction, actual or constructive, of Licensee from the Child Care Improvements or any portion thereof.

14.3 Limitations of Access. Licensor shall have the right to limit or prevent access to the Child Care Improvements, the Building or the Development, or otherwise take such action or preventive measures deemed necessary by Licensor for the safety of Licensee or other occupants or licensees of the Development, the Building or Child Care Improvements or the protection of the Development, the Building or the Child Care Improvements and other property located thereon or therein, in case of fire, structural deficiency, earthquake, invasion, insurrection, riot, civil disorder, public excitement or other dangerous condition, or threat thereof.

14.4 Changes. Licensor shall have the right to: (i) change the name of the Development or the street address of the Premises or the Building; (ii) install and maintain signs on the exterior of the Building and/or the Development; (iii) to decorate and make alterations, additions and improvements, structural or otherwise, in or to the Development, the Building or any part thereof, and any adjacent building, structure, parking facility, land, street or alley (including, without limitation, changes and reductions in parking facilities, landscaped areas, driveways, roads and other public areas and the installation of signs, kiosks, planters, sculptures, displays, and other structures, facilities, amenities and features therein, and changes for the purpose of connection with or entrance into the Child Care Improvements, the Building or the Development or use of the Development in conjunction with any adjoining or adjacent building or buildings, now existing or hereafter constructed). In connection with such matters, or with any other repairs, maintenance, improvements or alterations in or about the Child Care Improvements, the Building or the Development, Licensor may erect scaffolding and other structures reasonably required, and during such operations may enter upon the Child Care Improvements and take into and upon or through the Child Care Improvements all materials required to make such repairs, maintenance, alterations or improvements, and may close public entry ways or other public areas.

## 15. EVENTS OF DEFAULT AND REMEDIES

15.1 Event of Default. All of the terms and conditions contained in this License are considered material. Licensee's failure to observe and perform any provision of this License to be observed and performed by Licensee, as and when such performance is required shall constitute a material default or

breach by Licensee (each an “Event of Default”). Licensor may, in its sole discretion and without any obligation to do so, give Licensee a thirty (30) day period to cure any Event of Default which does not jeopardize the health or safety of any of the occupants or users of the Child Care Improvements, Building, or Development, prior to terminating this License.

## 15.2 Remedies.

15.2.1 Upon the occurrence of any Event of Default, Licensor may terminate this License by any lawful means, in which case this License and the rights granted Licensee hereunder shall immediately terminate and Licensee shall surrender possession of the Child Care Improvements to Licensor.

15.2.2 The remedies provided for in this License are in addition to all other remedies available to Licensor at law or in equity by statute or otherwise.

15.3 Licensor’s Right to Cure. All agreements and covenants to be performed or observed by Licensee under this License shall be at Licensee’s sole cost and expense and without any abatement of Rent. If Licensee fails to pay any sum of money to be paid by Licensee or to perform any other act to be performed by Licensee under this License, Licensor shall have the right, but shall not be obligated, and without waiving or releasing Licensee from any obligations of Licensee, to make any such payment or to perform any such other act on behalf of Licensee in accordance with this License. All sums so paid by Licensor and all necessary incidental costs shall be deemed additional Rent hereunder and shall be payable by Licensee to Licensor on demand, together with interest on all such sums from the date of expenditure by Licensor to the date of repayment by Licensee at the maximum annual interest rate allowed by law for business loans (not primarily for, personal, family or household purposes) not exempt from the usury law at the date of expenditure or, if there is no such maximum annual interest rate, at the rate of eighteen percent (18%) per annum.

15.4 Disposition of Licensee’s Property. If Licensee abandons or surrenders the Child Care Improvements, or is dispossessed by process of law or otherwise, any movable furniture, equipment, trade fixtures or personal property belonging to Licensee and left in the Child Care Improvements shall be deemed to be abandoned, at the option of Licensor, and Licensor shall have the right to sell or otherwise dispose of such personal property in any commercially reasonable manner.

## 16. DAMAGE, DESTRUCTION OR CONDEMNATION

16.1 Casualty; Restoration. In the event the Premises or any portion of the Building is damaged by fire or other insured casualty, Licensor shall diligently repair the same to the extent possible with the insurance proceeds received by Licensor, subject to the provisions of this Section 16.1 hereinafter set forth, if such repairs can in Licensor’s opinion be completed within ninety (90) days following the occurrence of the casualty under the laws and regulations of federal, state and local governmental authorities having jurisdiction thereof. In such event this License shall remain in full force and effect without any abatement of Rent. Notwithstanding the foregoing, if such casualty shall occur during the final twelve (12) months of the term of this License, Licensor shall not be obligated to repair such damage, but may instead elect to terminate this License upon written notice given to Licensee within thirty (30) days after the date of such fire or other casualty, in which event this License shall terminate as of the termination date specified in



Licensor's notice. A total destruction of the Building shall automatically terminate this License. To the extent insurance proceeds must be paid by Licensor to a mortgagee or deed of trust beneficiary encumbering the Premises or the Building to reduce any indebtedness of Licensor secured thereby, Licensor shall not be deemed to have insurance coverage to the extent of the damage and destruction unless such mortgagee or beneficiary permits Licensor to use such proceeds for the rebuilding, restoration and repair of the Premises or the Building.

16.2 Licensor's Election to Terminate or Restore. If such repairs cannot in Licensor's opinion be made during the time period provided in Section 16.1 above or if insurance proceeds are not available to cover the total cost thereof, Licensor may elect upon notice to Licensee given within sixty (60) days after the date of such fire or other casualty to (i) repair or restore such damage, in which event this License shall continue in full force and effect, but Base Rent shall be partially abated as provided above, or (ii) terminate this License in which event this License shall terminate as of the termination date specified in Licensor's notice. Licensor's election shall be binding on Licensee.

16.3 Waiver. Licensor and Licensee acknowledge that this License constitutes the entire agreement of the parties regarding events of damage or destruction, and Licensee waives the provisions of California Civil Code Section 1932(2) and 1933(4) and any similar statute now or hereafter in force. No such casualty (nor Licensor's subsequent restoration and repair work) shall constitute a constructive eviction or give Licensee any rights to terminate this License.

16.4 Restoration of Licensee Improvements. If the Premises are to be repaired under this Section 16, Licensor shall repair at its cost any damage to the Building itself and the initial improvements to the Premises made by Licensor. Licensee shall pay the entire cost of repairing or replacing all other improvements in the Premises including Licensee's trade fixtures, furnishings, equipment and other personal property.

16.5 Condemnation. If all or any part of the Child Care Improvements, the Building or the Development shall be taken, appropriated or transferred by agreement for public or quasi-public use by right of eminent domain, either party hereto shall have the right to terminate this License. No award for any partial or entire taking shall be apportioned and Licensee hereby assigns to Licensor any award which may be made in connection with the taking or condemnation, together with any and all rights of Licensee now or hereafter arising in or to the same or any part thereof.

## 17. SUBORDINATION, MERGER AND SALES

17.1 Subordination, Non-disturbance and Attornment. This License shall be subject and subordinate at all times to and ground leases, **[including, if applicable, the Ground Lease,]** the lien of all mortgages and deeds of trust securing any amount or amounts whatsoever which may now exist or hereafter be placed on or against the Building, Development or on or against Licensor's interest or estate therein, all without the necessity of having further instruments executed by Licensee to effect such subordination. Licensee agrees to execute, acknowledge and deliver upon demand such further instruments evidencing such subordination of this License to the lien of all such mortgages and deeds of trust as may reasonably be required by Licensor. If Licensor, Licensor's mortgagee or any other successor to Licensor elects in writing, this License shall be deemed superior to the lien of the mortgage or deed of trust specified regardless of the



date of recording, and Licensee shall execute an agreement confirming this election on request. If any ground lessor or mortgagee or its successor or any successor to Licensor succeeds to Licensor's interest under this License, whether voluntarily or involuntarily, Licensee shall attorn to such person and recognize such person as Licensor under this License.

17.2 No Merger. The voluntary or other surrender of this License by Licensee, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Licensor, terminate all or any existing subleases or subtenancies or operate as an assignment to Licensor of any or all such subleases or subtenancies.

17.3 Conveyance by Licensor. If the original Licensor hereunder, or a successor licensor, sells or conveys the its interest in the Building and/or Development, all liabilities and obligations on the part of the original Licensor, or such successor licensor, under this License accruing after such sale or conveyance shall terminate and the original Licensor, or such successor owner, shall automatically be released therefrom, and thereupon all such liabilities and obligations shall be binding upon the new licensor.

## 18. ESTOPPEL CERTIFICATE

18.1 Estoppel. At any time and from time to time, Licensee shall, within ten (10) days after written request by Licensor, execute, acknowledge and deliver to Licensor a certificate certifying: (a) that this License is unmodified and in full force and effect (or, if there have been modifications, that this License is in full force and effect as modified, and stating the date and nature of each modification); (b) the Commencement Date and the expiration date determined in accordance with Section 2 hereof and the date, if any, to which all Rent and other sums payable hereunder have been paid; (c) that no notice has been received by Licensee of any default by Licensee hereunder which has not been cured, except as to defaults specified in such certificate; (d) that Licensor is not in default under this License, except as to defaults specified in such certificate; and (e) such other matters as may be reasonably requested by Licensor or any actual or prospective purchaser or mortgage lender. Without limiting the generality of the foregoing, within three (3) days following the Commencement Date, Licensee shall execute a certificate satisfying the requirements of this Section 18.1 (provided the same is delivered to Licensee by Licensor). Any such certificate may be relied upon by Licensor and any actual or prospective purchaser or mortgage lender of Licensor's interest in the Building and/or Development or any part thereof. Failure by Licensee to timely deliver such estoppel certificate shall be deemed a conclusively binding certification by Licensee that the statements in clauses (a) through (d) above are true and correct as set forth by Licensor.

18.2 Financial Statements. At any time and from time to time, Licensee shall, within ten (10) days after written request by Licensor, deliver to Licensor copies, as reasonably necessary for Licensor's purposes, of all current financial statements (including, without limitation, a balance sheet, an income statement, and an accumulated retained earnings statement), annual reports, and other financial and operating information and data of Licensee prepared by Licensee in the course of Licensee's business. Unless available to the public, Licensor shall disclose such financial statements, annual reports and other information or data only to actual or prospective purchasers or mortgage lenders, and otherwise keep them confidential unless other disclosure is required by law.

## 19. RETURN OF POSSESSION

At the expiration or earlier termination of this License or Licensee's right of possession, Licensee shall surrender possession of the Child Care Improvements in good condition and repair, ordinary wear and tear and casualty excepted, broom clean, and shall surrender all keys and any key cards to Licensor. Licensee shall advise Licensor as to the combination of any locks or vaults remaining in the Child Care Improvements, shall remove all trade fixtures and personal property of Licensee and shall repair any damage to the Child Care Improvements caused by such removal. All obligations or rights of either party arising during or attributable to the period ending upon expiration or earlier termination of this License and all obligations or rights of either party hereunder expressly arising on or following such expiration or earlier termination shall survive such expiration or earlier termination. All improvements, fixtures and other items in or upon the Child Care Improvements (except trade fixtures and personal property belonging to Licensee), whether installed by Licensee or Licensor, shall be Licensor's property and shall remain upon the Child Care Improvements, all without compensation, allowance or credit to Licensee. However, if prior to such termination or within thirty (30) days thereafter Licensor so directs by written notice, Licensee shall promptly remove all improvements, fixtures and other items designated in such notice and restore the Child Care Improvements to the condition in which it existed prior to the installation thereof. If Licensee fails to perform any repairs or restoration, or fails to remove any improvements, fixtures, or other items from the Child Care Improvements as required, Licensor may do so, and Licensee shall pay Licensor the cost thereof upon demand. All property removed from the Child Care Improvements by Licensor pursuant to any provisions of this License or any applicable law may be handled or stored by Licensor at Licensee's expense, and Licensor shall in no event be responsible for the value, preservation or safekeeping thereof. All property not removed from the Premises or retaken from storage by Licensee within thirty (30) days after expiration or earlier termination of this License or Licensee's right to possession shall, at Licensor's option, be conclusively deemed to have been conveyed by Licensee to Licensor as if by bill of sale without payment by Licensor. Unless prohibited by applicable law, Licensor shall have a lien against such property for the costs incurred in removing and storing the same.

## 20. SECURITY DEPOSIT

To secure the faithful performance by Licensee of all the covenants, conditions and agreements in this License on the part of Licensee to be fulfilled, observed and performed including by not by way of limitation such covenants and agreements in this License which become applicable upon the termination of the same by re-entry or otherwise, Licensee shall deposit with Licensor in cash, upon execution of this License, a security deposit in the amount of [INSERT AMOUNT (#)] (the "Security Deposit"). Licensee agrees that: (a) the Security Deposit or any portion thereof may be applied to curing of any default that may then exist, without prejudice to any other remedy or remedies which Licensor may have on account thereof, and upon such application, Licensee shall pay Licensor on demand the amount so applied, which shall be added to the Security Deposit so the same may be restored to its full amount; (b) should the Licensor's interest in the License be assigned by Licensor, the Security Deposit or any portion thereof not previously applied shall be turned over to Licensor's assignee, and Licensor shall be released from any and all liability with respect to the Security Deposit and/or its application or return; (c) the sum deposited or the portion thereof not previously applied shall be returned to Licensee without interest following the expiration of the Term of this

License, except to the extent reasonably required to cure any breach by Licensee of its obligations hereunder and provided that Licensee has vacated the Child Care Improvements and surrendered process thereof to Licensor at the expiration of the Term; (d) in the event that Licensor terminates this License or Licensee's right to process by reason of an Event of Default under this License by Licensee, Licensor may apply the Security Deposit against damages suffered to the date of such termination and/or may retain the Security Deposit to apply against such damages as may be suffered or shall accrue thereafter by reason of Licensee's default; and (e) in the event any bankruptcy, insolvency, reorganization or other creditor-debtor proceedings shall be instituted by or against Licensee or its successor or assigns the Security Deposit shall be deemed to be applied first to the payment of any rent due Licensor for all periods prior to the institution of such proceedings and the balance of any of the Security Deposit may be retained or paid to Licensor in partial liquidation of Licensor's damages. Licensor shall not be required to maintain the Security Deposit separate and apart from Licensor's general or other funds and Licensor may commingle the Security Deposit with any of Licensor's general or other funds. Licensee hereby waives the provisions of California Civil Code Section 1950.7, and all other provisions of law now in force or that become in force after the execution of this Lease, which provide that Licensor may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Licensee, or to clean the Premises or which preclude the application of the security deposit to damages accruing after the date for return of the deposit called for in California Civil Code Section 1950.7 or any other applicable law. Licensee hereby waives any right under California Civil Code Section 1950.7 or any other law to return of the Security Deposit before all sums owed by Licensee under the Lease, whenever accruing, are paid in full.

## 21. WAIVER

The waiver by Licensor or Licensee of any breach of any covenant in this License shall not be deemed to be a waiver of any subsequent breach of the same or any other covenant in this License, nor shall any custom or practice which may grow up between Licensor and Licensee in the administration of this License be construed to waive or to lessen the right of Licensor or Licensee to insist upon the performance by Licensor or Licensee in strict accordance with this License. The subsequent acceptance of Rent hereunder by Licensor or the payment of Rent by Licensee shall not waive any preceding breach by Licensee of any covenant in this License, nor cure any Event of Default, nor waive any forfeiture of this License or unlawful detainer action, other than the failure of Licensee to pay the particular Rent so accepted, regardless of Licensor's or Licensee's knowledge of such preceding breach at the time of acceptance or payment of such Rent.

## 22. NOTICES

All requests, approvals, consents, notices and other communications given by Licensor or Licensee under this License shall be properly given only if made in writing and either deposited in the United States mail, postage prepaid, certified with return receipt requested, or delivered by hand (which may be through a messenger or recognized delivery, courier or air express service) and addressed to Licensor at the address of Licensor specified next to Licensor's signature, or at such other place as Licensor may from time to time designate in a written notice to Licensee; to Licensee, at the address of Licensee specified next to Licensee's signature, or, after the Commencement Date, at the Premises, or at such other place as Licensee may from

time to time designate in a written notice to Licensor. Such requests, approvals, consents, notices and other communications shall be effective on the date of receipt (evidenced by the certified mail receipt), if mailed, or on the date of hand delivery, if hand delivered (evidenced by confirmation of delivery). If any such request, approval, consent, notice or other communication is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such request, approval, consent, notice or other communication shall be effective on the date delivery is attempted. Any request, approval, consent, notice or other communication under this License may be given on behalf of a party by the attorney for such party. Licensee hereby appoints as its agent to receive the service of all default notices the person in charge of or apparently in charge of or occupying the Premises at the time, and, if there is not such person, then such service may be made by attaching the same to the door of the Premises and such service shall be effective for all purposes under this License.

### 23. MISCELLANEOUS

23.1 Rules of Construction. The words “Licensor” and “Licensee”, as used herein shall include the plural as well as the singular. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

23.2 Joint and Several Liability. If there is more than one Licensee, the obligations hereunder imposed upon Licensee shall be joint and several.

23.3 Time of the Essence. Time is of the essence of this License and each and all of its provisions.

23.4 Successors and Assigns. Subject to Section 13 hereof, this License shall benefit and bind Licensor and Licensee and the personal representatives, heirs, successors and assigns of Licensor and Licensee.

23.5 Name of Development. Licensee shall not use the name of the Development for any purpose whatsoever.

23.6 Severability. If any provision of this License is determined to be illegal or unenforceable, such determination shall not affect any other provision of this License and all such other provisions shall remain in full force and effect.

23.7 Governing Law; Venue. This License shall be governed by and construed in accordance with the laws of the State of California. Licensee consents to venue and personal jurisdiction in the Superior Court of the State of [STATE] for the City and County of [CITY, COUNTY] and waives any claim that such court is not a convenient forum.

23.8 Attorneys’ Fees. If there is any legal action, proceeding or arbitration between Licensor and Licensee to enforce this License or to protect or establish any right or remedy under this License, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys’ fees and disbursements, incurred by such prevailing party in such action, proceeding or arbitration and in any appeal in connection therewith. If such prevailing party recovers a

judgment in any such action, proceeding or arbitration, such costs, expenses and attorneys' fees and disbursements shall be included in and as a part of such judgment.

23.9 Quiet Enjoyment. Licensors covenant and agrees that Licensee, upon making all of Licensee's payments as and when due under this License (taking into account any grace periods granted Licensee), and upon performing, observing and keeping the covenants, agreements and conditions of this License on its part to be performed, observed and kept, shall peaceably and quietly hold, occupy and enjoy the Child Care Improvements during the term of this License, subject to the terms and conditions of this License.

23.10 Brokers. Licensors shall pay to [INSERT NAME] ("Licensor's Broker") a commission in connection with Licensor's Broker's negotiation of this License pursuant to a separate agreement or agreements between Licensor and Licensor's Broker. Other than Licensor's Broker, Licensor and Licensee each represent and warrant to the other that no broker, agent or finder has procured or was involved in the negotiation of this License and no such broker, agent or finder is or may be entitled to a commission or compensation in connection with this License. Licensor and Licensee shall each indemnify, defend, protect and hold the other harmless from and against any and all liability, loss, damage, claims, costs and expenses (including reasonable attorneys' fees) resulting from a claim for a commission or compensation by reason of a broker, agent or finder asserting that such broker, agent or finder is a procuring cause for this License transaction as a result of having dealt with the indemnifying party.

23.11 Licensee's Corporate Status and Authority. Licensee hereby represents and warrants to Licensor that (a) Licensee is a 501(c)(3) corporation, duly organized, validly existing and in good standing in the state of California and that Licensee shall maintain its status as a 501(c)(3) corporation throughout the term of this License; (b) Licensee is a duly licensed child care operator in good standing with the Community Care Licensing Division of the State of California and Licensee shall maintain such status throughout the term of this License; (c) Licensee has the full right, power and authority to enter into this License and to perform all of Licensee's obligations hereunder, and (d) each person signing this License on behalf of the corporation or company is duly and validly authorized to do so.

23.12 Entire Agreement. There are no oral agreements between Licensor and Licensee affecting this License, and this License supersedes and cancels any and all previous negotiations, arrangements, brochures, offers, agreements and understandings, oral or written, if any, between Licensor and Licensee or displayed by Licensor to Licensee with respect to the subject matter of this License, the Child Care Improvements, the Building or the Development. There are no representations between Licensor and Licensee or between any real estate broker and Licensee other than those expressly set forth in this License and all reliance with respect to any representations is solely upon representations expressly set forth in this License. This License may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Licensor and Licensee. Any Exhibits and/or Riders attached hereto are hereby incorporated into this License by this reference.

23.13 Waiver of Trial By Jury. To the extent allowable under applicable laws, Licensor and Licensee hereby waive their respective right to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Licensor against Licensee or Licensee against Licensor on any matter whatsoever arising out of, or in any way connected with, this License, the

relationship of Licensor and Licensee, Licensee's use of occupancy of the Child Care Improvements, or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

23.14 No Light, Air or View Easement; No Roof Access. No easement for light, air or view is included with or appurtenant to the Child Care Improvements. Any diminution or shutting off of light, air or view by any structure which may hereafter be erected (whether or not constructed by Licensor) shall in no way affect this License or impose any liability on Licensor. Licensee shall have no right of access to, or use of, the roof of the Building.

23.15 Force Majeure. Neither Licensor nor Licensee shall be chargeable with, liable for, or responsible to the other or to any other person for any delay in the performance of any act required hereunder (other than the payment of Rent) when such delay is caused by fire, earthquake, flood, hurricane, the elements, acts of God or the public enemy, acts of war or terrorism, extraordinary action or interference of governmental authorities or agents, riots, embargoes or extraordinary unavailability or shortages of materials, or strikes, lockouts or labor disturbances. Any delay due to such causes shall not be deemed a breach of or default in the performance of this License, it being specifically agreed that any time limit for such party's performance contained in this License shall be extended for the same period of time and to the extent of the delay resulting from causes set forth above.

23.16 Counterparts. This License may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any counterpart signature pages may be detached and assembled to form a single original document.

23.17 Nondiscrimination. The Licensee herein covenants by and for the Licensee and Licensee's representatives and assigns and all persons claiming under this License or through the Licensee that this License is made subject to the condition that all practices, in every aspect of the Licensee's activities including the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Child Care Improvements, must not subject any person to discrimination prohibited by any laws which currently prohibit discrimination based on race, color, creed, national or ethnic origin or ancestry, religion, sex, sexual preference, gender identity, age, disability, handicap, military status, source of income, marital status, presence of children in a household, acquired immune deficiency syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. Nor shall the Licensee or any person claiming under or through the Licensee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of clients, lessees, sublessees, subtenants, or vendees in the Child Care Improvements.

23.18 Confidentiality. All information received by Licensee (including, without limitation, information concerning the nature of Licensor's or its affiliate's organization, business, products, services, market research, assets, revenues and any plans or materials prepared for Licensor pursuant to, or in connection with, the terms of this License) shall be kept confidential by Licensee and its representatives and shall not be used in any manner by Licensee or its representatives except in connection with its performance under this License; provided, however, that Licensee may disclose such information to its employees, subcontractors, officers,

directors or agents so long as such persons agree to maintain the confidentiality of such information in accordance with this paragraph. The foregoing confidentiality provisions shall not apply to such portions of the information received that are generally available to the public. The obligations under this paragraph shall survive the expiration or termination of this License.

*Remainder of page intentionally left blank.*

*Signatures on following page.*

**IN WITNESS WHEREOF**, Licensors and Licensee have executed this License as of the date first written above.

LICENSOR:

LICENSEE:

**[LICENSOR]**

**[LICENSEE]**

By: [SIGNATURE BLOCK]

By: \_\_\_\_\_  
[NAME], [TITLE]

By: \_\_\_\_\_  
[NAME], [TITLE]

Licensors' Address for Notices and Payment:

[ADDRESS]  
Attn: [CONTACT PERSON]

Licensee's Address for Notices:

[ADDRESS]  
Attn: [CONTACT PERSON]

With a copy to:

[OPTIONAL ADDRESS]



**EXHIBIT “A”**

**PREMISES, OUTDOOR PLAY AREA & PARKING AREAS (IF ANY)**

[To be Added]

## EXHIBIT “B”

DEVELOPMENT RULES AND REGULATIONS  
FOR NONRESIDENTIAL LICENSEES

1. Access to Development. On legal holidays, and any days between the hours of 11 P.M. and 6 A.M., access to the Building may be restricted and access shall be gained by use of a key or electronic card to the outside doors of the Development. Licensor may from time to time establish security controls for the purpose of regulating access to the Development. Licensee shall be responsible for providing access to the Child Care Improvements for its agents, contractors and employees at times access is restricted, and shall comply with all such security regulations so established.
2. Protecting Child Care Improvements. The last employee or principal of Licensee to leave the Child Care Improvements shall close and securely lock all doors or other means of entry to the Child Care Improvements and shut off all lights and equipment in the Child Care Improvements, including any gate(s) to any parking area that is included in the Child Care Improvements.
3. Large Articles. Furniture, freight and other large or heavy articles may be brought into the Development only at times and in the manner designated by Licensor and always at Licensee’s sole responsibility. All damage done to the Development, its furnishings, fixtures or equipment by moving or maintaining such furniture, freight or articles shall be repaired at Licensee’s expense.
5. Signs. Licensee shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Building, or on any part of the inside of the Premises which can be seen from the outside of the Premises, including windows and doors, without the written consent of Licensor, and then only such name or names or matter and in such color, size, style, character and material as shall be first approved by Licensor in writing. Licensor, without notice to Licensee, reserves the right to remove, at Licensee’s expense, all matters other than that provided for above.
6. Compliance with Laws. Licensee shall comply with all applicable laws, ordinances, governmental orders or regulations and applicable orders or directions from any public office or body having jurisdiction, whether now existing or hereinafter enacted with respect to the Child Care Improvements and the use or occupancy thereof. Licensee shall not make or permit any use of the Child Care Improvements which directly or indirectly is prohibited by any applicable law, ordinance, governmental regulations or order or direction of public authority.
7. Compliance with Insurance Requirements. Licensee shall not use or permit to be brought into the Child Care Improvements or the Development any flammable oils or fluids, or any explosive or other articles deemed hazardous to persons or property, or do or permit to be done any act or thing which will invalidate, or which, if brought in, would be in conflict with any insurance policy covering any part of the Development or its operation or the Child Care Improvements. Licensee shall not do or permit to be done anything in or upon the Development or the Child Care Improvements, or bring or keep anything therein, which shall not comply with all requirements of any rating bureau or board of underwriters with respect thereto, or which shall increase the rate of insurance on the Development, its appurtenances, contents or operation.

8. Defacing Child Care Improvements and Overloading. Licensee shall not place anything in the Premises on or near the glass of any door, partition, wall or window that may be unsightly from outside the Premises. Licensee shall not place any article of any kind on any window ledge or on the exterior walls; blinds, shades, awnings or other forms of window coverings shall not be placed in or about the outside windows in the Premises except to the extent that the character, shape, color, material and make thereof is approved by Licensor. Licensee shall not overload any floor or part thereof in the Premises, or any facility in the Development or any public corridors or elevators therein by bringing in or removing any large or heavy articles and Licensor may direct and control the location of safes, files, and all other heavy articles and, if considered necessary by Licensor may require Licensee at its expense to supply whatever supplementary supports necessary to properly distribute the weight.
9. Obstruction of Public Areas. Licensee shall not, whether temporarily, accidentally or otherwise, allow anything to remain in, place or store anything in, or obstruct in any way, any shipping area, parking area, sidewalk, court, hall, passageway, or entrance. Licensee shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition, and move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all such items and waste that are at any time being taken from the Premises directly to the areas designated for disposal. All courts, passageways, entrances, exits, elevators, escalators, stairways, corridors, halls and roofs are not for the use of the general public and Licensor shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Licensor, shall be prejudicial to the safety, character, reputation and interest of the Development and its Licensees; provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Licensee deals within the normal course of Licensee's business so long as such persons are not engaged in illegal activities.
10. Additional Locks. Licensee shall not attach, or permit to be attached, additional locks or similar devices to any door or window, change existing locks or the mechanism thereof, or make or permit to be made any keys for any door other than those provided by Licensor. Upon termination of this License or of Licensee's possession, Licensee shall immediately surrender all keys to the Child Care Improvements.
11. Communications or Utility Connections. If Licensee desires signal, alarm or other utility or similar service connections installed or changed, then Licensee shall not install or change the same without the approval of Licensor, and then only under direction of Licensor and at Licensee's expense. Licensee shall ascertain from Licensor the maximum amount of load or demand for or use of electrical current which can safely be permitted in the Child Care Improvements, taking into account the capacity of the electric wiring in the Development and the Child Care Improvements and the needs of other occupants of the Development, and Licensee shall not in any event connect a greater load than that which is safe.
12. Office of the Building. If Licensee requires Licensor's maintenance, repair or other services, such requirements will be attended to only upon application at the office of the property manager for the Development.
13. Restrooms. The restrooms and toilets shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be disposed of therein. The

expense of any breakage, stoppage or damage resulting from the violation of this rule on the Premises shall be borne by the Licensee.

14. Intoxication. Licensor reserves the right to exclude or expel from the Development any person who, in the judgment of Licensor, is intoxicated, or under the influence of liquor or drugs, or who in any way violates any of these Rules.
15. Nuisances and Certain Other Prohibited Uses. Licensee shall not (a) install or operate any internal combustion engine, boiler, machinery, refrigerating, heating or air conditioning apparatus in or about the Child Care Improvements, other than as permitted by Licensee's License; (b) use the Child Care Improvements for housing, lodging, or sleeping purposes; (c) prepare food in the Child Care Improvements or permit food to be brought onto the Child Care Improvements for consumption therein (heating coffee and lunches of employees excepted) except as permitted by Licensee's License or by express permission of Licensor; (d) place any radio or television antennae on the roof or on or in any part of the Development other than as permitted by Licensee's License, or place a sound producing device inside or outside the Child Care Improvements which may be heard outside the Premises; (e) use any power source for the operation of any equipment or device other than dry cell batteries or electricity; (f) operate any electrical device from which may emanate waves that could interfere with radio or television broadcasting or reception from or in the Building; (g) bring or permit to be in the Building any bicycle, other vehicle, dogs or other animals (except for assistance animals); (h) make or permit any noise or odor to emanate from the Premises; (i) disturb, harass, solicit or canvass any occupant of the Building; (j) do anything in or about the Child Care Improvements which could be a nuisance or tend to injure the reputation of the Development; (k) allow any firearms in the Development or the Child Care Improvements except as approved by Licensor in writing.
16. Trash Removal. The Child Care Improvements shall be kept free from trash and debris. Areas used for storing trash for disposal shall be kept free of loose debris, standing water and unrelated equipment.
17. Solicitation. Licensee shall not canvass other occupants of the Building or Development to solicit business or contributions and shall not exhibit, sell or offer to sell, use, rent or exchange any products or services in or from the Child Care Improvements unless ordinarily embraced within the Licensee's Permitted Use as specified in the License.
18. Energy Conservation. Licensee shall not waste electricity, water, heat or air conditioning and agrees to cooperate fully with Licensor to insure the most effective operation of the Development's heating and air conditioning, and shall not allow the adjustment (except by Licensor's authorized Development personnel) of any controls.
19. Security. At all times other than normal business hours the exterior Building doors must be kept locked to assist in security. Licensee is responsible for security within the Premises. Problems in Building and Development security should be directed to Licensor's Property Manager.
20. No Smoking. Smoking is prohibited on the Child Care Improvements and in the Building. No cigarette vending machines shall be installed in the Premises.
25. Security Personnel. Security personnel employed or contracted by Licensee shall not take law enforcement action other than as permitted under applicable California law.

**EXHIBIT “C”**

**FORM OF LICENSEE QUARTERLY REPORT**

**QUARTERLY OPERATING REPORT**

Due on January 15th, April 15th, July 15th and October 15th

Number of children enrolled in program: \_\_\_\_\_

Number of children on waiting list: \_\_\_\_\_

Number of participants that are [DEVELOPMENT] residents: \_\_\_\_\_

List any operating issues that materially impact Licensee’s ability to provide child care services at this site:

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List any financial issues (pending or ongoing litigation, liability claims (arising from disputes or alleged claims) including claims from Licensee’s operations at other sites) that are materially affecting the Licensee’s ability to provide child care services at the site:

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## RENT RIDER

THIS RENT RIDER is attached to and made part of that certain CHILD CARE CENTER LICENSE (this “License”), is made as of [DATE], by and between [\_\_\_\_\_], as Licensor, and [\_\_\_\_\_], as Licensee.

*If the Licensee is reimbursing Licensor for all or a portion of the initial improvements costs, use the Section A below, otherwise insert “Intentionally left blank.”*

A. Initial Improvement Rent.

OPTION #1 - If the reimbursement for the cost of the initial improvements is to be paid in a lump sum at License commencement.

Licensee shall pay to Licensor as the initial, lump sum rental hereunder the sum of [\$\_\_\_\_\_\_] (the “Initial Improvement Rent”). The Initial Improvement Rent is for the purpose of reimbursing Licensor for a portion of the cost incurred by Licensor in constructing the Child Care Improvements.

OPTION #2 - If the reimbursement for the cost of the initial improvements is being paid through rental payments for a set period of time or until a grant is funded.

Licensee shall pay to Licensor as the initial base monthly rental hereunder the sum of [\$\_\_\_\_\_\_] (the “Initial Improvement Rent”). The Initial Improvement Rent is for the purpose of reimbursing Licensor for a portion of the cost incurred by Licensor in constructing the Child Care Improvements. Until such time as Licensee receives the [INSERT NAME OF FUNDS AND AMOUNT THEREOF] (the “Improvement Funds”), Licensee shall pay such Initial Improvement Rent to Licensor in monthly installments of [DOLLAR AMOUNT], beginning on the date of execution of this License, and on the first day of each calendar month hereafter. If the Commencement Date occurs on any day other than the first day of a calendar month, the monthly installment of Initial Improvement Rent for the period from the Commencement Date through the end of said calendar month shall be due and payable on the Commencement Date, and the Initial Improvement Rent installment payable upon execution of this License shall be credited against the Initial Improvement Rent due for the first full calendar month of the term. Upon receipt by Licensee of the Improvement Funds, Licensee shall pay to the Licensor the entire amount of such, or the then unpaid balance of the Initial Improvement Rent, which ever is less. If the proceeds of the Improvement Funds are insufficient to pay the balance of the Initial Improvement Rent, then Licensee shall continue to pay Licensor a monthly rental in an amount equal to the difference between the balance of the Initial Improvement Rent and the Improvement Funds, divided by twelve (12) until the Initial Improvement Rent is paid in full.

*If there is going to be an additional market component of rent during any period when the slots in the Child Care Program are not filled by a majority of low income children, then use Section B below, or otherwise insert “Intentionally left blank.”*

B. Market Rent.

In addition to Base Rent and Initial Improvement Rent (if any), beginning on the Commencement Date, Licensee shall pay Licensor, in advance, on or before the first day of each calendar month of the term of this License, an additional monthly rental equal to \$\_\_\_\_\_ (the “Market Rent”). If the Commencement Date occurs on any day other than the first day of a calendar month, the monthly installment of Market Rent for the period from the Commencement Date through the end of said calendar month shall be due and payable on the Commencement Date, and the Market Rent installment payable upon execution of this License shall be credited against the Market Rent due for the first full calendar month of the term.

[OPTIONAL]

*The Market Rent due hereunder shall increase on [DATE] to \$\_\_\_\_\_ per month.*

[OPTIONAL]

*The Market Rent due hereunder shall be subject to annual increases on each anniversary of the Commencement Date (each a “Market Rent Adjustment Date”), such increases equal to \_\_\_\_% of the Market Rent payable during the month immediately prior to such Market Rent Adjustment Date.*

Notwithstanding the foregoing, during any portion of the term when more than 50% of the slots for Licensee’s program at the Child Care Center are occupied by low-income children whose fees are subsidized by the California Department of Education or other sources (the “Suspension Criteria” and the “Suspension Period”), no Market Rent will be due or payable hereunder. If Licensee desires to suspend Market Rent pursuant to the terms of this Rent Rider, it shall provide Licensor with a written request for such and copies of any applicable evidence that it has satisfied the Suspension Criteria. Licensor shall promptly review such request, and shall deliver to Licensee written notice of whether it has reasonably determines that Licensee has met the Suspension Criteria. If Licensor has reasonably determined that Licensee has met the Suspension Criteria, the Suspension Period shall begin on the first day of month following such determination. On a monthly basis throughout the Suspension Period Licensee shall provide Licensor with written evidence that it is continuing to meet the criteria set forth above. If at any time after the start of a Suspension Period Licensee fails to meet the Suspension Criteria, or fails to provide updated information required hereunder, and such failure persists for a period of two (2) consecutive months, then Market Rent payments shall resume in accordance with the paragraph above.