

## LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter LEASE) is made and entered into 1<sup>st</sup> day of October, 2008, by and between DAVID BEASLEY, P.O. Box 14119, Pinedale, CA 93650-4119 (hereinafter LESSOR), and Turning Point of Central California, Inc., P.O. Box 7447, Visalia, CA 93290 (hereinafter LESSEE).

1. LEASED PERMISES – LESSOR hereby leases to LESSEE the office Space at the location commonly known as 1131 I Street, Reedley, CA 93654, which is approximately 1,450 square feet, (hereinafter "Premises").

2. TERM – The initial term of this LEASE shall be for 21 months commencing on October 1, 2008 through June 30, 2010. Thereafter, the lease shall be renewable for additional periods of one year, such renewals to take place automatically unless one of the parties provides the other with written notice to the contrary sixty (60) days prior to the expiration of the then current LEASE term.

3. RENT -LESSEE agrees to pay rent to LESSOR for the Premises Beginning October 1, 2008, and the rent shall increase by three (3) percent on July 1, 2009, and increase by three (3) percent each July 1 thereafter. The rent shall be paid in advance on or about the first of each month according to the following schedule.

- (A) For the period October 1, 2008 through June 2009, the rent shall be One Thousand Two Hundred and Twenty Dollars and 76/100 (\$1,220.76) per month, for a total of Fourteen Thousand Six Hundred Forty-Nine Dollars and 12/100 (\$14,649.12) for Nine (9) Months and
- (B) For the period July 1, 2009 through June 2010, the rent shall be One Thousand Two Hundred and Fifty-Seven Dollars and 38/100 (\$1,257.38) per month, for a total of Fifteen Thousand Eighty-Eight Dollars and 56/100 (\$15,088.56) for twelve (12) months; and
- (C) For the period of June 2010 through September 2010, then rent shall be One Thousand Two Hundred and Ninety-five Dollars and 10/100 (\$1,295.10) per month for a total of Three Thousand Eight Hundred Eighty-Five dollars and 05/100 (\$3,885.05) for three months and
- (D) If lease is renewed for the first time between October 2010 through June 2011, the rent shall be One Thousand Two Hundred and Ninety-five Dollars and 10/100 (\$1,295.10) per month, for a total of Fifteen Thousand Five Hundred Forty-One Dollars and 20/100 (\$15,541.20).

4. UTILITIES- LESSEE shall pay those metered costs associated with the use of natural gas and electricity, including water, garbage and sewer services. LESSEE shall pay all costs associated with its use of telephone service.

5. USE – LESSEE shall use the Premises as office space and for providing mental health services. LESSEE agrees to comply with all applicable laws, ordinances and regulations in connection with such use.

LESSOR covenants that the Premises are suitable for the intended use. LESSOR further covenants that the Premises are in compliance with all applicable laws, ordinances, and regulations, including but not limited to safety regulations, health and building codes, and that the Premises shall remain in such compliance throughout the term of this LEASE.

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6. MAINTENANCE – LESSOR shall be responsible for the structural condition of the Premises and for all exterior maintenance, including but not limited to the air conditioning, heating, roof, painting, landscaping, and parking lot. LESSOR covenants that the Premises shall be maintained in substantially the same condition as that existing at the commencement of this LEASE. LESSEE shall be responsible for janitorial service, including paper supplies, at the Premises. LESSOR, at its sole cost, shall replace broken floor tiles, repair, roof leaks, and paint over water stains as needed. LESSEE, at its sole cost, shall activate the intrusion alarm and pay the monthly maintenance fee.
7. BREACH OF OBLIGATION TO MAINTAIN- In the event LESSOR breaches its obligation to maintain the Premises as herein provided, LESSEE shall give written notice to LESSOR within fifteen (15) days of the discovery of such breach. LESSOR shall then have fifteen (15) days from the date of the notice to cure its breach, IF the period for cure expires and if, in LESSEE'S sole determination, LESSOR has failed to cure, then LESSEE may, at its election:
- (A) Terminate this LEASE as hereinafter provided. In such case, LESSEE shall have the right to demand LESSOR refund any monies which, in the judgment of LESSEE, were paid to LESSOR pursuant to the LEASE but which were not earned by LESSOR by consequence of its breach. Upon receipt of such demand, LESSOR shall promptly refund all such monies: or
  - (B) Cure LESSOR'S breach and deduct the cost of such cure, together with reasonable administrative costs, from LESSEE'S future rent obligation. LESSEE'S decision to cure LESSOR'S breach shall not constitute a waiver of any rights or remedies that LESSEE may have arising from this LEASE or by operation of law.
8. DESTRUCTION OR DAMAGE FROM CASUALTY- If the Premises are damaged or destroyed as a result of fire, earthquake, natural disaster, or any other identifiable event of a sudden, unexpected, or unusual nature (hereinafter "Casualty"), then LESSOR shall either promptly and diligently repair the damage at its own cost, or terminate the LEASE as hereinafter provided.
- (A) LESSOR'S Election to Repair: If LESSOR elects to repair the Casualty damage to the Premises, then it shall within fifteen (15) days after the date of Casualty provide written notice (hereinafter "Notice of Repair") to LESSEE indicating the anticipated time required to repair. LESSOR shall bear the cost of all repairs to the Premises, including the cost to repair any alterations or fixtures installed or attached thereto to the LESSEE. Such repairs shall restore the Premises to substantially the same condition as that existing at the commencement of this LEASE; such repairs shall also be made in compliance with all applicable state and local building codes. LESSOR shall not be liable to LESSEE for compensation for any loss of business, or any inconvenience or annoyance arising from repair of the Premises as a result of the Casualty except for rent deduction as hereinafter provided. LESSEE shall be responsible at its sole cost and expense for the replacement of its personal property.
  - (B) LESSOR'S Election to Terminate Due to Casualty: LESSOR may only elect to terminate the LEASE due to Casualty if: the Premises have been destroyed or substantially destroyed by said Casualty; and the estimated time to repair the Premises exceeds sixty (60) days from the date of the Casualty. LESSOR shall

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provide LESSEE with written notice of its election to terminate within fifteen (15) days after the date of Casualty.

(C) Rent Reduction Due to Casualty: In the event of Casualty, LESSEE'S obligation to pay rent shall be reduced beginning on the date of the Casualty. Such reduction shall be proportional to the damage caused to the Premises by the Casualty as determined by LESSEE. If LESSOR elects to repair the Premises pursuant to the terms of this LEASE, then the rent reduction shall continue until the date of substantial completion of repair.

(D) LESSEE'S Election to Terminate Due to Casualty: If LESSEE does not receive a Notice of Repair from LESSOR within fifteen (15) days after a Casualty, or if the anticipated period contained in the Notice of Repair exceeds sixty (60) days, then LESSEE may elect to terminate this LEASE as hereinafter provided. In such case, LESSEE shall have the right to demand that LESSOR refund any monies which, in the judgment of LESSEE, were paid to LESSOR pursuant to the LEASE but which were not earned by LESSOR by consequence of the Casualty. Upon receipt of such demand, LESSOR shall promptly refund all such monies.

9. TERMINATION – If, pursuant to the terms provided herein, either LESSOR or LESSEE has an election to terminate the LEASE and so elects, then notice of such termination shall be made in writing to the non-terminating party. Such notice shall specify a date of termination not less than sixty (60) days from the date of said notice, after which this LEASE shall convert to a month-month tenancy with all of its remaining provisions in full force and effect. In the case of LESSEE, Turning Point of Central California, Inc., shall have the power to provide such notice and terminate the LEASE.

10. HOLD HARMLESS – LESSOR agrees to indemnify, save, hold harmless, and at LESSEE'S request, defend the LESSEE, its officers, agents, and employees from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to LESSEE in connection with the performance, or failure to perform, by LESSOR its officers, agents, or employees under this LEASE, and from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to any person, firm, or corporation who may be injured or damaged by the performance, or failure to perform of LESSOR, its officers, agents, or employees under the LEASE. This LEASE is made upon the expressed condition that the LESSEE is to be free of all liability, damages or injury arising from structural failures of the Leased Premises, including, but not limited to external walls, glass, doors, roof and floor. The parties acknowledge that as between LESSOR and LESSEE, each is responsible for the negligence of its own employees and invitees.

11. INSURANCE- LESSOR shall, at its sole expense, maintain in full force and effect during the term of this LEASE the following policies of insurance:

(A) Commercial General Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit of not less than Two Million Dollars (\$2,000,000). This policy shall be issued on an occurrence basis: and

(B) Fire insurance and extended coverage. LESSOR shall add LESSEE as an additional loss payee thereon.

LESSEE shall maintain during the term of this LEASE the following policies of insurance, which coverages may be provided in whole or in part through one or more programs of self-insurance:

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- (A) Commercial General Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and an annual aggregate of not less than Two Million Dollars (\$2,000,000). This policy shall be issued on an occurrence basis.
- (B) All-Risk property insurance covering the personal property of LESSEE.
12. NON- FUNDING TERMINATION – This LEASE is contingent on the allocation of funds by a governmental agency. Should funds not be allocated this LEASE may be terminated by Turning Point of Central California, Inc., or their designee at any time by giving at least thirty (30) days prior written notice to LESSOR.
13. SURRENDER OF POSSESSION- Upon the expiration or termination of this LEASE, LESSEE will surrender Premises to LESSOR in such condition as existing at the commencement of this LEASE less reasonable wear and tear, less the effects of any Casualty as herein defined, and less the effects of any breach of LESSOR'S covenant to maintain. LESSEE will not be responsible for any damage with LESSEE was not obligated hereunder to repair.
14. FIXTURES- LESSOR agrees that any equipment, fixtures or apparatus installed in or the Premises by LESSEE shall continue to be the property of LESSEE and may be removed by LESSEE at any time. LESSEE shall repair any damage caused by the removal of fixtures. Any fixtures not removed when LESSEE surrenders possession shall become the property of LESSOR.
15. RIGHT OF ENTRY- LESSOR, or its representative (s), upon giving 24 hours written notice, shall have the right to enter the Premises at any time during business hours, or at such other time as LESSEE deems appropriate, to make any alterations, repairs or improvements to the Premises. The normal business of LESSEE or its invitees shall not be unnecessarily inconvenienced.
16. AMENDMENT – This LEASE may be amended in writing by the mutual consent of the parties without in any way affecting the remainder.
17. NON-ASSIGNMENT- Neither party shall assign, transfer or sub-contract this LEASE, or the rights or duties under this LEASE, without the prior written consent of the other party.
18. GOVERNING LAW- Venue for any action arising out of relating to this LEASE shall be in Fresno County, California. This LEASE shall be governed by the laws of the State of California.
19. NOTICES- All notices, demands, requests, exercises, and other communications under this LEASE by either party shall be in writing and:
- (a) sent by United States Certified Mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the Under States mail, or
  - (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, as follows:

**LESSEE**

J. Jeff Fly, Chief Executive Officer  
Turning Point of Central California, Inc.  
P. O. Box 7447  
Visalia, CA 93290

**LESSOR**

David S. Beasley  
P. O. Box 14119  
Pinedale, CA 93650

Or such person or at such other place as either Party may from time to time designate by written notice to the other Party.



Notice given in the foregoing manner shall be deemed sufficiently given for all purposes hereunder on the date such notice was (i) personally delivered, deposited and postmarked with the United States Postal Service, (ii) sent by a nationally recognized overnight courier service, or (iii) sent by telephonic facsimile transmission, provided however, such transmission shall be completed before 5:00 pm on the day of the giving notice in such manner, provided further that, in any event notices of changes of address or termination of this Agreement shall not be effective until actual receipt.

Notices given hereunder shall not be amendments or modifications to this Agreement.

20. ENTIRE LEASE- This LEASE constitutes the entire LEASE between the LESSOR and LESSEE with respect to the subject matter hereof and supersedes all prior leases, negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly referenced in this LEASE. This LEASE shall be binding on and inure to the benefit of LESSOR'S heirs, successors and assigns.

EXECUTED as of the date first herein written.

**LESSEE**

By J. Jeff Fly, CEO  
J. Jeff Fly, Chief Executive Officer  
Turning Point of Central California, Inc.

**LESSOR**

By David S. Beasley  
David S. Beasley

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