

GROUND LEASE

Between

PACIFIC MEDICAL BUILDINGS, INC.
(Tenant)

and

St. Rose Dominican Hospital
(Landlord)

TABLE OF CONTENTS

1. Recitals	1
1.01 Status of Premises	1
2. Definitions	1
3. Premises	1
4. Term	1
4.01 Initial Term	1
4.02 Option to Extend	1
4.03 Assignment of Options to Mortgagee	2
4.04 Commencement Date	2
5. Rent; Security Deposit	2
5.01 Annual Base Rent	2
5.02 Payment of Rent	3
5.03 Proration	3
5.04 Net Lease	3
5.05 Past Due Rent.	3
6. Taxes and Assessments	3
6.01 Taxes	3
6.02 Proration	4
6.03 Contest	4
6.03.1 Right to Contest	4
6.03.2 Landlord Participation	4
6.03.3 Delivery	4
6.04 Exemptions	4
7. Utilities	5
7.01 Tenant's Obligations	5
7.02 Interruption of Service	5
8. Right of First Refusal	5
8.01 Offer	5
8.02 Sale by Landlord	5
8.03 Failure to Complete Transaction	6
8.04 Permitted Transfers	6
8.05 Offer	6
8.06 Sale by Tenant	6

8.07	Failure to Complete Transaction	6
8.08	Permitted Transfers	6
9.	Use	7
9.01	Use	7
9.02	Compliance with Law	7
9.03	Land Use Restrictions	7
9.04	Termination of Use Restrictions	7
9.05	Waste; Nuisance	8
10.	Improvements	8
10.01	Tenant's Duty to Construct	8
10.02	Conditions of Major Construction	8
10.02.1	Preliminary Plan	9
10.02.2	Landlord's Approval of Preliminary Plans	9
10.02.3	Final Plans, Specifications	10
10.02.4	Notice of Intent to Construct	10
10.02.5	Notice of Financing	10
10.02.6	Required Governmental Permits	10
10.02.7	Builder's Risk and Other Insurance	11
10.03	Easements Necessary to Construction	11
10.03.1	Tenant's Right to Grant Utility Easements	11
10.03.2	Temporary Construction Easements over Adjacent Property	11
10.04	Completion of Improvements	12
10.04.1	Diligent Prosecution	12
10.04.2	Protection of Landlord Against Cost or Claim	12
10.04.3	Landlord's Right to Discharge Lien	12
10.04.4	Completion of Construction	13
10.04.5	Notice of Changes in Plans	13
10.04.6	Notice of Recording (Permanent Financing)	13
10.05	Parking	13
11.	Maintenance; Repair; Alteration; Reconstruction	14
11.01	Tenant's Duty to Maintain Premises	14
11.01.1	Temporary Relief of Duty for Substantial Loss of Area	15
11.01.2	Right to Contest Governmental Order	15
11.01.3	Relief of Tenant's Duty to Restore	16
11.02	Conditions of Major and Minor Repairs, Etc.	17
11.03	Payment by Landlord	17
12.	Ownership of Improvements	17
12.01	Existing Improvements; Right to Demolish	17

12.02	Ownership of New Improvements During Term	17
12.03	Ownership of Termination	17
12.04	Right to Remove Fixtures	18
13.	Financing; Assignment; Subletting	18
13.01	Subordination of Landlord's Interest	18
13.01.1	Fee Subordination by Landlord	18
13.01.2	Conditions of Subordination	18
13.02	Leasehold Financing Permitted; Subordination of Rent	20
13.02.1	Mortgage; Subordinate to Lease	21
13.02.2	Notice to Landlord of Financing	21
13.02.3	Limit on Mortgagee's Liability	21
13.02.4	Subordination of Rent to Mortgage	21
13.03	General Provisions Regarding Tenant Financing	22
13.03.1	Loan Documents to be in Customary Form/Landlord's Approval	22
13.03.2	Disposition of Insurance Proceeds and Condemnation Award	22
13.03.3	Notice to Landlord; Cure Rights	23
13.03.4	Landlord's Request for Notice of Default	24
13.03.5	One Mortgage, One Debt	24
13.03.6	New Lease to Mortgagee	24
13.03.7	Subordination of Landlord's Interest	24
13.03.8	Loans To Be From Institutional Lender	24
13.03.9	Payment by Landlord	25
13.04	Encumbrances on Landlord's Title	25
13.05	Assignment; Subletting	25
13.05.1	No Assignment	25
13.05.2	Subleases	25
13.05.3	Assignment by Landlord	26
14.	Insurance	26
14.01	Real and Personal Property.	26
14.02	Employee Injuries.	27
14.03	Third Party Actions	27
14.04	Tenants Responsibility for Monitoring Sub-Tenants	27
14.05	Forms of Insurance	28
14.06	Other Insurance; Additional Coverage	28
14.07	Blanket Policies	28
14.08	Failure to Maintain Insurance/Self-Insurance	28
15.	Condemnation	29

15.01	Notice	29
15.02	Representation	29
15.03	Total or Substantial Taking	29
15.03.1	Termination on Total Taking	29
15.03.2	Substantial Taking	29
15.03.3	Early Possession	30
15.03.4	Apportionment, Distribution of Award for Total Taking	30
15.04	Partial Taking	31
15.04.1	Effect on Lease	31
15.04.2	Restoration of Improvements - Partial Taking	31
15.05	Restoration During Final Years of Term	31
15.06	Apportionment, Distribution of Award for Partial Taking	32
15.07	Limited Takings	33
15.07.1	Taking of Less Than Fee	33
15.07.2	Taking for Temporary Use	33
16.	Default; Remedies	34
16.01	Tenant's Default	34
16.01.1	Failure to Perform Covenants	34
16.01.2	Attachment; Foreclosure Not an Event of Default	34
16.01.3	Appointment of Receiver; Exception for Mortgagee	34
16.01.4	Insolvency, Bankruptcy	35
16.01.5	Default in Mortgage Payment	35
16.02	Notice as Precondition to Landlord's Remedies; Mortgagee Notice	35
16.03	Mortgagee's Right to Cure Defaults; Right of Entry	35
16.04	Tenant's Right to Cure Defaults; Notice of Default	36
16.05	Landlord's Right to Cure Tenant's Default	36
16.06	Non-Disturbance of Subtenants	36
16.07	Landlord's Remedies	36
16.07.1	Termination	37
16.07.2	Reentry Without Termination	37
16.07.3	Tenant's Personal Property	37
16.07.4	Recovery of Rent	38
16.07.5	Damages	38
16.08	Landlord's Default	38
16.09	Provisions Applicable to Both Parties	38
16.09.1	Unavoidable Delay	38
16.09.2	Waiver	39
17.	ARBITRATION DISPUTES	39
17.01	Arbitration	39
18.	Estoppel Certificate	40

18.01	Certificate	40
18.02	Failure to Deliver	40
19.	Indemnity	41
19.01	Indemnification of Landlord	41
19.01.1		41
19.01.2		41
19.01.3		41
19.02	Indemnification of Tenant	41
19.02.1		41
19.02.2		41
19.02.3		42
20.	General Provisions	42
20.01	Severability	42
20.02	Time of Essence	42
20.03	Integration	42
20.04	Notices	42
20.05	Quitclaim Deed	42
20.06	Holding Over	42
20.07	Cumulative Remedies	42
20.08	Binding Effect	42
20.09	Attorneys Fees	43
20.10	Landlord's Access	43
20.11	Exhibits	43
20.12	Merger	43
20.13	Consents	43
20.14	Governing Law and Choice of Forum	43
20.15	Quiet Possession	43
20.16	Counterparts	43
20.17	Further Amendments	43
20.18	Authority	44
20.19	No Joint Venture	44
20.20	Memorandum of Lease	44
20.21	Permitted Assigns	44
20.22	Landlord's Representations	44
20.23	Performance of Tenant's Covenants by Other	44
20.24	Hazardous Substances	45
21.	Recruitment Space	45
21.1	Certain Definitions.	45
21.1.1	"Actual Operating Expenses"	45
21.1.2	"Adjustment Date"	45

21.1.3	"Base Figure"	45
21.1.4	"Base Year"	45
21.1.5	"Building"	45
21.1.6	"Estimated Operating Expenses"	45
21.1.7	"Expense Stop"	46
21.1.8	"Index"	46
21.1.9	"Management of the Building"	46
21.1.10	"Management Fee"	46
21.1.11	"Rentable/Usable Ratio"	46
21.1.12	"Operating Expenses"	46
21.1.13	"Rentable Area"	48
21.1.14	"Usable Area"	48
21.2	Grant of Rights.	48
21.3	Term.	48
21.4	Consideration.	48
21.4.1	Base Consideration.	48
21.4.2	Total Consideration.	49
21.5	Consideration Redetermination	49
21.5.1	Base Figure.	49
21.5.2	Adjustment.	49
21.5.3	Index.	50
21.6.1	Estimate.	50
21.6.2	Statement.	50
21.6.3	Proration.	50
21.6.4	Records.	51
21.6.5	Disputes.	51
21.7	Use of Recruitment Space.	51
21.8	Subordination to Mortgage and Attornment	51
21.9	Warranties of Landlord and Successors.	52
21.9.1	Quiet Enjoyment.	52
21.9.2	Transfer to Mortgagee.	52
21.10	Casualty	52
21.10.1	Substantial Reconstruction	52
21.10.2	Restoration.	52
21.11	Condemnation.	53
21.11.1	Taking of the Whole.	53
21.11.2	Taking of Part.	53
21.11.3	Landlord Has No Claim.	53
EXHIBIT A		55
	Description of Premises	55
EXHIBIT B		56

Definitions	56
EXHIBIT C	62
List of Physicians Ineligible to Sublet Recruitment Space	62

GROUND LEASE

THIS GROUND LEASE is made as of the 21st day of MAY, 1991 between Saint Rose Dominican Hospital ("Landlord") and PACIFIC MEDICAL BUILDINGS, INC., a California corporation or assignee ("Tenant")

1. Recitals

1.01 Status of Premises. Landlord is the owner of the Premises with all rights therein necessary to effect this Lease of the Premises to Tenant.

2. Definitions

Words and phrases having their initial letters capitalized herein shall have the meanings set forth in Exhibit B hereto, unless otherwise required by the context in which they appear.

3. Premises

Landlord hereby leases to Tenant and Tenant hires from Landlord for the Term, at the Rent, and upon all of the provisions and conditions set forth herein.

4. Term

4.01 Initial Term. The Initial Term of this Lease shall be for 55 years commencing on the Commencement Date unless sooner terminated pursuant to any provision hereof.

4.02 Option to Extend. Tenant has the option to extend the Initial Term of this Lease for two (2) additional extension periods of ten (10) years each. Each such extension period shall be subject to all the terms and provisions of this Lease. Tenant shall exercise the first such option by written notice to Landlord no later than two years before the expiration of the Initial Term. Tenant shall exercise the second option by written notice to Landlord no later than one year before the expiration of the then applicable Lease Term. Tenant's right to exercise each such option is subject to the conditions that (i) the Lease shall be in effect at the time notice of exercise is given and on the last day of the then applicable Lease Term; and (ii) subject to Tenant's and Mortgagee's rights to cure defaults contained herein, Tenant shall not be in material

default under any provision of this Lease at the time notice of exercise is given and on the last day of the then applicable Lease Term. Failure to exercise the option for any extension period shall nullify the option for all subsequent extension periods. In lieu of executing a new lease, each Party shall, at the request of the other, endorse on the original Lease or on a true copy of the original Lease that Party's signature or signatures, the date the option was exercised, and the words "Option Exercised."

4.03 Assignment of Options to Mortgagee. Tenant may, at Tenant's election, assign Tenant's options to extend the Term to any one or more Mortgagee and may give such Mortgagee with or without such assignment power of attorney to exercise such option and cure any Tenant default.

4.04 Commencement Date. Once determined, the Commencement Date shall be inserted in the following blank space and initialled by the Parties as follows:

The Commencement Date is September 16, 1991.

LANDLORD'S INITIALS LLC TENANT'S INITIALS BAR

5. Rent; Security Deposit

5.01 Annual Base Rent. Following the Commencement Date, Tenant shall pay to Landlord Rent as follows:

(a) Construction and Development Activity.

PERIOD	RENT
Construction and Development	\$0

(b) Rent During First Four Years of Operations.

- (1) Following the construction period as described in section 10, Tenant shall pay to Landlord Rent during the next four (4) years of the Term as follows:

YEAR	AMOUNT (_____ s.ft.)
1st	\$0 (1st year of building occupancy)
2nd	25% of Annual Base Rent
3rd	50% of Annual Base Rent
4th	75% of Annual Base Rent

(c) Rent During Remaining Term. Commencing at the start of the fifth year of the Term, and every Lease year thereafter, Tenant shall pay to Landlord one hundred percent (100%) of the Annual Base Rent. For purposes of this lease, "Annual Base Rent" Means three percent (3%) of the preceding Lease year's audited gross rental income, net of building operating expenses allocated to subtenants of the building, such as taxes, utilities and insurance. For purposes of this section 5.01, gross rental income includes proceeds from any rental or business interruption insurance carried by Tenant pursuant to section 14.01.1. It is agreed that Annual Base Rent of two and one-half percent (2.5%) is subject to confirmation by independent appraisal that it represents the fair market rent of the leased premises.

(d) Payment of Annual Base Rent. Rent shall be paid in advance in equal monthly installments without offset, prior notice or demand.

5.02 Payment of Rent. Rent and all other sums which are to be paid or repaid by Tenant shall be paid to Landlord at the address designated for notices herein.

5.03 Proration. Rent shall be prorated on a 365-day basis for any partial period.

5.04 Net Lease. This Lease is a net lease, and the Parties intend that Landlord shall receive Rent payable hereunder free and clear of any and all other impositions, taxes, liens, charges or expenses of any nature whatsoever in connection with the operation of the Property.

5.05 Past Due Rent. If Tenant fails to pay any portion of the Annual Base Rent or other charges payable by Tenant hereunder within ten (10) days after Tenant receives written notice regarding such unpaid amount, such unpaid amount shall bear interest from the due date thereof to the date of payment at the Default Rate, and such interest shall be collectable as additional Rent. As used in this Lease, the "Default Rate" shall mean an annual rate of interest equal to the lesser of (a) two percent (2%) above the prime or reference rate then in effect, and as adjusted from time to time, at Wells Fargo Bank, N.A., or (b) the maximum rate of interest then permitted by Nevada law.

6. Taxes and Assessments

6.01 Taxes. Tenant agrees to pay and discharge all taxes, assessments, impositions, levies and charges, whether general or special, ordinary or extraordinary, which may during the Term be directly or indirectly taxed, levied, charged, assessed or imposed upon or against, or which shall or may be or become a lien upon the Lease or

any part of the Premises hereby leased, the Improvements, or personal property situated thereon.

6.02 Proration. Tenant's obligation to pay taxes as provided in Section 6.01 shall be prorated on the basis of a 365-day year to account for any fractional portion of a fiscal tax year included in the Term at its Commencement Date or Termination Date. If Landlord is not currently subject to payment of taxes as provided in Section 6.01, Tenant shall pay all such taxes in the fiscal tax years falling at the Commencement of this lease and at the Termination of this lease.

6.03 Contest.

6.03.1 Right to Contest. Tenant shall have the right to contest, object to or oppose by such proceedings as Tenant deems necessary, the legality or validity or amount of any tax, assessment, levy, imposition or charge required of Tenant, and described in this Section 6. If Tenant undertakes any such contest, it shall give Landlord prompt notice of such contest, objection or opposition and the legal basis thereof. If Tenant gives Landlord such notice, it may withhold or defer payment or pay under protest but shall protect Landlord and the Premises from any lien by adequate bond of a surety company or other security. Landlord appoints Tenant as Landlord's attorney-in-fact for the purpose of making out payments to any taxing authorities and for the purpose of contesting any taxes, assessments, or charges. Landlord, upon request by Tenant, shall execute and deliver to Tenant appropriate documentation appointing Tenant as Landlord's attorney-in-fact for such limited purpose.

6.03.2 Landlord Participation. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the law requires that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises. If Landlord is required by law to participate in the proceeding or contest, his participation shall be at the cost and expense of Tenant. In any event, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge such tax, assessments, levy or charge determined by any decision or judgment rendered, together with all costs, charges, interest, and penalties incidental to the decision or judgment.

6.03.3 Delivery. Landlord shall promptly deliver to Tenant, all invoices, bills, statements, notices and other instruments relating to the payment of said taxes which Landlord may receive from any taxing authority.

6.04 Exemptions. Tenant's obligation to pay taxes or assessments levied or charged against the Property shall not include any tax of the following nature whatever

it may be called: business, income, or profits taxes levied or assessed against Landlord by federal, state, or other governmental agency; nor shall it include any estate, succession, inheritance, or transfer taxes of Landlord; or corporation, franchise, or profits taxes imposed on the corporate owner of the fee title of the Premises.

7. Utilities

7.01 Tenant's Obligations. Tenant shall pay all hook-up and other charges for sewage, water, gas, heat, light, power, and other utilities or services Tenant in Tenant's discretion deems necessary for the proper use of the Property. Upon written request by Tenant, Landlord will join with Tenant in any application required for obtaining or continuing any utility service, and Tenant shall indemnify and hold Landlord harmless from and against any loss, cost, expense, or the like on account thereof, including reasonable attorneys' fees.

7.02 Interruption of Service. Landlord shall not be liable for any failure or interruption of any utility service supplied to the Property. Any such failure or interruption shall not entitle Tenant to terminate this Lease so long as any such interruption is not caused or requested by Landlord.

8. Right of First Refusal

8.01 Offer. In the event Landlord during the Term desires to sell or otherwise transfer the Premises or Landlord's interest in the Lease for consideration, Landlord shall first comply with the following procedure:

(a) Landlord shall offer to sell such property to Tenant. The offer shall be in writing, and shall specify the purchase price, terms and conditions upon which Landlord would sell such property to Tenant.

(b) Tenant shall have not less than thirty (30) days to commit to purchase such property following receipt of the offer. Tenant shall have not less than one hundred and eighty (180) days after the expiration of the initial thirty (30) day period described above to consummate the transaction.

8.02 Sale by Landlord. If Tenant does not timely commit to, or consummate the purchase of such property, Landlord shall be free to sell such property to a third party at a price not less than, nor terms more favorable to the purchaser than those set forth in Landlord's offer.

8.03 Failure to Complete Transaction. If Landlord fails to consummate the sale or other transfer of such property as set forth in Section 8.02, within one (1) year following the expiration of the thirty (30) day period described in Section 8.01(b), then Landlord may not sell or transfer such property without first complying with the procedure set forth in Section 8.01, and the remaining provisions of this Section 8 shall remain in full force and effect.

8.04 Permitted Transfers. Notwithstanding any provision contained herein, Landlord may transfer the Premises or Landlord's interest in this Lease to an Affiliate; provided, that such transferees shall continue to and shall agree in writing, to be subject to and bound by all of the provisions contained in this Lease and in any ancillary or related agreements between the Parties.

8.05 Offer. In the event Tenant during the Term desires to sell or otherwise transfer the Premises or Tenant's interest in the Lease for consideration, Tenant shall first comply with the following procedure:

(a) Tenant shall offer to sell such property to Landlord. The offer shall be in writing, and shall specify the purchase price, terms and conditions upon which Tenant would sell such property to Landlord.

(b) Landlord shall have not less than thirty (30) days following receipt of the offer to commit to purchase such property by written notice to the Tenant. Landlord shall have not less than one hundred and eighty (180) days after the date of its commitment notice to consummate the transaction.

8.06 Sale by Tenant. If Landlord does not timely commit to, or consummate the purchase of such property, Tenant shall be free to sell such property to a third party at a price not less than, nor terms more favorable to the purchaser than those set forth in Tenant's offer.

8.07 Failure to Complete Transaction. If Tenant fails to consummate the sale or other transfer of such property as set forth in Section 8.06, within one (1) year following the expiration of the thirty (30) day period described in Section 8.02(b), then Tenant may not sell or transfer such property without first complying with the procedure set forth in Section 8.05, and the remaining provisions of this Section 8 shall remain in full force and effect.

8.08 Permitted Transfers. Notwithstanding any provision contained herein, Tenant may transfer the Premises or Tenant's interest in this Lease to an Affiliate; provided, that such transferees shall continue to and shall agree in writing, to be subject

to and bound by all of the provisions contained in this Lease and in any ancillary or related agreements between the Parties.

9. Use

9.01 Use. The Property and Improvements shall be used only and exclusively as a medical office building for the private practice of medicine and related professional services, and shall not be used for the purpose of providing any services, such as ambulatory surgery, imaging or clinical laboratory (except as may be incidental to the private practices of Subtenants), competitive with any services offered at the Hospital. Tenant shall not use or occupy or permit other persons to use or occupy, the Property, or any part thereof, for any extra-hazardous purpose, or any other purpose or in any manner which might violate any law, ordinance, rule, order or regulation of any governmental, political or military agency or entity.

9.02 Compliance with Law. Tenant shall comply with all laws, ordinances, rules, orders, regulations and requirements of any legal, governmental or military board, body, or commission relating to, affecting or controlling the construction, reconstruction, replacement, changes in construction or repair, maintenance, condition, equipment, protection, occupancy or use of any Improvement or relating to, or affecting the Improvements, occupancy, use or condition of, any work or operation in or upon the Property or any sidewalk or street surrounding or adjoining the same.

9.03 Land Use Restrictions. Tenant may enter into agreements restricting use of, and granting easements over the Premises as may be necessary or appropriate to the intended use of the Property and Improvements as set forth in Section 9.01. Tenant shall obtain Landlord's prior written consent to any easement restriction on the Premises, its use or its alienation for periods extending beyond the Term, as it may have been extended by exercise of Tenant's rights pursuant to Section 4.02, except as provided in Section 10.03. Tenant may obtain zoning changes or conditional use permits with respect to the Premises as may be necessary or appropriate to the intended use of the Property and Improvements as set forth in Section 9.01. At Tenant's request, Landlord shall join with Tenant in applications and proceedings to obtain such zoning changes and use permits, and Tenant shall reimburse Landlord for any costs or expenses incurred by Landlord in connection therewith.

9.04 Termination of Use Restrictions. Notwithstanding Section 9.01, if an acute care hospital is no longer operated on property adjacent to the premises, or if a Mortgagee forecloses upon the fee interest of Landlord in the Premises, the use restrictions set forth in Section 9.01 shall terminate and the Property may be used for any lawful and legitimate purpose, and Tenant may alter, modify, remove, or demolish

the Improvements as provided in Sections 10 and 11 hereof without regard to the limitation imposed under Section 9.01.

9.05 Waste; Nuisance. Tenant shall not commit and shall use its best efforts to prevent other Persons from committing any waste, damage, disfigurement, or injury to the Property. Tenant shall not cause or maintain and shall use its best efforts to prevent other Persons from causing or maintaining a nuisance on the Property. For purposes of this Section 9.05, the inclusion of a covenant by a Subtenant in any sublease shall be satisfactory evidence of Tenant's best efforts.

10. Improvements

10.01 Tenant's Duty to Construct. Subject to Tenant obtaining a Construction Loan and the provisions of Section 10.02.2 and 16.09.1, Tenant shall commence construction of a 44,100 square foot medical office facility and other Improvements no later than one hundred and twenty (120) days from the date that Tenant has obtained all required governmental approvals respecting construction of the Improvements, and permits to construct the Improvements are available. Tenant shall use its best efforts and act diligently to obtain all such required approvals and permits. If Tenant is unable to obtain all governmental approvals within one hundred and eighty (180) days from the date of this Lease, this Lease may be cancelled by either Party, and neither Party shall then have any obligation to the other Party hereunder, provided, however, that if there are delays in obtaining governmental approvals or permits respecting construction of the Improvements that arise through no fault of the tenant, the one hundred and eighty day period shall be automatically extended by the same period of time as such delays. In the event Tenant is unable to obtain a Construction Loan to construct the Improvements, after diligently exercising its best efforts, Tenant shall not be obligated to commence construction of the Improvements until such time as Tenant does obtain such Construction Loan. If Tenant is unable to obtain a Construction Loan within one hundred and twenty (120) days from the date that Tenant has obtained all required governmental approvals respecting construction of the Improvements, and permits to construct the Improvements are available, this Lease may be cancelled by either Party, and neither Party shall then have any obligation to the other Party hereunder. Subject to Section 16.09.1, Tenant shall complete the construction of Improvements no later than eighteen (18) months following commencement of construction.

10.02 Conditions of Major Construction. Before any construction required under Section 10.01 or before any Major Construction permitted in this Lease is commenced, and, except as hereinafter contemplated where such rights are waived, before any act occurs which would give rise to mechanic's lien rights under the law applicable at such time including, but not limited to, acts such as the delivery of building materials to the Premises, the commencement of the work, etc., Tenant shall comply with all of the

conditions, or procure Landlord's written waiver of such condition or conditions, set forth in Sections 10.02.1 through 10.02.08.

10.02.1 Preliminary Plan. Tenant shall deliver to Landlord for Landlord's approval two (2) sets of preliminary construction plans and specifications prepared by an architect or engineer licensed to practice as such in Nevada, including, but not limited to: preliminary grading and drainage plans; soil tests; utilities, sewer, and service connections and off-site improvement plans; locations of ingress and egress to and from public thoroughfares; curbs, gutters, and on-site street improvement plans showing street lighting; landscaping plans and specifications; site plans showing pedestrian circulation and building elevations; general mechanical, electrical, and plumbing plans; a list of standard tenant improvement specifications; and the like; and all in sufficient detail to enable potential contractors and subcontractors to make reasonable accurate bid estimates and to enable Landlord to make an informed judgment about the design and quality of construction of Improvements.

10.02.2 Landlord's Approval of Preliminary Plans. Landlord shall not unreasonably disapprove the preliminary plans and specifications. Approval or disapproval shall be communicated in the manner provided for notices herein and disapproval shall be accompanied by specifications of the grounds for disapproval; provided, that if Landlord does not specifically disapprove, in writing, said plans and specifications within ten (10) working days after receipt thereof, then the plans and specifications shall be deemed to have received Landlord's written approval. Following Landlord's first or any subsequent disapproval, Tenant may, within ten (10) days thereafter, elect to submit revised preliminary plans and specifications or give notice contesting the reasonableness of Landlord's disapproval. In the event Tenant contests the reasonableness of Landlord's disapproval, the matter shall be resolved by arbitration provided in Section 17. Review and disapproval of plans resulting therefrom and election to submit revised plans and specifications or resolution by arbitration shall extend Tenant's time for commencement and for completion of construction for a period equal to one (1) day for each day after the submission of the plans and specifications until the preliminary plans are approved.

Landlord, by approving the plans and specifications, does not assume any liability therefor, or make any warranty as to the suitability of materials or equipment specified therein and Landlord shall not be liable for any defects in construction completed in accordance with the plans and specifications or any equipment, machinery, appliance, or material incorporated therein.

10.02.3 Final Plans, Specifications. Tenant shall prepare final working plans and specifications substantially conforming to preliminary plans previously approved by Landlord, submit them to the appropriate governmental agencies for approval, and deliver to Landlord one (1) complete set as approved by such governmental agencies together with Tenant's written statement certifying that all necessary governmental approvals to permit construction have been obtained. Changes from the preliminary plans shall be considered to be within the scope of the preliminary plans if they are not substantial or if they are made to comply with suggestions, requests, or requirements of a governmental agency or official in connection with the application for a permit or approval, and if they do not depart substantially in size, utility, or value from the description contained in this Lease, involve a fundamental or material change in the Improvements or any of the operating systems therein, including but not limited to, electrical, heating, air conditioning, plumbing, elevators and mechanical systems, or the architecture of the Improvements, or result in an increase or decrease in the construction costs of the Improvements of fifty thousand (\$50,000) or more.

10.02.4 Notice of Intent to Construct. Tenant shall notify Landlord of Tenant's intention to commence construction of the Improvements contemplated in the plans and specifications at least fifteen (15) days before commencement of any such work or delivery of any materials to the Premises, whichever shall first occur. Notwithstanding the foregoing, if under applicable law it becomes necessary for Landlord to receive more advance notice thereof in order to comply with any applicable non-responsibility statute, the time for delivery of such advance notice shall be accordingly extended. Landlord shall have the right to post and maintain on the Premises any notices of non-responsibility provided for under applicable law, and to inspect the Premises relative to the construction at all reasonable times.

10.02.5 Notice of Financing. Tenant shall deliver to Landlord true, correct, and complete copies of the form of Loan Documents lender is requiring be executed to evidence the Construction Loan. Such documents shall include, but not be limited to, the Construction Loan note, Construction Loan Mortgage, Construction loan agreement, Security agreement and the like. Tenant shall deliver to Landlord a true, correct, and complete copy of the Permanent Loan commitment and draft or sample copies of all Loan Documents the lender furnishes on request of Tenant.

10.02.6 Required Governmental Permits. Tenant shall procure and deliver to Landlord at Tenant's expense evidence of compliance with all then applicable codes, ordinances, regulations, and requirements for permits and approvals, including but not restricted to a grading permit, building permits, zoning, and planning requirements and approvals from various governmental agencies and

bodies having jurisdiction. Evidence of compliance may be a certificate of architect.

10.02.7 Builder's Risk and Other Insurance. Tenant shall deliver to Landlord evidence of all insurance coverage required by this Lease, including, certificates of insurance evidencing coverage for "builder's risk"; evidence of worker's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against Landlord or the Premises; and evidence that Tenant has paid or caused to be paid all premiums for the coverage described above in this Section and any increase in premiums on insurance provided for in Section 14, sufficient to assure maintenance of all required insurance during the anticipated course of the work. Tenant shall maintain, keep in force, and pay all premiums for all required insurance at all times during which such work is in progress.

10.03 Easements Necessary to Construction.

10.03.1 Tenant's Right to Grant Utility Easements. Notwithstanding any other provision of this Lease including the restrictions imposed under Section 9 hereof, Landlord grants to Tenant the right to grant public entities or public service corporations, for the purpose of serving the Premises, rights of way or easements on or over the Premises for poles or conduits or both for telephone, electricity, water, sanitary or storm sewers or both, and for other utilities and municipal or special district services. Grants made under the authority of this provision need not be limited to the Term of the Lease and Landlord hereby irrevocably appoints Tenant as its attorney-in-fact to execute any and all documents in its place and stead to effect such purposes which power is coupled with an interest. At Tenant's request, Landlord shall execute and acknowledge such further instruments as are necessary or convenient to reflect or effect this power of attorney.

10.03.2 Temporary Construction Easements over Adjacent Property. Whether or not it is expressly stated as a right appurtenant to Tenant's leasehold estate, Tenant shall have and Landlord hereby grants to Tenant, its agents, employees, independent contractors, and the like, the right and easement to enter upon property of Landlord's which is adjacent to the Premises for any and all purposes necessary or incidental to the construction of any Improvements from time to time during the course of any such construction hereof without compensation, so long as such use does not unreasonably interfere with Landlord's use of its adjoining property, and specifically does not unreasonably interfere with patient ingress, egress, and access. Tenant agrees and covenants that it will indemnify, defend, and hold Landlord harmless from and against any loss, cost, including reasonable attorneys' fees, liability, claim, or damage arising out of the

exercise of the rights and easements hereby granted; provided that any temporary inconvenience or dislocation resulting from the exercise of such rights and easements that does not unreasonably interfere with Landlord's use of its adjacent property and patient ingress, egress or access thereto shall not be compensable.

10.04 Completion of Improvements.

10.04.1 Diligent Prosecution. Except as otherwise provided in Section 10.02.2, in Section 16.09.1 or elsewhere herein, Tenant shall use its best efforts to complete construction of the Improvements no later than eighteen (18) months after commencement of construction. Landlord agrees to cooperate with Tenant, as is reasonably determined to be necessary, to accomplish the completion of construction of the Improvements as described above.

All work permitted to be done thereunder shall be performed in a good workmanlike manner, shall be in substantial conformance with the plans and specifications approved by Landlord, and shall comply with all applicable governmental permits, laws, ordinances, and regulations.

10.04.2 Protection of Landlord Against Cost or Claim. Tenant shall pay or cause to be paid the total cost and expense of all permitted works of improvement, as that phrase is defined in the Mechanic's Lien Law when the work begins. No such payment shall be construed as rent. Tenant shall not suffer or permit to be enforced against any part of the Property, any mechanic's or materialman's lien arising from any permitted work of improvement. Tenant may in good faith and at Tenant's own expense contest the validity of any such asserted lien, claim or demand, provided Tenant has furnished the bond required in Nevada Revised Statutes ("NRS") 108.2415 to 108.2425 (or any comparable statute hereafter enacted for providing a bond freeing the Property from the effect of such a lien claim).

Tenant shall defend and indemnify Landlord against all liability and loss of any type arising out of work performed on the Premises by Tenant, together with reasonable attorneys' fees and all costs and expenses incurred by Landlord in defending or otherwise protecting against such claims.

10.04.3 Landlord's Right to Discharge Lien. If Tenant does not cause to be recorded the bond described in Nevada Revised Statutes ("NRS") 108.2415 to 108.2425 or otherwise protect the Property under any alternative or successor statute, and a final judgment has been rendered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's or materialman's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, Landlord shall have the right, but not the duty, to pay or

otherwise discharge, stay or prevent the execution of any such judgment or lien or both. Tenant shall reimburse Landlord for all sums paid by Landlord under this paragraph, together with all Landlord's reasonable attorneys' fees and costs, plus interest on those sums, fees and costs at the Default Rate from the date of payment to the date of reimbursement.

10.04.4 Completion of Construction. On completion of any Major Construction during the Term, Tenant shall provide Landlord with an architect's certificate, notice of completion, or satisfactory evidence that the Major Construction has been completed.

10.04.5 Notice of Changes in Plans. On completion of any work of improvement, Tenant shall give Landlord notice of all changes in plans or specifications made during the course of the work and shall, at the same time and in the same manner, supply Landlord with "as built" drawings accurately reflecting all such changes. Landlord acknowledges that it is common practice in the construction industry to make numerous changes during the course of construction on substantial projects. Changes that do not substantially alter plans and specifications previously approved by Landlord do not constitute a breach of Tenant's obligations. The criteria applied in Section 10.02.3 for determining whether changes to the plans and specifications are substantial shall be applicable to this Section 10.04.05. Tenant shall obtain Landlord's prior written consent to any changes from the plans and specifications previously reviewed by Landlord that would be considered substantial under these criteria.

10.04.6 Notice of Recording (Permanent Financing). Following completion of any work of improvement, Tenant shall promptly deliver to Landlord evidence that any Mortgagee under the Construction Loan with respect to the Improvements has accepted or approved of the completed Improvements. At least ten (10) working days prior to recordation of any Permanent Loan, Tenant shall deliver to Landlord forms of the note evidencing such loan, the Mortgage securing such note, and forms of all other Loan Documents related thereto and promptly following recordation, Tenant shall deliver copies thereof to Landlord showing all signatures and where appropriate recording or filing information.

10.05 Parking. Throughout the Term, Landlord shall provide Tenant with parking of up to 211 spaces at contiguous and convenient locations within the Hospital campus to satisfy all governmental standards applicable to the Improvements. In recognition of this obligation, Landlord and Tenant shall execute, acknowledge and cause to be recorded a Declaration of Easements and Parking License Agreement in the form of the attached Exhibit "C" concurrently with the execution by the Parties of this Lease. Except insofar as specifically allocated for limited use (which shall include physician parking proximate to the Improvements), all parking within the Hospital campus

(including the premises) shall provide open access for patrons, patients, employees and other occupants of both the Hospital and the Improvements. Such use and access shall be without the imposition of any parking fees unless otherwise agreed by Landlord and Tenant.

11. Maintenance; Repair; Alteration; Reconstruction

11.01 Tenant's Duty to Maintain Premises. Throughout the Term, Tenant shall, at Tenant's sole cost and expense, maintain the Premises and all Improvements in good condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of federal, state, county, municipal and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus and officials, as well as the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction, and all insurance companies insuring all or any part of the Premises or Improvements or both.

Except as expressly provided to the contrary herein, Tenant shall promptly and diligently repair, restore and replace as required to maintain or comply as above, or to remedy all damage to or destruction of all or any part of the Improvements resulting wholly or in part from causes required by this Lease to be covered by fire or extended coverage insurance. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality and use to the condition of the Improvements before the event giving rise to the work, except as expressly provided to the contrary in this Lease.

Nothing in this Section setting forth the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove or replace any improvement, or as limiting Sections 11.01.3 and 15.05 hereof. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section 11.01 shall entitle Tenant to any offset, abatement or reduction in rent nor to any termination or extension of the Term.

In determining whether Tenant has acted promptly as required under this Section 11.01, one of the criteria to be considered is the availability of any applicable insurance proceeds.

Notwithstanding the above, it is hereby understood and agreed that any Mortgage may restrict the right of Tenant to repair, restore, and replace the Improvements with the insurance proceeds unless the following conditions are satisfied:

- (a) Tenant is not in default under the Mortgage;

- (b) there shall be sufficient income from the Property or another source to pay all debt service and operating expenses;
- (c) insurance shall be available during the restoration;
- (d) Mortgagee shall have approved the plans and specifications for any repair or restoration;
- (e) Mortgagee shall have received an architect's certificate or other evidence that the Improvements, as restored, shall comply with all zoning and building requirements, and recorded covenants; and
- (f) Tenant deposits with Mortgagee the balance of any additional funds necessary for the repair, replacement or restoration.

The foregoing shall not relieve the obligation of Tenant to repair, restore, or replace the Improvements under this Section and shall not limit any remedy of Landlord under this Lease for Tenant's default.

11.01.1 Temporary Relief of Duty for Substantial Loss of Area. If any damage to or destruction of the Premises or the Improvements is such that forty percent (40%) of the gross leasable floor area then subject to subleases is rendered unusable for purposes stated in this Lease or such subleases, Tenant may elect to delay the installation of tenant improvements for the individual suites until such time as subtenant leases are obtained for each such suite. Nothing contained in this Section 11.01.1 shall be construed to negate or modify any provision of this Lease relating to damage or destruction during the final years of the Term.

11.01.2 Right to Contest Governmental Order. Tenant has the right to contest by appropriate judicial or administrative proceedings, without cost or expense to Landlord, the validity or application of any law, ordinance, order, rule, regulation or requirement (hereafter called "law") that Tenant repair, maintain, alter or replace the Improvements in whole or in part, and Tenant shall not be in default for failing to do such work until a reasonable time following final determination of Tenant's contest. If Landlord gives notice of request, Tenant shall first furnish Landlord a bond, satisfactory to Landlord in form, amount and insurer, guaranteeing compliance by Tenant with the contested law and indemnifying Landlord against all liability that Landlord may sustain by reason of Tenant's failure or delay in complying with the law. Landlord may, but is not required to contest any such law independently of Tenant. On Tenant's notice of request, Landlord shall join in Tenant's contest at no cost or expense to Landlord.

11.01.3 Relief of Tenant's Duty to Restore. Tenant is relieved of the obligation imposed under Section 11.01 to, but may maintain the Improvements, if the Improvements are damaged or destroyed by an act or event which occurs during the final five (5) years of the initial Term, prior to exercise of any right to extend the Term, or if the Term is extended as provided herein, during the final two (2) years of any extended Term, if the work of repairing, restoring or reconstructing the Improvements would involve Major Construction and Tenant complies with all of the following conditions:

- (a) Tenant gives Landlord notice of the occurrence of such event within thirty (30) days after such event, detailing facts that qualify the casualty under this provision;
- (b) Tenant is not in default under any provision or condition of this Lease;
- (c) Tenant continues to make all payments when due as required under this Lease, provided that Annual Base Rent for the remainder of the Term (or extension thereof) shall be equal to sums actually paid as Annual Base Rent for the twelve (12) months immediately prior to the damage or destruction, and provided further that Landlord may, by notice given at any time after Tenant's notice of the damage or destruction, elect to terminate the Lease at the date stated in Landlord's notice and forgive all Rent and other payments required hereunder for the period following that date;
- (d) Tenant pays in full, or has paid in full, any outstanding indebtedness incurred by Tenant and secured by a Mortgage;
- (e) Tenant delivers possession of the Property to Landlord and quitclaims all right, title and interest in the Property if, and promptly after, ceasing to do business on the Property;
- (f) Tenant causes to be discharged all liens and encumbrances resulting from any act or omission of Tenant;
- (g) Tenant relinquishes all remaining options to extend or renew the Lease;
- (h) Tenant razes or deposits the cost of razing all Improvements in the manner provided in Section 11.01 hereof; and
- (i) Tenant, and any Mortgagee of a Mortgage securing an indebtedness incurred by Tenant, effectively relinquish and transfer to Landlord all remaining insurance proceeds (exclusive of rent insurance) resulting from

the casualty to the extent that they exceed the cost of any required demolition of Improvements and the unpaid balance of any such indebtedness incurred by Tenant.

11.02 Conditions of Major and Minor Repairs, Etc. Tenant shall comply with all of the Conditions of Major Construction set forth in Section 10.02 and with all of the requirements for completion of Improvements set forth in Section 10.04 if any repair alteration, addition or restoration involves Major Construction.

Landlord's approval shall not be required for repairs, alterations, additions or restorations involving Minor Construction, however, Tenant shall with respect to such work comply with all of the requirements of Section 10.04.

11.03 Payment by Landlord. Landlord's election to perform any obligation of Tenant under this Section 11 following Tenant's failure or refusal to do so shall not constitute a waiver of any right or remedy for Tenant's default, and any such amounts so paid by Landlord shall be immediately due and payable by Tenant as rent, together with interest thereon at the Default Rate from the date of payment by Landlord to the date such sum is paid by Tenant to Landlord.

12. Ownership of Improvements

12.01 Existing Improvements; Right to Demolish. Any Improvements existing on the Premises at the Commencement Date shall become the property of Tenant without compensation.

12.02 Ownership of New Improvements During Term. During the Term of the Lease, all Improvements constructed on the Premises by Tenant or by a Subtenant as permitted by this Lease shall be owned by such Tenant or such Subtenant as their interests may appear under any sublease until the Termination Date.

12.03 Ownership of Termination. All Improvements placed on the Premises by Tenant or by a Subtenant as permitted by this Lease and remaining at the Termination Date shall, without compensation to the Tenant or its Subtenants, become Landlord's property free and clear of all claims to or against them by Tenant or its Subtenant or any third person. Any personal property of Tenant or its Subtenants which shall remain on the Property after the Termination Date and the removal of Tenant and its Subtenants from the Property, may be deemed abandoned by Tenant or its Subtenants and may be either retained by Landlord as Landlord's property, disposed of by Landlord, without accountability, in such manner as Landlord sees fit (including having the same stored at the risk and expense of Tenant), or required by Landlord's written notice to Tenant as hereinafter provided to be removed by Tenant. The foregoing shall be without prejudice

to any election given Landlord by law or hereunder as to such property. All such ownership rights are subject to any rights which may be contained in a Mortgage.

12.04 Right to Remove Fixtures. At the Termination Date, Tenant and its Subtenants shall have the right to remove any or all Fixtures, provided all resultant injuries to the Property are completely remedied and Tenant complies with Landlord's reasonable requirements respecting the resultant appearance.

13. Financing; Assignment; Subletting

13.01 Subordination of Landlord's Interest.

13.01.1 Fee Subordination by Landlord. If requested by Tenant, Landlord shall subordinate its fee interest in the Premises to the lien of a Mortgage, provided that (a) the debt secured by such lien is incurred for the construction or permanent financing of the initial Improvements as required by Section 10.01, (b) it does not exceed the monetary limits set forth in this Section 13, (c) the loan documents are customary in form and reasonably acceptable to Landlord, (d) the terms of such financing are reasonably competitive and consistent with the market for such financing at the time with respect to such matters as interest rate, loan-to-value ratio, guarantees, and the like, (e) Landlord has the right to obtain a notice of default and a reasonable opportunity to cure any defaults under the loan documents; and (f) the loan complies with the conditions set forth in Section 13.01.2.

13.01.2 Conditions of Subordination. Landlord's obligation to execute the Mortgage subordinating its interest in the leasehold and fee title to the Premises under this Section 13.01 is subject to the following conditions:

(a) In the event the loan is a Construction Loan, the principal amount of the loan shall not exceed seventy-five (75%) percent of the Appraised Stabilized Value of the Property; shall bear interest at a rate, if variable, not exceeding three and one quarter percent (3.25%) over the lender's "index rate", (as used herein, "index rate" shall mean the rate (e.g., a prime rate, 9th District cost of funds, etc.) used by such lender as its index rate for the type of loan involved) at any time during the term of the loan or, if fixed, not exceeding lender's "index rate" at the time of recordation of the Mortgage securing such loan by three and one quarter (3.25%) percent; shall be due and payable in full in not more than three (3) years from the date it is recorded, shall not include points in excess of four (4%) percent of the loan amount or an interest reserve for interest beyond the maturity date of the loan; and shall provide for the voucher payment method of

disbursing the loan funds during the period of construction or other acceptable mechanism to disburse the loan funds.

(b) In the event the loan is a Permanent Loan, the principal amount of the loan shall not exceed seventy-five (75%) percent of the Appraised Stabilized Value of the Property; shall bear interest at a rate, if fixed, that does not exceed at the time the Mortgage securing the loan is recorded three and one quarter (3.25%) percent over the lender's "index rate", or, if variable, at a rate that does not exceed three and one quarter (3.25%) percent over such "index rate", the loan shall be amortized over a term of not less than ten (10) years nor more than thirty (30) years, and due and payable in full not less than five (5) years before expiration of the term, provided, however, that an amortizing loan which is payable interest only or is negatively amortized for portions of the term of a variable rate loan which permits level installment payments shall be permitted if (i) at no time during the term of the loan the principal outstanding with respect to said loan may exceed eighty (80%) percent of the Appraised Stabilized Value of the Property, or (ii) any deferred interest or principal under such loan is clearly and unequivocally secured by an encumbrance which is not prior to this Lease as to such amounts (it is recognized that Tenant may wish to or be required to provide lender with a participation in revenues derived from operation of the Improvements or to "buy down" the interest rate with a fee paid from the loan proceeds or its funds and such arrangements are acceptable to Landlord and are not to be included in determining interest rates provided the loan terms otherwise meet the requirements of this Section 13.01.2(b));

(c) The Mortgage securing any loan where Landlord is to execute the Mortgage subordinating its fee shall expressly provide that Landlord is executing the Mortgage solely for the purpose of encumbering Landlord's fee title, subject to use restrictions, without assuming any liability for payment of the note or any other payments, duties or obligations thereunder, that the Mortgagee of such Mortgage will seek no money judgment against Landlord and that following any default by Tenant under the Mortgage or under the Lease, which is not timely cured, Landlord shall have the right, but not the obligation, to cure any such default under the Mortgage as provided herein in Section 13.03.3; and

(d) Landlord shall not be required to execute the note or any other document or instrument containing any covenant or obligation on Landlord's part to pay the debt, or any portion of the debt, evidenced by the note or any of the other Loan Documents or to otherwise covenant to undertake any duties or obligations with respect to the loan except the

Mortgage of its fee as provided herein and any assumption of such loan pursuant to Section 13.03.3.

13.02 Leasehold Financing Permitted; Subordination of Rent. Subject to the limitations hereinafter set forth in this Section 13.02 and in Section 13.03, Landlord agrees and consents that Tenant shall have the right at any time and from time to time to subject the leasehold estate created herein and any or all Improvements thereto to one or more Mortgages as security for a loan or loans or other obligations of Tenant as follows:

(a) In the event the loan is a Construction Loan, the principal amount of the loan shall not exceed ninety (90%) percent of the Appraised Stabilized Value of the Property; shall bear interest at a rate, if variable, not exceeding three and one quarter (3.25%) percent over the lender's "index rate" (as used herein, "index rate" shall mean the rate (e.g., a prime rate, 9th District cost of funds, etc.) used by such lender as its index rate for the type of loan involved) at any time during the term of the loan or, if fixed, not exceeding lender's "index rate" at the time of recordation of the Mortgage securing such loan by three and one quarter (3.25%) percent; shall be due and payable in full in not more than three (3) years from the date it is recorded; shall not include points in excess of four (4%) percent of the loan amount or an interest reserve for interest beyond the maturity date of the loan; the loan terms shall provide for the voucher payment method of disbursing the loan funds during the period of construction of other reasonable mechanisms for disbursing the loan funds; or

(b) in the event the loan is a Permanent Loan secured by a Mortgage, the principal amount of the loan shall not exceed ninety (90%) percent of the Appraised Stabilized Value of the Property shall bear interest at a rate, if fixed, that does not exceed at the time the Mortgage securing the loan is recorded three and one quarter (3.25%) percent over the lender's "index rate", or, if variable, at a rate that does not exceed three and one quarter (3.25%) percent over such "index rate"; the loan shall be amortized over a term of not less than ten (10) years nor more than thirty (30) years, and due and payable in full no less than five (5) years before expiration of the term, provided, however, that an amortizing loan which is payable interest only or is negatively amortized for portions of the term or a variable rate loan which permits level installment payments shall be permitted if (i) at no time during the term of the loan the principal outstanding with respect to said loan may exceed ninety (90%) percent of the Appraised Stabilized Value of the Property at the time the loan is made, or (ii) any deferred interest or principal under such loan is clearly and unequivocally secured by an encumbrance which is not prior to this Lease as to such amounts (it

is recognized that Tenant may wish to or be required to provide lender with a participation in revenues derived from operation of the Improvements or to "buy down" the interest rate with a fee paid from the loan proceeds or its funds and such arrangements are acceptable to Landlord and are not to be included in determining interest rates provided the loan terms otherwise meet the requirements of this Section).

13.02.1 Mortgage; Subordinate to Lease. Any such leasehold Mortgage and all rights acquired under it shall be subject to each and all of the covenants, conditions, and restrictions set forth in this Lease and to all rights of Landlord except as otherwise provided in this Lease.

13.02.2 Notice to Landlord of Financing. Tenant shall give Landlord prompt notice of any such leasehold Mortgage, and shall accompany the notice with a true copy of the note, leasehold Mortgage and the other Loan Documents related thereto, which Loan Documents shall conform to any requirements hereof.

13.02.3 Limit on Mortgagee's Liability. Landlord agrees that any Mortgagee shall not be liable to perform Tenant's obligations under this Lease until the Mortgagee acquires Tenant's rights by Foreclosure or by assignment in lieu of Foreclosure. After acquiring Tenant's rights by Foreclosure or by assignment in lieu of Foreclosure, the Mortgagee, and such Mortgagee's successors and assigns who are Institutional Lenders, shall, subject to the provisions of Section 13.02.4 hereof, be liable to perform Tenant's obligations under this Lease only until the Mortgagee, or such successors or assigns, or transfers or assigns the leasehold estate as permitted in this Lease. The Mortgagee, or such successor or assigns, shall not, however, be required to cure Tenant's defaults under this Lease occurring before acquisition of Tenant's rights by Foreclosure, assignment in lieu of Foreclosure, or by assignment or transfer following either as contemplated in this Section. Except as expressly otherwise provided elsewhere herein, no Mortgagee shall acquire greater rights or interest than Tenant has under this Lease.

13.02.4 Subordination of Rent to Mortgage. If Tenant defaults under the terms of any permitted leasehold Mortgage and the Mortgagee of such leasehold Mortgage acquires Tenant's leasehold estate, whether by Foreclosure, or by an assignment in lieu of Foreclosure, Landlord agrees to suspend the payment of base rent falling due during the six (6) months following the leasehold Mortgagee's acquisition, conditioned on the following:

- (a) payment of all taxes, assessments, and insurance premiums required by this Lease to be paid by Tenant are current, or are brought current by such leasehold Mortgagee, and are kept current by it;

(b) payment of all utility charges imposed on Tenant hereunder are current or are brought current and are kept current;

(c) the leasehold Mortgagee performs all Tenant's obligations for maintaining the Property;

(d) all income and rents from the operation of the Premises or Improvements are held by leasehold Mortgagee in trust for Landlord; and

(e) such leasehold Mortgagee shall cure any rent defaults of Tenant out of the income and rent remaining after paying items (a) through (d) above and after said leasehold Mortgagee's reasonable expenses incurred in operating the Property. Thereafter, such leasehold Mortgagee shall pay Landlord the base rent due for the six (6) month suspension of such rent.

13.03 General Provisions Regarding Tenant Financing.

13.03.1 Loan Documents to be in Customary Form/Landlord's Approval. The note, Mortgage, and other Loan Documents shall conform substantially to the customary provisions in the Loan Documents for comparable projects except as otherwise provided in this Lease, and shall conform with the provisions of this Lease applicable thereto. All Loan Documents shall be delivered to Landlord prior to execution, whether or not they are to be executed by Landlord, for Landlord's review to insure that they are in conformity with the provisions of this Lease including Landlord's approval of the Lender as provided in Section 13.03.8. Landlord shall have ten (10) working days after delivery to review the Loan Documents and Lender and object or disapprove them. Landlord's objection or disapproval shall be in writing delivered to Tenant within said ten (10) working day period. Landlord's silence shall be deemed to constitute approval of lack of objection.

13.03.2 Disposition of Insurance Proceeds and Condemnation Award. Except as provided in Section 11.01, the Loan Documents shall expressly provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Improvements and not to repay the loan, or part thereof, except as permitted or provided to be used for such purpose in this Lease. The Loan Documents shall expressly provide that in the case of a Taking of the Property Landlord shall be entitled to assert and prosecute its claim for such portion of the Award as it may be entitled to in this Lease. In any case where the effect of the Loan Documents is to permit the results set forth hereinabove to be accomplished, this condition shall be deemed to be satisfied.

13.03.3 Notice to Landlord; Cure Rights. The Loan Documents shall expressly provide that all notices of default thereunder must be delivered to Landlord and Tenant and that Landlord shall have the right, but not the obligation to cure any default thereunder if Tenant fails to do so. The Loan Documents shall expressly give Landlord a least thirty (30) days after the time Tenant's right to cure has expired within which to cure any default which may be cured by the payment of money and provide that any other default (excluding any defaults that can be cured by the payment of money) shall not be grounds to foreclose any Mortgage if:

(a) Landlord commences within thirty (30) days after Tenant's right to cure has expired, and diligently prosecutes to conclusion, an action or proceeding to evict or remove Tenant from the Premises;

(b) Landlord performs or causes to be performed within said thirty (30) days period all provisions of the Loan Documents capable of performance by a party not in possession of the Premises and requiring the payment or expenditure of monies; and

(c) immediately upon obtaining possession of the Property or thirty (30) days after Tenant's right to cure has expired, whichever occurs earlier, Landlord, or a Person reletting the Property from Landlord under this Lease, shall expressly assume Tenant's position and liability under the loan secured by such Mortgage, including any note and all other Loan Documents, and any other subordinated or unsecured loans made by Mortgagee to Tenant in connection with the Property. (It is expressly understood that Landlord or any Person assuming the Loan Documents must be acceptable to the Mortgagee in its reasonable discretion.)

In the event Landlord assumes the Loan Documents, Landlord shall be entitled to relet the Property to any Person acceptable to Mortgagee in its reasonable discretion under the terms of the Lease, subject to the Mortgage. Neither Landlord's right to cure nor exercise of any right given Landlord to forestall a Foreclosure hereunder shall constitute an assumption by Landlord of any liability under the note, Mortgage or other Loan Documents during the period prior to the time Landlord obtains possession of the Property as a result of such action, proceeding, or otherwise. The Loan Documents shall provide that in the event Landlord shall have subordinated its fee title interest under Section 13.01 to the lien of a Mortgage unless the Landlord or a Person reletting the Property from Landlord (in each case acceptable to such Mortgagee in its reasonable discretion) shall expressly assume Tenant's position and liability under the Loan Documents and any other subordinated or unsecured loans made by such Mortgagee to Tenant in connection with the Property, the Landlord shall not

terminate this Lease or otherwise exercise its remedies under Section 16 without Mortgagee's prior written consent.

13.03.4 Landlord's Request for Notice of Default. On recording any permitted Mortgage, Tenant shall, at Tenant's expense, cause to be recorded in the office of the County Recorder for the County in which the Premises are located a written request executed and acknowledged by Landlord for a copy of all notices of default and notices of sale under such Mortgage as provided by Nevada statutes then in effect. Inclusion in the body of the recorded Mortgage itself of a request having such effect shall constitute compliance with this provision.

13.03.5 One Mortgage, One Debt. No permitted Mortgage shall cover any interest in real property other than the interests specifically subjected to mortgage by this Lease. No permitted Mortgage shall cover more than one indebtedness.

13.03.6 New Lease to Mortgagee. On Termination of this Lease by Landlord on Tenant's default in the event Landlord has not subordinated its fee interest under Section 13.01.1, or on Mortgagee's acquisition of the leasehold estate by Foreclosure, or by assignment in lieu of Foreclosure, Landlord shall enter into a new lease with such Mortgagee covering the Premises covered by the terminated or foreclosed Lease if Mortgagee gives notice of request within thirty (30) days after the Termination Date, Foreclosure, or assignment in lieu of Foreclosure; pays or causes to be paid all costs resulting from such default and termination, Foreclosure, or assignment in lieu of Foreclosure; and remedies all defaults of Tenant construed as though this Lease had not been terminated in accordance with Section 13.02.3 and Section 13.02.4 hereof. The new lease shall be for the remainder of the Term of this Lease, effective at the Termination Date or Foreclosure, or assignment in lieu of Foreclosure, at the rent and on the covenants, agreements, conditions, provisions, restrictions, and limitations contained in this Lease.

13.03.7 Subordination of Landlord's Interest. Any security interest of Landlord, arising under or by virtue of this Lease or by operation of law, in or to the Fixtures shall be junior and inferior to the lien of any Mortgagee or of any secured lender under the Nevada Uniform Commercial Code or successor statute then in effect provided that such Mortgagee's or secured creditor's rights of removal of such Fixtures shall be subject to the same duty regarding injuries to the Property and its appearance as Tenant is hereunder.

13.03.8 Loans To Be From Institutional Lender. Any Mortgage obtained by Tenant shall secure a loan made by an Institutional Lender, which is approved by Landlord pursuant to Section 13.03.1.

13.03.9 Payment by Landlord. In the event Tenant fails to make any payments due under any Mortgage, and in the further event Landlord pays any such amounts, together with all penalties and interest which may have been added thereto by reason of such default, any amounts so paid by Landlord shall be immediately due and payable by Tenant as rent hereunder, together with interest thereon at the Default Rate from the date of payment by Landlord to the date such sum is paid by Tenant to Landlord. Any such payment by Landlord shall not be deemed to be a waiver of any rights of Landlord under this Lease, under the Loan Documents or otherwise.

13.04 Encumbrances on Landlord's Title. On the Commencement Date, Landlord has represented and warranted that its title to the Premises is and it hereby covenants that it shall be, free and clear of all liens and encumbrances except as for exceptions to title approved in writing by Tenant. Landlord further covenants and warrants that during the Term hereof, any mortgage placed on the Premises by Landlord shall be subject to and shall not have priority over this Lease any permitted Mortgage of the Premises, the leasehold estate and the Improvements and, to Tenant's rights to encumber the Premises, the leasehold estate and/or Improvements as permitted herein. Landlord covenants and warrants that it shall obtain the approval of any Mortgagee, in whose favor Landlord shall have subordinated its fee interest as to the form and substance of any such Mortgage to be placed on the Premises by Landlord.

13.05 Assignment; Subletting.

13.05.1 No Assignment. Except as contemplated by Section 13.01 and Section 13.02 and subject to Section 8, Tenant shall not sell, assign, or transfer, whether voluntarily, involuntarily, or by operation of law, its interest in the Property, or any portion thereof, during the term of this Lease or for so long as Landlord or an Affiliate of Landlord is the owner of the Property and Landlord operates a general medical-surgical hospital adjacent thereto, whichever is shorter without Landlord's consent which shall not be unreasonably withheld. Notwithstanding the foregoing, this Lease may be assigned by Tenant to an Affiliate.

13.05.2 Subleases. Tenant may sublet rental space in the Improvements, without Landlord's prior written consent, to Subtenants provided:

- (a) the Subtenant is Landlord, a Qualified Entity or Qualified Person;
- (b) each such sublease shall terminate on or before the expiration of the Term;

(c) each such sublease shall be substantially in the form approved by Landlord and the Mortgagee which approval shall not be unreasonably withheld (or if landlord waives its approval requirement in form submitted to Landlord for its approval), and shall contain a provision, satisfactory to any Mortgagee having an interest when such sublease is executed to atorn to Mortgagee on Foreclosure or default by Tenant if the Subtenant is notified in writing of such default and instructed to make further rental payments to such Mortgagee;

(d) It is understood and agreed that so long as Landlord or any other provider entity located adjacent to the Premises leased hereunder is owned, operated, sponsored or managed by an entity subject to Canon Law of the Roman Catholic Church, the Premises or any part thereof subleased hereunder will be used only in conformance with the Ethical and Religious Directives for Catholic Facilities as promulgated, from time to time, by the National Conference of Catholic Bishops, and as approved by the Local Ordinary.

Tenant may sublet rental space in the Improvements to any other Person or individual with Landlord's advance written consent to such sublease.

13.05.3 Assignment by Landlord. In the event Landlord proposes to assign any interest in this Lease such assignment shall include and be conditioned upon the assignment of any ancillary or related agreements between the Parties and nothing herein shall be construed to release Landlord from any liability or obligation arising before the effective date of such assignment, Landlord further covenants that it will give Tenant and any Mortgagee thirty (30) days advance written notice of such assignment and obtain from the assignee any assumption of all ancillary and related documents between the Parties, and such other documents as any such Mortgagee shall reasonably require before the effective date of any such assignment. Provided the conditions set forth in this Section are satisfied, nothing contained herein shall in any way restrict Landlord's right to assign or otherwise transfer its interest in the Property including any interest in this Lease to any Affiliate of Landlord, subject to the Mortgage and the rights of any Mortgagee thereunder.

14. Insurance.

During the term of this agreement, Tenant shall maintain, at its own expense, insurance or self-insurance programs to protect for the following types of exposure to risk of adverse financial or catastrophic losses:

14.01 Real and Personal Property.

14.01.1 Tenant shall protect against "all risks" of direct physical damage to all its real and personal property (including but not limited to pressure vessels and other machinery/equipment necessary to the premises), while such property is located at the premises, for the estimated current replacement cost of such property without penalty for under-valuation of such estimated replacement cost.

For the purpose of this section "real property" includes but is not limited to, any property under construction or renovation, underground piping, foundations, cost of excavation, any paved surface and/or landscaping of the Premises.

14.01.2 Protection shall also be included for the interruption of business, loss of current or expected rental income, and any necessary increase in operating expenses due to any loss protected through Section 14.01.1.

14.02 Employee Injuries. Tenant shall maintain, at its own expense, during the term of this lease protection for employees' injuries as required under any Municipal, State or Federal statute, law, regulation, ordinance or ruling.

14.03 Third Party Actions.

14.03.1 During the term of this lease agreement Tenant shall maintain, at its own expense, insurance or a self-insurance program as respects suits or demands alleging bodily injury or property damage to third parties, or any incident which may ultimately give rise to such an allegation; and/or an arbitration proceeding to which either party may be required to submit regarding such allegations.

14.03.2 Such program as outlined in 14.03.1 shall be no less than \$1,000,000 each occurrence/claim with no less than a \$2,000,000 annual aggregate limit.

Tenant shall notify the other party when reasonably aware that such annual aggregates as described in 14.03.2 may be in jeopardy for any given annual period of said program.

14.03.3 All such programs described in 14.03 shall protect the Landlord from the negligence of the Tenant or any Sub-Tenant.

14.04 Tenants Responsibility for Monitoring Sub-Tenants.

14.04.1 Tenant shall assure that any Sub-Tenant maintains any protection outlined in Sections 14.01 through 14.03 as appropriate to the Sub-Tenants operations.

14.04.2 In addition Tenant shall require that all Sub-Tenants maintain at Sub-Tenant's, sole cost and expense, insurance or a self-insurance program as respects suits or demands alleging bodily injury or property damage to third parties resulting from professional acts, or any incident which may ultimately give rise to such an allegation; and/or an arbitration proceeding to which either party may be required to submit regarding such allegations.

14.04.3 Such program as outlined in Section 14.04.2 shall be no less than \$1,000,000 each occurrence/claim with no less than a \$2,000,000 annual aggregate limit.

Sub-Tenant must also notify Tenant when reasonably aware that such annual aggregates as described in 14.04.3 may be in jeopardy for any given annual period of said program.

14.05 Forms of Insurance/Certificates of Insurance. Evidence of insurance or self-insurance programs required of the Tenant in Section 14 shall be furnished upon request. Tenant shall provide at least 25 days advance notification to Landlord should any such program be threatened with cancellation or adverse material change during the term of this agreement.

14.06 Other Insurance; Additional Coverage. Tenant may procure and maintain any protection not required by this Lease, but all such protection shall be subject to all of the provisions hereof pertaining to insurance or self-insurance programs and shall be for the mutual benefit of Landlord and Tenant. At the request of Landlord or Mortgagee, Tenant shall obtain such additional coverage, policies, or protection as may be reasonably necessary to provide coverage for the Property consistent with coverage generally recommended and available at commercially reasonable costs, for similar property in the geographic area in which the Premises is located.

14.07 Blanket Policies. It is understood and agreed that if acceptable to Mortgagee, Tenant shall have the right to include any such protection outlined in Section 14 within any blanket insurance or self-insurance programs available to Tenant and to allocate the premiums (if applicable) therefore to the Premises.

14.08 Failure to Maintain Insurance/Self-Insurance. If Tenant fail or refuses to procure or maintain the insurance/self-insurance as required hereby, Landlord shall have the right, at Landlord's election and on five (5) days notice, to procure and maintain such insurance on Tenant's account. Landlord shall give Tenant prompt notice of the

payment of premiums, stating the amount paid and the names of the insurer or insurers. Any sums paid by Landlord hereunder shall be immediately due and payable as rent, together with interest thereon at the Default Rate from the date of payment by the Landlord to the date such sums are reimbursed by Tenant to Landlord.

15. Condemnation

15.01 Notice. The Party receiving a notice of one or more of the kinds specified below shall promptly notify the other Party of the receipt, content and date of such notice.

- (a) Notice of Intended Taking;
- (b) service of any legal process relating to Condemnation of the Premises or Improvements;
- (c) notice in connection with any proceedings or negotiations with respect to such Condemnation; and
- (d) notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of Condemnation;

15.02 Representation. Landlord, Tenant, and Mortgagee shall each have the right to represent its respective interest in each condemnation proceeding or negotiation and to make full proof of claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the consent of Landlord, Tenant and Mortgagee. Landlord, Tenant and Mortgagee shall each execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

15.03 Total or Substantial Taking.

15.03.1 Termination on Total Taking. On a Total Taking, this Lease shall terminate on the Date of Taking.

15.03.2 Substantial Taking. If a Taking is a Substantial Taking, Tenant may, by notice to Landlord given within sixty (60) days after Tenant receives Notice of Intended Taking, elect to treat the Taking as a Substantial Taking. If Tenant does not so notify Landlord, the Taking shall be deemed a Partial Taking. If Tenant gives such notice and Landlord gives Tenant notice disputing Tenant's contention within ten (10) days following receipt of Tenant's notice, the dispute shall be promptly submitted to arbitration in accordance with Section 17. If Landlord gives no such notice, the Taking shall be deemed a Substantial Taking

which shall be treated as a Total Taking if (a) Tenant delivers possession to Landlord within thirty (30) days after determination that the Taking was a Substantial Taking, and (b) Tenant is not in default under the Lease. If this condition is not met, the Taking shall be treated as a Partial Taking.

15.03.3 Early Possession. Tenant may continue to occupy the Property until the condemning authority takes physical possession. At any time following Notice of Intended Taking, or within the time limit specified for delivering possession if a Substantial Taking, Tenant may elect to deliver possession of the Property to Landlord before the actual Taking. The election shall be made by notice declaring the election and agreeing to pay all Rent required under this Lease to the Date of Taking. Tenant's right to apportionment of or compensation from the Award shall then accrue as of the date that the Tenant goes out of possession.

15.03.4 Apportionment, Distribution of Award for Total Taking. On a Total Taking, all sums, including damages and interest, awarded for the taking shall be deposited promptly with the Mortgagee holding the first Mortgage on the Improvements, in trust, and shall be distributed and disbursed in the following order of priority:

- (a) First, all real and personal property taxes constituting a lien on the Premises or Improvements;
- (b) Second, the balance due under any note and mortgage permitted under Section 13.01.1 encumbering the fee and having priority over this Lease;
- (c) Third, the balance due under any note and leasehold Mortgage to which the fee is not subordinated;
- (d) Fourth, the balance due under any note and mortgage encumbering the fee but not having priority over this Lease, provided such amount shall be deducted from any amount due Landlord;
- (e) Fifth, to Landlord a sum equal to the value of the Premises taken, valued as unimproved land exclusive of improvements and unburdened by all leases and subleases;
- (f) Sixth, to Landlord any expenses or disbursements reasonably paid or incurred by or on behalf of Landlord for or in connection with the condemnation proceedings;

(g) Seventh, to Landlord the value of the reversionary interest in the Improvements;

(h) Eighth, to the Tenant the balance of the Award.

15.04 Partial Taking.

15.04.1 Effect on Lease. Subject to Paragraph 15.05 below on a Partial Taking, this Lease shall remain in full force and effect covering the remainder of the Premises and Improvements except that the Rent during the remainder of the year of the Lease Term in which the Partial Taking occurs shall be adjusted in the same ratio as the percentage of the area of the Property taken bears to the total area of the Property. Rent during the year following the year in which the Partial Taking occurs shall be adjusted in the same manner; provided that there shall be no such adjustment made in relation to that portion of the prior year remaining after the Partial Taking.

15.04.2 Restoration of Improvements - Partial Taking. Except as hereinafter provided in Section 15.05, promptly after a Partial Taking, at Tenant's expense and in the manner specified in the provisions of this Lease relating to maintenance, repairs and alterations, Tenant shall repair, alter, modify or reconstruct the Improvements so as to make them reasonably suitable for Tenant's continued occupancy for the uses and purposes for which the Premises are leased provided that if the reasonably estimated cost of the work represents more than fifty percent (50%) of the fair market value of the Improvements before the Taking, Tenant may, in the manner provided for a Substantial Taking, elect to treat the Taking as a Substantial Taking. If Tenant does not repair, alter, modify or reconstruct as provided, the cost thereof shall be deducted from tenant's share of the Award and paid to the Mortgagees or Landlord as may be appropriate.

15.05 Restoration During Final Years of Term. Notwithstanding any other provision of this Lease, Tenant is relieved of the duty to, but may, repair, alter, modify, or reconstruct the Improvements if a Partial Taking occurs during the final five years of the Term on the last two (2) years of an extended Term provided:

(a) within thirty days after Tenant receives Notice of Intended Taking, Tenant gives Landlord notice of election to claim the relief described in this Paragraph 15.05;

(b) the work of repair, alteration, modification or reconstruction would constitute Major Construction;

(c) Tenant is not in default under any provision or condition of this Lease;

(d) Tenant continues to make all payments when due as required by the provisions of this Lease, provided that Annual Base Rent for the remainder of the Term (or extension thereof) shall be equal to the Annual Base Rent in effect immediately prior to the damage or destruction, and provided further that Landlord may, by notice given at any time after Tenant's notice of such election, elect to terminate the Lease at a date stated in Landlord's notice and to forgive all rent for the period following that date and Landlord concurrently assumes the prorated unpaid Mortgage loan obligations by mutual contract with any Mortgagee;

(e) Tenant pays in full, or has paid in full, any outstanding indebtedness incurred by Tenant and secured by a Mortgage on Tenant's leasehold or Landlord's fee, or both;

(f) Tenant delivers possession of the Property to Landlord and quitclaims all right, title and interest to the Property and promptly thereafter, ceases to do business on the Property;

(g) Tenant causes to be discharged all liens and encumbrances resulting from any act or omission of Tenant; and

(h) Tenant effectively relinquishes all remaining options to extend or renew the Lease.

If the conditions described in this Section are fully met, the Award shall be apportioned as for a Substantial Taking, applying the requirements of this provision relating to Tenant's obligations; provided Tenant's right, title and interest in the Premises, Improvements and leasehold estate (and in all options not previously exercised or relinquished) shall continue until the Taking is completed by deed, contract or final order of condemnation.

If all the foregoing conditions for relief are satisfied, the cost of such repair, alteration, modification or reconstruction shall be deducted from Tenant's share of the Award and paid to the Mortgagees or Landlord as may be appropriate.

15.06 Apportionment, Distribution of Award for Partial Taking. Except as provided in Section 15.05 hereof, on a Partial Taking, all sums, including damages and interest, awarded for the Taking shall be deposited promptly with the Mortgagee holding the first Mortgage on the Improvement or a neutral escrow depository, in trust, and shall be distributed and disbursed in the following order of priority:

(a) First, to the cost of restoring the Improvements, plus any amount assessed, awarded, paid or incurred to remove or relocate subtenants, plus any amount specifically awarded and so designated in the Award for detriment to their business;

(b) Second, to Mortgagee(s) in the order of their priority a sum equal to any decrease in its security resulting from the Taking and Mortgagee(s) expenses reasonably and necessarily incurred or paid by or on behalf of Mortgagee and its agents for or in connection with the condemnation proceeding;

(c) Third, to Landlord and Tenant any expenses or disbursements reasonably and necessarily incurred or paid by or on behalf of Landlord and Tenant for or in connection with the condemnation proceedings;

(d) Fourth, to Landlord a sum equal to the value of that portion of the Premises taken, valued as unimproved land exclusive of improvements and unburdened by all leases and subleases;

(e) Fifth, to Tenant the sum of (i) the value contributed to the Premises at the date as of which the award is determined by taken Improvements owned by Tenant, (ii) the fair market value of the leasehold interest taken at the date as of which the award is determined, computed by determining the excess of the present worth of the fair rental value of the entire Premises over the present worth of the contract rent for the entire Premises, then determining the amount standing in the same proportion to that excess, if any, that the area of the Premises taken bears to the total Premises, and (iii) any severance damage computed as the difference between the market value of the remaining leasehold and Improvements as they were, proportionally, before the Taking and as they will be after the Taking; and

(f) Sixth, to Landlord any residue.

15.07 Limited Takings.

15.07.1 Taking of Less Than Fee. On the Taking, other than a Temporary Taking, of less than the fee in the Premises or Improvements, or both, the question whether the Taking is Total, Substantial or Partial and the effects on Term, Rent and apportionment of Award shall in the event of dispute be submitted to arbitration pursuant to Section 17.

15.07.2 Taking for Temporary Use. Subject to any rights of a Mortgagee in its Mortgage on any Taking of the temporary use of all or any part or parts of

the Premises or Improvement or both for a period, or of any estate less than a fee, ending on or before the expiration date of the Term, neither the Term nor the Rent shall be reduced or affected in any way, and Tenant shall be entitled to any Award for the use or estate taken, except that portion which Tenant shall pay to Landlord for any expenses or disbursements reasonably and necessarily incurred or paid by or on behalf of Landlord for or in connection with the proceedings. If a result of the Taking is to necessitate expenditures for changes, repairs, alternations, modifications or reconstruction of the Improvements to make them economically viable and practical as a whole, Tenant shall receive, hold and disburse the Award in trust for such work. At the completion of the work and the discharge of the Premises and Improvements from all liens and claims, Tenant shall be entitled to any surplus and shall be liable for any deficit.

If any such Taking is for a period extending beyond the expiration date of the Term, the Taking shall be treated under the foregoing provisions for Total, Substantial and Partial Takings.

16. Default; Remedies

16.01 Tenant's Default. Each of the events described in Sections 16.01.1 through 16.01.5 shall be a default by Tenant and a breach of this Lease.

16.01.1 Failure to Perform Covenants. Tenant's abandonment or surrender of the Premises or of the leasehold estate, or failure or refusal to pay when due any installment of rent or any other sum required by this Lease to be paid by Tenant, or to perform as required or conditioned by any other covenant or condition of this Lease.

16.01.2 Attachment; Foreclosure Not an Event of Default. The subjection of any right or interest of Tenant to post judgment, attachment, execution, or other levy, or to seizure under legal process, if not released within ten (10) days provided that the Foreclosure of any leasehold Mortgage permitted by provisions of this Lease shall not be construed as a default within the meaning of this paragraph.

16.01.3 Appointment of Receiver; Exception for Mortgagee. The appointment of a receiver to take possession of the Premises or Improvements or of Tenant's interest in the leasehold estate or of Tenant's operations on the Premises for any reason, including, but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership pursuant to any Mortgage permitted by provisions of this Lease, or instituted by Landlord, the event of default being not the appointment of a receiver at Landlord's instance but the event justifying the receivership, if any.

16.01.4 Insolvency, Bankruptcy. A general assignment by Tenant for the benefit of its creditors or the filing of a voluntary or involuntary petition by or against Tenant under any law for the purpose of adjudicating Tenant a bankrupt; or for extending time for payment, adjustment or satisfaction of Tenant's liabilities; or for reorganization, dissolution or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing, or other initial event.

16.01.5 Default in Mortgage Payment. The default or delinquency in the payment of any loan secured by a Mortgage permitted by this Lease.

16.02 Notice as Precondition to Landlord's Remedies; Mortgagee Notice. As a precondition to pursuing any remedy for an alleged default by Tenant, Landlord shall, before pursuing any remedy, give notice of default to Tenant and to any Mortgagee to which Landlord's fee title has been subordinated or any leasehold Mortgagee under this Lease whose names and addresses were previously given to Landlord in a notice or notices from Tenant or any such Mortgagee, stating that the notice was for the purpose of notice under this provision. Each notice of default shall specify in detail the alleged event of default and the intended remedy, however, this notice is a precondition only and shall not constitute an election of remedies or any waiver on Landlord's part. In this regard, the events set forth in Section 16.01 are curable by any Mortgagee or by Tenant after the subject notice.

16.03 Mortgagee's Right to Cure Defaults; Right of Entry. Each Mortgagee under a Mortgage then existing under provisions of this Lease permitting Mortgages shall have sixty (60) days after service of notice of default on such Mortgagee within which, at such Mortgagee's election, either:

(a) to cure the default if it can be cured by the payment or expenditure of money; or

(b) if such Mortgagee does not elect to cure by the payment or expenditure of money, or if the default cannot be so cured, to cause the prompt initiation of Foreclosure of Tenant's leasehold estate, to prosecute it diligently to conclusion, and to perform and comply with all other covenants and conditions of this Lease requiring the payment or expenditure of money by Tenant until the leasehold estate shall be released or reconveyed from the effect of the Mortgage or until it shall be transferred or assigned pursuant to or in lieu of Foreclosure. The Lease shall remain in full force and effect during such foreclosure period so long as Tenant or

foreclosing Mortgagee comply with all terms and conditions of this Section and of the Lease. Landlord shall accept any such performance by or at the instance of any such Mortgagee as if the performance had been made by Tenant hereunder except that it may be performed within the time period specified in this paragraph. Landlord shall not object or prevent in any way any Mortgagee's entry on to the Premises pursuant to any right given under law or granted in the Mortgage for the purpose of attempting to cure any default of Tenant under the cure rights given Mortgagee hereunder.

16.04 Tenant's Right to Cure Defaults; Notice of Default. If the default is for nonpayment of rent, taxes, or other sums to be paid by Tenant as rent hereunder, Tenant shall have ten (10) days after written notice is given Tenant to cure the default. For the cure of any other default, Tenant shall have thirty (30) days after written notice of default is given as provided herein to commence curing the default and a reasonable time thereafter to complete curing of such default so long as tenant diligently prosecutes such cure to completion.

16.05 Landlord's Right to Cure Tenant's Default. After expiration of the applicable time for curing a particular default, or before the expiration of that time in the event of emergency, Landlord may at Landlord's election, but is not obligated to, make any payment required of Tenant under this Lease or under any note or other document pertaining to the financing of Improvements on the Premises, or perform or comply with any note or other document pertaining to the financing of Improvements on the Premises, or perform or comply with any covenant or condition imposed on Tenant under this Lease or any such note or document, and the amount so paid plus the reasonable cost of any such performance or compliance, plus interest on such sums at the Default Rate from the date of payment, performance, or compliance (herein called "act") shall be deemed to be additional rent payable by Tenant with the next succeeding installment of Rent. No such act shall constitute a waiver of default or of any remedy for default or render Landlord liable for any loss or damage resulting from any such act. Landlord, or Landlord's authorized representative, may enter the Property for such purpose and take all such action as may be necessary therefor and such entry shall not constitute or be deemed to be an eviction of Tenant.

16.06 Non-Disturbance of Subtenants. Any Subtenant permitted under this Lease shall not be disturbed in its possession or use by Landlord or as Mortgagee as long as the Subtenant performs his Sublease's provisions, and the subtenant attorns to Landlord and Mortgagee according to their respective interest.

16.07 Landlord's Remedies. If any default by Tenant shall continue uncured following notice of default as required by this Lease, for the period applicable to the default under the applicable provisions of this Lease, Landlord shall have the remedies set forth in Sections 16.07.1 through 16.07.5 in addition to all other rights and remedies

provided by law or equity, to which Landlord may resort cumulatively or in the alternative.

16.07.1 Termination. Landlord may at Landlord's election terminate this Lease by giving Tenant and Mortgagee notice of termination. On the giving of the notice, all Tenant's rights in the Premises and in all Improvements shall terminate. Promptly after notice of termination, Tenant shall surrender and vacate the Premises and all remaining Improvements in broom-clean condition and Landlord may reenter and take possession of the Premises and all remaining Improvements and, in Landlord's sole discretion, eject all parties in possession or eject some and not others or eject none; provided that no Subtenant shall be disturbed as provided herein. Termination under this Section shall not relieve Tenant from the payment of any sum then due to Landlord or from any claim for damages previously accrued or then accruing against Tenant. However, Landlord shall not terminate this Lease until both Tenant and any Mortgagee have had the specified time period to cure any default.

16.07.2 Reentry Without Termination. Landlord may at Landlord's election reenter the Property and, without terminating this Lease, at any time and from time to time relet the Premises and Improvements or any part or parts of them for the account and in the name of Tenant or otherwise. Landlord may, in Landlord's sole discretion eject all persons or eject some and not others or eject none; provided that no Subtenant shall be disturbed as provided herein. Landlord shall apply all rents from reletting: first, to payment of all reasonable expenses (including attorneys' fees or broker's commissions) paid or incurred in connection with recovering the Premises and Improvements, placing them in good condition, and preparing them for reletting; second, to reasonable expenses of securing new subtenants; third, to the fulfillment of Tenant's covenants to the end of the Term; and fourth, to Tenant. Any reletting may be for the remainder of the Term or for a longer or a shorter period. Landlord may execute any leases made under this provision either in Landlord's name or in Tenant's name and shall be entitled to all rents from the use, operation, or occupancy of the Premises or Improvements or both. Tenant shall nevertheless pay to Landlord on the due dates specified in this Lease the equivalent of all sums required of Tenant under this Lease, plus Landlord's expenses, less the avails of any reletting or attornment. No act by or on behalf of Landlord under this provision shall constitute a termination of this Lease unless Landlord gives Tenant notice of termination.

16.07.3 Tenant's Personal Property. Landlord may, at Landlord's election, use Tenant's Fixtures (but no Subtenant's Fixtures) without compensation and without liability for use or damage, or store them for the account and at the cost of Tenant. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

16.07.4 Recovery of Rent. Landlord shall be entitled at Landlord's election to each installment of rent or to any combination of installments for any period after default and prior to termination plus interest at the Default Rate from the due date of each installment. Landlord shall use its best efforts to mitigate Tenant's liability under this provision.

16.07.5 Damages. Landlord shall be entitled at Landlord's election to damages in the following sums:

(a) all amounts that would have fallen due as rent between the Termination Date and the time of the claim, judgment, or other award, less the avails of all relettings and attornments, and less all amounts by which Landlord should use its best efforts to mitigate those rental losses plus interest on the balance at the Default Rate; and

(b) the "worth" at the time of the claim, judgment, or other award, of the amount by which the unpaid rent for the balance of the term exceeds the then fair rental value of the Premises at the higher of the fair rental value as then encumbered by the Lease and Improvements and the fair rental value unencumbered by the Lease and Improvements. "Worth", as used in this provision, is computed by discounting the total of the discount rate of the Federal Reserve Bank of San Francisco at the time of the claim, judgment, or award, plus one (1%) percent; and

(c) Any other amount reasonably necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease.

16.08 Landlord's Default. Landlord shall not be considered to be in default under this Lease unless Tenant has given notice specifying the default; and Landlord has failed for thirty (30) days to cure the default, if it is curable within that time period, or to institute and diligently pursue reasonable corrective or ameliorative acts for defaults not so curable within such thirty (30) day period. Tenant shall have the right of Termination for Landlord's default only after notice to and consent by all Mortgagees under Mortgages then existing under provisions of this Lease.

16.09 Provisions Applicable to Both Parties.

16.09.1 Unavoidable Delay. Except as to the obligations imposed by the Lease for the payment of Rent (occurring after the recordation of a Permanent Loan), taxes, utilities, insurance premiums and other monetary obligations imposed on Tenant that are treated as rent hereunder, any prevention, delay,

non-performance or stoppage due to strikes, lockouts, labor disputes, acts of public enemies of the United States of America or the State of Nevada, riots, insurrection, civil commotion, inability to obtain required materials or reasonable substitutes therefor, governmental restrictions, governmental controls, governmental regulations or other cause beyond Tenant's control shall excuse non-performance for a period equal to any such prevention, delay, non-performance, or stoppage. Any dispute as to what is an "unavoidable delay" shall be resolved by arbitration as provided in Section 17.

16.09.2 Waiver. No waiver of any default shall constitute a wavier of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel, or otherwise. No waiver of any condition, covenant, requirement, or the like set forth herein by either Party shall be deemed a waiver thereafter of the same or any other provision hereof.

17. ARBITRATION DISPUTES.

NOTICE: BY INITIALLING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE OR CONTROVERSY ARISING UNDER OR IN CONNECTION WITH THIS LEASE, EXCEPT FOR THE OBLIGATION OF TENANT TO PAY RENT, DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY NEVADA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS FOR DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE ARBITRATION DISPUTES PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE NEVADA UNIFORM ARBITRATION ACT. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT MATTERS ARISING UNDER THIS LEASE TO NEUTRAL ARBITRATION.

LANDLORD'S INITIALS

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TENANT'S INITIALS

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17.01 Arbitration. Any dispute or controversy arising between Landlord and Tenant, involving the interpretation or application of any provision of this Lease, except for the payment by tenant of rent, shall be resolved by arbitration. Either party may elect to arbitrate by delivering written demand to the other party, specifying the matter to be arbitrated. In all such cases, the Parties shall select one arbitrator agreeable to

both Landlord and Tenant to hear and determine the controversy. In the event that agreement is not reached as to who shall be the arbitrator within ten (10) days after demand of arbitration, the appointment shall be made by a court of competent jurisdiction in the county in which the Premises are located on application by either Party. The arbitration shall be conducted in accordance with the provisions of NRS 38.015 to 38.255. The provision of the Nevada Rules of Civil Procedure, NRCP 36 to 37, relating to discovery are hereby incorporated by reference as permitted by NRS 38.087. The arbitrator's decision shall be final and binding on both Landlord and Tenant, and the cost of arbitration shall be borne as determined by the arbitrator.

18. Estoppel Certificate

18.01 Certificate. Within 10 days after request therefor from the other Party, Tenant or Landlord, as the case may be, shall execute, acknowledge and deliver to the requesting Party a statement (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which Rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any auditor, creditor or lender, of either Party, or by any prospective purchaser or encumbrancer of the Property.

18.02 Failure to Deliver. A Party's failure to deliver such statement within such time shall result in the conclusive presumption that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting Party, and (ii) there are no uncured defaults in the requesting Party's performance.

19. Indemnity

19.01 Indemnification of Landlord. Tenant shall indemnify and hold Landlord harmless from liability or loss arising from any and all actions, liabilities, demands or other claims and expenses of any kind or nature, including but not limited to, court costs and attorneys fees resulting from the operation and maintenance of the Property following the Commencement Date (or such earlier date that Tenant takes possession of the Premises) and from injuries suffered by Tenant or its agents as the result of or in connection with Tenant's inspection, investigation or audit of the Premises prior to the Commencement Date.

19.01.1 Landlord shall notify Tenant within a reasonable length of time after discovery of any claim to which this Section applies. Tenant, at Tenant's expense, shall defend Landlord against any such claim and shall engage counsel satisfactory to Landlord to prosecute Landlord's defense.

19.01.2 If Tenant fails or refuses to defend Landlord or engage counsel satisfactory to Landlord within 10 days after Tenant's notice of any claim to which this Section applies, Landlord may defend such claim, and notwithstanding any limitation of remedies provided herein, seek and recover its actual damages.

19.01.3 This Section shall not apply to any claim by Tenant against Landlord or to any claim resulting from the negligent or intentional misconduct or omissions of Landlord or Landlord's employees.

19.02 Indemnification of Tenant. Landlord shall indemnify and hold Tenant harmless from any and all actions, liabilities, demands, or other claims and all expenses of any kind and nature, including but not limited to court costs and attorneys fees resulting from the ownership, maintenance and operation of the Premises prior to the Commencement Date, excepting injuries suffered or incurred by Tenant or its agents as the result of, or in connection with Tenant's inspection, investigation or audit of the Property prior to the Commencement Date.

19.02.1 Tenant shall notify Landlord as soon as practicable following discovery of any claims to which this Section applies. Landlord, at Landlord's expense shall defend Tenant against any such claim and shall engage counsel satisfactory to Tenant to prosecute Tenant's defense.

19.02.2 If Landlord fails or refuses to defend Tenant or engage counsel satisfactory to Tenant within 10 days after Landlord's notice of a claim to which this Section applies, Tenant may defend such claim, and notwithstanding any limitation of remedies provided in this Agreement, seek and recover the actual damages incurred.

19.02.3 This Section shall not apply to any claim by Landlord against Tenant or to any claim resulting from the negligent or intentional misconduct or omissions of Tenant or Tenant's employees.

20. General Provisions

20.01 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

20.02 Time of Essence. Time is of the essence.

20.03 Integration. This Lease contains all of the agreements of the Parties with respect to any matter mentioned herein and may not be modified except by a written instrument executed by the Parties.

20.04 Notices. Any notice, demand, request, consent, approval or other communication required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified mail. Any such communication shall be deemed effective upon delivery if given personally or 48 hours after depositing such communication in the United States mail postage prepaid. All such communications shall be addressed to Tenant or Landlord at the address noted below their respective signatures on this Lease. Either Party may by notice to the other specify a different address for notice purposes. A copy of all such communications shall be concurrently transmitted to such persons at such addresses as Landlord or Tenant may from time to time designate by notice to the other.

20.05 Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease immediately on Landlord's request a quitclaim deed to the Property, in recordable form, designating Landlord as transferee.

20.06 Holding Over. If Tenant with Landlord's consent, remains in possession of the Property or any part thereof after the expiration of the Term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant.

20.07 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

20.08 Binding Effect. Except as provided herein, this Lease shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

20.09 Attorneys Fees. If any Party employs counsel to enforce or interpret this Lease, including without limitation the commencement of any legal proceeding whatsoever (including without limitation insolvency, bankruptcy, arbitration, declaratory relief or other litigation) the prevailing Party shall be entitled to recover its reasonable attorneys fees and court costs (including without limitation the service of process, filing fees, court and court reporter costs, investigative, expert witness fees, and the cost of any bonds, whether taxable or not) in addition to any other remedy it may obtain or be awarded. Any judgment or final order issued in any legal proceeding shall include such reimbursement for attorneys fees and costs. In any legal proceeding, the "prevailing party" shall mean the Party determined by the court to most nearly prevail and not necessarily the Party in whose favor a judgment is rendered.

20.10 Landlord's Access. Landlord and Landlord's agents shall have the right to enter the Property at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or lessees.

20.11 Exhibits. All exhibits referred to in this Lease are attached to this Lease and incorporated by reference.

20.12 Merger. If both Landlord's and Tenant's estates in the Premises or the Improvements have both become vested in the same owner, this Lease shall nevertheless not be destroyed by application of a doctrine of merger except at the express election of the owner and the consent of the Mortgagee or Mortgagees under all Mortgages existing under provisions of this Lease.

20.13 Consents. Except as otherwise and expressly provided to the contrary herein, wherever in this Lease the consent of one Party is required to an act of the other Party, such consent shall not be unreasonably withheld.

20.14 Governing Law and Choice of Forum. This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada.

20.15 Quiet Possession. Upon Tenant paying the Rent for the Property and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Property for the entire Term hereof subject to all of the provisions of this Lease.

20.16 Counterparts. This Agreement may be executed in counterparts.

20.17 Further Amendments. Landlord and Tenant each agree to cooperate by suitable amendments from time to time requested to include any provision which may

reasonably be requested by a Mortgagee for the purpose of implementing mortgage protection provisions contained in the Ground Lease allowing such Mortgagee reasonable means to protect or preserve the lien of the Mortgage on the occurrence of a default under the terms of the Ground Lease. Landlord and Tenant each agree to execute and deliver (and to acknowledge, if necessary for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the Term, the Rent, or otherwise in any material respect adversely affect the right of Landlord hereunder.

20.18 Authority. The individuals executing this Lease on behalf of either Party represent and warrant to the other Party that they are fully authorized and legally capable of executing, delivering and performing under this Lease on behalf of such Party and that such execution is binding upon all persons holding an interest in the Property.

20.19 No Joint Venture. This Lease shall not in any manner be construed as creating a joint venture or partnership, and Tenant shall be solely responsible for all actions it takes and expenses it incurs in carrying out its obligations under this Lease.

20.20 Memorandum of Lease. The Parties hereto agree to execute and acknowledge, in a manner suitable for recording, a Memorandum of Lease in a form mutually approved by the parties, which Memorandum of Lease may be recorded by either Party.

20.21 Permitted Assigns. Tenant may be permitted to assign its rights, duties, and obligations under this Lease to an Affiliate, or to another creditworthy assignee in accordance with the terms and provisions of this Lease.

20.22 Landlord's Representations. Landlord represents and warrants to Tenant recognize that Tenant is materially relying on the representation and warranty that on the Commencement Date, Landlord is the sole owner of fee simple absolute title to the Land and Existing Improvements (and the holder of an interest enabling it to convey the appurtenant rights included in the Premises as contemplated herein) free and clear of all liens, claims, encumbrances, easements, encroachments onto it or by it onto adjacent properties, rights-of-way of any nature, other than exceptions which have been approved in writing by Tenant prior to the Commencement Date. Landlord further represents and warrants that to the best of its knowledge, neither Landlord nor any predecessor in title of the Premises has, at any time, disposed of or arranged by contract, agreement, or otherwise for the disposal, storage, treatment, or transportation of any Hazardous Substance in, upon, over, across, or with respect to the Premises.

20.23 Performance of Tenant's Covenants by Other. Tenant may, at Tenant's election, delegate the performance of any or all covenants to one or more Subtenants or Mortgagees and the performance so delegated shall be deemed Tenant's performance.

The foregoing sentence shall not be considered to broaden Tenant's right to assign or sublease or to release Tenant from any of its obligations hereunder. Performance of Tenant's covenants or duties by a Mortgagee under a cure right given in this Lease shall also be accepted by Landlord and deemed for Tenant's performance as contemplated herein.

20.24 Hazardous Substances. Landlord shall at its own expense provide Tenant with a phase I hazardous waste study, and provide any additional hazardous wastes studies required as a consequence of the recommendations made in the phase I hazardous waste study. Landlord shall also at its own expense cause to be implemented any mitigating measures recommended by the hazardous waste consultant, provided, however, that if the cost of complying with any mitigating measures exceeds \$15,000, Landlord may terminate this Lease and each party shall have no obligation to the other. If upon receipt of a termination notice under this Paragraph 20.24, the Tenant elects to pay that amount of the cost of complying with mitigating measures that exceeds \$15,000, this Lease shall remain in full force and effect.

21. Recruitment Space

21.1 Certain Definitions.

21.1.1 "Actual Operating Expenses" means, with respect to any calendar year, the actual Operating Expenses reflected on Tenant's records for said year, and as determined in accordance with general accounting principles.

21.1.2 "Adjustment Date" means January 1 of each year commencing with January 1, 1993.

21.1.3 "Base Figure" means the figure published most recently by the Index prior to the Space Commencement Date. Tenant shall notify Landlord of this figure as soon as it is available.

21.1.4 "Base Year" means Calendar year 1992.

21.1.5 "Building" means the professional office building in which the Recruitment Space is located, together with all parking, landscaping and other improvements used in connection therewith.

21.1.6 "Estimated Operating Expenses" means, with respect to any calendar year, Landlord's estimate of the Operating Expenses to be accrued during such year.

21.1.7 "Expense Stop" means the amount of operating expenses included in the base compensation, which amount equals \$.40 per rentable square foot per month. Operating Expenses in excess of the Expense Stop are paid by Landlord in addition to the Base Compensation.

21.1.8 "Index" means the Consumer Price Index for All Urban Consumers, Western United States (100 = 1982-84), published by the Bureau of Labor Statistics. If the Index shall no longer be published, another generally recognized as authoritative shall be substituted by Tenant.

21.1.9 "Management of the Building" means promoting and renting the Building after initial lease-up; employing, training, paying supervising, and discharging Building maintenance, security, and operational personnel; establishing and supervising service contracts for the Building; supervising all maintenance and repair of the Building; monitoring all necessary insurance policies; collecting rents; paying expenses; maintaining records and providing monthly and annual reports regarding Building operation to the Tenant; and insuring that the Building and all sublessees comply with all legal requirements.

21.1.10 "Management Fee" means the fee paid for Management of the Building.

21.1.11 "Rentable/Usable Ratio" means the estimated Rentable Area divided by the Usable Area of the Building. The Rentable/Usable Ratio for the building is 112%. The Rentable/Usable Ratio is multiplied by the Landlord's Usable Area to calculate Rentable Area for which the Landlord pays consideration.

21.1.12 "Operating Expenses" means all expenses, costs and disbursements incurred or paid in connection with the ownership and operation of the Building and the Land, computed on the accrual basis as set forth in this Section 21.1.12 as follows:

21.1.12.1 Wages and salaries (including payroll taxes, worker's compensation, disability insurance and all fringe benefits) of all employees directly engaged in the operation, maintenance, repair or security of the Building, and contract costs of independent contractors engaged for such services;

21.1.12.2 Cost of all supplies, fuels and materials used in the operation and maintenance of the Building;

21.1.12.3 Cost of all utilities for the Building, including the cost of water and power for heating, lighting, air conditioning, and ventilating (excluding such costs billed to specific sublessees);

21.1.12.4 Cost of all maintenance and service agreements for the Building and the equipment therein, including security service, window cleaning, elevator maintenance, and janitorial service;

21.1.12.5 Cost of all insurance including, but not limited to, casualty, rental abatement and liability insurance applicable to the Building and Tenant's personal property used in connection therewith;

21.1.12.6 All taxes, assessment and governmental charges, whether federal, state, school, county or municipal, and whether by taxing districts or authorities presently taxing the Building and the Land or by others subsequently created or otherwise, and any other taxes and assessments attributable to the Building and the Land or their operation, whether or not directly paid by Tenant, excluding however, federal and state taxes on income, death taxes, excess profit taxes, franchise taxes or any taxes imposed on, or measured by, the income of Tenant from the operation of the Building or imposed in connection with any change of ownership of the Building or the Land, and further excluding taxes which sublessees are bound to directly or indirectly discharge on an individual basis, including ad valorem taxes on their personal property, on sublessee-owned trade fixtures, on sublessee-constructed leasehold improvements, and on building-owned suite improvements requested by a sublessee to the extent such suite improvements exceed building standard allowances;

21.1.12.7 Cost of repairs and general maintenance (less any reimbursement received for such services from insurance companies, individual sublessees and similar sources);

21.1.12.8 The Property Management Fee;

21.1.12.9 Legal costs applicable to the building, but not to the enforcement of Tenant's rights with respect to sublessees; and

21.1.12.10 Reasonable additions from time to time to a reserve established for replacement of improvements, machinery, equipment and fixtures for servicing the Building;

21.1.12.11 However, Operating Expenses shall exclude: (i) the cost of any service included in Management of the Building, other than the Management Fee; (ii) special costs recoverable from specific sublessees (e.g., costs of redecorating, special cleaning, or other services not provided on a regular or periodic basis to all sublessees of the Building); (iii) wages, salaries or fees paid to managerial or executive personnel of Tenant or its Affiliates; (iv) the cost of any repair or replacement item which, by standard accounting practice, should be capitalized; (v) any charge for interest, depreciation, or rents (except as provided above in subparagraph 21.1.12.10; (vi) any

charge for Tenant's income tax, excess profit taxes, franchise taxes or similar taxes on Tenant's business; or (vii) debt service.

21.1.13 "Rentable Area" means the Landlord's Usable Area multiplied by the Rentable/Usable Ratio. The product is the Rentable Area on which the Landlord pays consideration.

21.1.14 "Usable Area" as defined by American National Standard 265-1-1980, means that the Usable Area of an office shall be computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining Usable Areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. No deductions shall be made for columns and projections necessary to the Building. The Usable Area of a floor shall be equal to the sum of all usable areas on that floor.

21.2 Grant of Rights. Tenant hereby grants to Landlord and Landlord hereby accepts from Tenant, in accordance with the terms of this Section 21, the exclusive right to sublet approximately 10,000 usable square feet of office space (the "Recruitment Space") in the Building.

21.3 Term. The term of Landlord's right to the Recruitment Space shall commence on the date that Tenant delivers to Landlord the architect's certificate of occupancy for the Building (the "Space Commencement Date") and shall continue for five (5) years thereafter, subject to the provisions of Section 21.7 below (the "Space Term").

21.4 Consideration. Landlord shall pay Tenant throughout the Space Term as consideration for Landlord's rights in the Recruitment Space the following sums:

21.4.1 Base Consideration. Landlord shall pay as Base Consideration the sum of \$1.55 per rentable square foot of Recruitment Space, adjusted as provided hereinbelow, which sum shall be payable without any prior notice or demand, but subject to offset in the event Tenant fails to pay Annual Base Rent or any other sums due Landlord hereunder, in monthly installments on the first day of each calendar month in advance, except that if the Space Commencement Date occurs other than on the first day of a calendar month, the Base Consideration shall be paid on the Space Commencement Date prorated on the basis of the actual number of days remaining in such calendar month. Landlord's obligation to pay Tenant Base Consideration and any other consideration provided for under this Section 21 shall be adjusted each month based on the number of usable square feet of Recruitment Space that has not been sublet pursuant to Section 13.05.2 or Section 21.7 as of the date payment of Base Consideration is due. In the event that the commencement date of any sublease of any portion of the Recruitment Space is other than the first day of a calendar month, Landlord's obligation to pay Base Consideration and any other consideration shall be

prorated retroactively on the basis of the actual number of days elapsed in the calendar month prior to any such sublease, and Landlord shall receive a credit in the amount of any overpayment of Base Consideration or other consideration against payment of Base Consideration for the following month or, if all of the Recruitment Space has been sublet, Tenant shall refund such amount to Landlord within ten (10) days after the commencement date of the sublease for the last remaining Recruitment Space. Tenant agrees that the Base Consideration shall be reduced by the amount of any reduction in debt service attributable to the unfunded tenant improvement allowance held by the lender for the Recruitment Space.

21.4.2 Total Consideration. The consideration payable during each calendar year shall be the Base Consideration payable during such year determined as provided in Section 21.4.1, plus Landlord's "Percentage Share" (determined as provided hereinbelow) of total Operating Expenses paid or incurred by Landlord in such year that exceed the Expense Stop, and increased by any other sums due Tenant from Landlord under this Section 21. When Recruitment Space is equal to 10,000 usable square feet, Landlord's "Percentage Share," based on 35,824 total usable square feet, is 27.91%. Landlord's Percentage Share shall be reduced proportionately as the Recruitment Space is sublet on the same basis as Base Consideration is reduced pursuant to Section 21.4.1.

21.5 Consideration Redetermination. The Base Consideration shall be increased annually throughout the Term commencing on the Adjustment Date. On each Adjustment Date, the Base Consideration shall be increased to an amount determined in accordance with the following provisions:

21.5.1 Base Figure. The Base Figure will be furnished in writing by Tenant to Landlord prior to the Space Commencement Date.

21.5.2 Adjustment. Each annual increase in the Base Consideration shall be based upon any increase in the Index for the calendar month in which the Adjustment Date falls as compared to the Base Figure and shall be expressed as a percentage. For example, if the Base Figure is 110 and the Index for the month in which the Adjustment Date falls is 114.4, the percentage shall be $114.4/110 = 1.04$ or 104 percent. That percentage shall be multiplied by the Base Consideration in effect on the day preceding the Adjustment Date and such increased Base Consideration shall remain in effect until the next succeeding Adjustment Date. In the event the Index is not available for the month in which the Adjustment Date falls, Tenant shall, in its reasonable discretion, estimate the Index for that month; when the Index for that month (or, if not available for that month, for the period in which that month falls) later becomes available, Tenant shall revise the Adjustment, and any money due to Tenant or credit due Landlord shall be paid or applied within ten (10) days after written notice thereof from Tenant.

21.5.3 Index. The Index for the calendar month in which the Adjustment Date falls shall be as reported in the U.S. Department of Labor's newest publication answering the definition of the Index. If it is calculated other than from a base year 1982-84=100 used for the Base Figure above, the Base Figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Bureau. If the Index shall no longer be published, another generally recognized as authoritative shall be substituted by Tenant.

21.6 Landlord's Share of Operating Expenses. The adjustments to the Base Consideration contemplated under Section 21.4.2 shall be made in accordance with the following procedures:

21.6.1 Estimate. Prior to the Space Commencement Date and during December of each subsequent calendar year, or as soon thereafter as practical, Tenant shall give Landlord notice of its estimate of any amounts payable under Section 21.4.2 for the ensuing calendar year. On or before the first day of each month during the ensuing calendar year, Landlord shall pay to Tenant one-twelfth (1/12th) of such estimated amounts, provided that if such notice is not given in December, Landlord shall continue to pay on the basis of the prior year's estimate until the month after such notice is given. If at any time it appears to Tenant that the amounts payable under Section 21.4.2 for the current calendar year will vary from its estimate by more than five percent (5%), Tenant shall, by notice to Landlord, revise its estimate for such year, and subsequent payments by Landlord for such year shall be based upon such revised estimate.

21.6.2 Statement. Within ninety (90) days after the close of each calendar year or as soon after such 90-day period as practicable, Tenant shall prepare and deliver to Landlord an actualized statement of Operating Expenses and Property Taxes for such calendar year, and such statement shall be final and binding upon Landlord and Tenant. At the same time, Tenant shall also deliver to Landlord a statement of the adjustments to be made pursuant to Section 21.4.2 based on the statement. If Tenant's statement shows that Landlord owes an amount that is less than the estimated payments for such calendar year previously made by Landlord, Tenant shall refund such excess to Landlord immediately; if such statement shows that Landlord owes an amount that is more than the estimated payments for such calendar year previously made by Landlord, Landlord shall pay the deficiency to Tenant within ten (10) days after delivery of the statement.

21.6.3 Proration. If the Space Term shall terminate on a day other than the last day of a calendar year, the amount of the adjustment to be made pursuant to Section 21.4.2 that is applicable to the calendar year in which such termination shall occur shall be prorated on the basis which the number of days from the commencement of such calendar year to and including such termination date bears to 365. The

termination of the Space Term shall not affect the obligations of Tenant and Landlord pursuant to Section 21.4.2 to be performed after such termination.

21.6.4 Records. At Landlord's expense and during reasonable times so as not to interfere with Tenant's operation and maintenance of the Property and Building, Landlord shall have the right to examine Tenant's books and records supporting Tenant's calculation of Landlord's Percentage Share of Operating Expenses.

21.6.5 Disputes. Within ten (10) days of Tenant's service on Landlord of the statement of Landlord's Percentage Share of Operating Expenses, Landlord may contest the accuracy of this statement by requesting an audit of this statement by a certified public accountant, mutually acceptable to Landlord and Tenant. Landlord and Tenant shall select such an accountant within five (5) days of Landlord's demand for such audit. The conclusions of such audit shall be final and binding on the parties. Landlord shall pay all costs and fees of this audit unless it discloses that the statement exceeded Landlord's actual Percentage Share of Operating Expenses by more than five percent (5%) for the year in question, in which case Tenant alone shall bear the audit costs and fees.

21.7 Use of Recruitment Space. Landlord and Tenant agree that Landlord does not intend to occupy the Recruitment Space itself, but will designate suitable sublessees to sublet office space within the Recruitment Space from Tenant. Tenant agrees that it will sublet office space within the Recruitment Space to Sublessees designated by Landlord provided that such sublessees are not physicians whose names appear on Exhibit C attached hereto and provided that such sublessees meet the requirements of this Lease. It is understood that Landlord's purpose in obtaining rights to the Recruitment Space is to make it available to physicians who are not on the Hospital's medical staff and who may be new to the community.

21.8 Subordination to Mortgage and Attornment. Landlord's right pursuant to this Section 21, including the covenant of quiet enjoyment, are subject and subordinate to all present mortgages affecting the real estate on which the Building is located or the Building, to all renewals and extensions thereof, and to any mortgage or deed of trust which may hereafter be executed affecting the real estate upon which the Building is located or the Building. Landlord hereby agrees to execute, if the same is required or requested, any and all instruments in writing to subordinate Landlord's rights acquired under this section 21 to the lien of any such mortgage, lease, or deed of trust. Landlord hereby appoints Tenant its attorney-in-fact irrevocably to execute, acknowledge, and deliver any such instrument or instruments for the Landlord as the Tenant may determine necessary to carry out the intent of this Section. Notwithstanding the foregoing, Landlord agrees to attorn to any purchaser at foreclosure sale, to any grantee or transferee designated in any deed given in lieu of foreclosure, or to any mortgagee in possession, and the right granted under this Section 21 shall continue in full force and effect.

21.9 Warranties of Landlord and Successors.

21.9.1 Quiet Enjoyment. Subject to all terms and conditions of this Section 21, and provided Landlord timely pays all consideration provided herein and performs all terms and conditions on its part to be performed, Landlord shall have the right to hold and enjoy possession of the Premises free from unreasonable interference or annoyance by Tenant and other tenants.

21.9.2 Transfer to Mortgagee. In the event of a transfer of Tenant's ownership or right to a mortgagee, such mortgagee shall not: (i) be liable for any act or omission of a predecessor, (ii) be subject to any rental offsets or defenses available against a predecessor, (iii) be bound by any amendment of this Section 21 made without its written consent, or by payment by Landlord of rent in advance in excess of one (1) month's rent, or (iv) be liable for any security deposit not actually received by it.

21.10 Casualty. If the Recruitment Space, or any part thereof, shall be damaged by fire or other casualty, or Landlord shall gain knowledge of any defect in the Building or Recruitment Space or any equipment therein, Landlord shall give immediate written notice thereof to Tenant.

21.10.1 Substantial Reconstruction. In case the Building shall be so damaged by fire or other casualty that substantial alteration or reconstruction of the Building shall, in Tenant's sole opinion, be required or any mortgagee under a mortgage or deed of trust covering the Building should require that the insurance proceeds payable as a result of said fire or other casualty be used to retire the mortgage debt, Tenant may, at its option, terminate this Section 21. Tenant must notify Landlord in writing of such termination within one hundred twenty (120) days after the date of such damage. In such event, all rent of any form hereunder shall be abated as of the date of such damage and Landlord shall immediately vacate the Building.

21.10.2 Restoration. If Tenant does not elect to terminate this Section 21, Tenant shall, within one hundred twenty (120) days after the date of such damage, commence and proceed with reasonable diligence to restore the Building (except that Tenant shall not be responsible for delays by reason of adjustment of loss under insurance policies or for delays beyond the reasonable control of Tenant) to substantially the same condition in which it was immediately prior to the happening of the casualty. In conjunction with any such restoration:

21.10.2.1 Tenant shall not be liable for any inconvenience or annoyance to Landlord, or injury to the business of Landlord resulting in any way from such damage, or the repair thereof. However, Tenant shall allow Landlord a fair

diminution of rent during the time, and to the extent, the Premises are unfit for occupancy. If a dispute arises as to the amount of such diminished rent due, either party may request arbitration pursuant to Article 17 of this Lease.

21.10.2.2 If Tenant does not complete the work within two hundred seventy (270) days after such casualty (extended by the "force majeure" provisions hereof, if appropriate), Landlord may, at its option, terminate this Section 21 at any time thereafter on thirty (30) days' written notice, provided such notice is given before restoration is complete.

21.11 Condemnation.

21.11.1 Taking of the Whole. If the whole, or substantially the whole, of the Recruitment Space should be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or should be sold to the condemning authority in lieu of condemnation, then this Section 21 shall terminate as of the date when physical possession of the Premises is taken by the condemning authority.

21.11.2 Taking of Part. If less than the whole, or substantially the whole, of the Building or the Recruitment Space is taken or sold in the same manner as set forth in section 21.11.1, Tenant (whether or not the Recruitment Space is affected thereby) may terminate this Section 21 by giving written notice thereof to Landlord within sixty (60) days after the right of election accrues, in which event Landlord's rights under this Section 21 shall terminate as of the date when physical possession of such portion of the Building or Recruitment Space is taken by the condemning authority. If, upon any such taking or sale of less than the whole, or substantially the whole, of the Building or the Recruitment Space, this Section 21 shall not be thus terminated, the Base Consideration payable hereunder shall be diminished by an amount representing that part of the Base Consideration as shall reasonably be allocable by Tenant to the portion of the Recruitment Space which was so taken or sold, and Landlord's Percentage Share shall be adjusted appropriately.

21.11.3 Landlord Has No Claim. In no event of condemnation described in this Section 21.11 shall Landlord have any claim against Tenant for the value of the unexpired space term, except as to diminution of consideration.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE

TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

Executed at ~~HENDERSON~~ Nevada to be effective as of the date first above written.

LANDLORD: Saint Rose Dominican Hospital

By: H. Costevlader
Its: President / CEO

TENANT: PACIFIC MEDICAL BUILDINGS, INC.
A California Corporation
or assignee

By: Paul Lorentz
Its: PRESIDENT

EXHIBIT A
GROUND LEASE

PROPERTY DESCRIPTION

THAT PORTION OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION 18, TOWNSHIP 22 SOUTH, RANGE 63 EAST, M.D.B.& M., CLARK COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOT 2 OF PARCEL MAP RECORDED IN FILE 69, PAGE 82 OF PARCEL MAPS RECORDED AUGUST 6, 1991 AS DOCUMENT NO. 00768 IN BOOK 910806 OF OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

EXHIBIT B

Definitions

"Affiliate" shall mean:

- (a) any Person directly or indirectly controlling, controlled by or under common control with another Person;
- (b) a Person owning or controlling 10 percent or more of the outstanding voting securities of such other Person;
- (c) any officer, director or partner of such other Person; or
- (d) if such other Person is an officer, director or partner, any entity for which such Person acts in any capacity.

"Appraised Stabilized Value" shall mean the appraised value (as determined by a Mortgagee or proposed Mortgagee) of the Property assuming an occupancy rate of ninety-five (95%) percent of the subject medical building and utilizing such other assumptions and directives as are customarily applied by such Mortgagee's appraiser.

"Assignee" shall mean any Person who, having complied with the provisions of this Lease relating to assignment, has assumed the responsibility to perform obligations under this Lease.

"Award" shall mean all compensation, sums or anything of value awarded, paid, or received for a Total, Substantial or Partial Taking, whether pursuant to judgment, agreement, or otherwise.

"Commencement Date" shall mean the date Tenant takes possession of the Premises following satisfaction of the following:

- (a) Tenant obtaining a commitment from a Construction Loan;
- (b) Tenant's obtaining an ALTA policy of title insurance insuring Tenant's leasehold interest in the Premises, subject only to exceptions to title approved in writing by Tenant;
- (c) Landlord's and Tenant's approval of the preliminary plans for the construction of the subject medical office building Improvement; and

(d) Landlord's and Tenant's execution of written agreement of Landlord to lease approximately 10,000 net usable square feet in the subject medical office building Improvement.

"Construction Cost" shall mean the entire cost of a work of improvement including, but not limited to, the cost of labor, material, reasonable profit to contractors and subcontractors and any other cost that would constitute the basis of a valid claim or claims against the Premises or the Improvements under the applicable mechanic's lien laws in effect at the time work is commenced.

"Construction Loan" shall mean a loan secured by a Mortgage as permitted in the Lease to finance or partially finance the construction of the Improvements or those Improvements being or to be constructed during the construction period and thereafter until replaced by a Permanent Loan.

"Existing Improvements" shall mean all Improvements on the Land on the date of this Lease.

"Fixtures" shall mean furniture; furnishings, other than carpets and draperies or other window coverings; decorations; movable partitions; special lighting fixtures which are not permanently attached; appliances and office and other similar equipment installed by Tenant or Subtenants in connection with occupancy and use of a rental space whether or not built in; merchandise; racks, bins, display cases and the like utilized in connection with merchandise or services provided by an occupant of a rental space; bookcases; personal property whether or not permanently attached; and the like; provided, however, that it shall not include heating, cooling, lighting, plumbing, ventilating or air conditions equipment, pipings, fittings, connections, conduits, ducts, wiring, or other components integral to the general use or functioning of an office building which is part of the Improvements to the extent that such items would be construed to be included in the foregoing definition.

"Foreclosure" shall mean judicial foreclosure of a Mortgage, sale under a power of sale given in the Mortgage, and all other remedies provided by law or equity or set out in the Mortgage and enforceable in Nevada at the time of Foreclosure for divesting the mortgagor, trustor, or the like, of title in the event of a default under the Mortgage.

"Hazardous Substance" shall mean collectively any:

(a) "hazardous wastes" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder;

(b) "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder;

(c) "oil, petroleum products, and their by-products" as defined by applicable state and federal law, as amended from time to time;

(d) "hazardous substance" as defined by applicable state and federal law, as amended from time to time, and regulations promulgated thereunder, including, without limitation, as defined in 42 U.S.C. 9601(14) and including the definition of "solid waste" and "hazardous waste" as those terms are defined in 40 C.F.R. Sections 261.1, et. seq.; or

(e) any materials which, under federal, state, or local law, statute, ordinance, or regulations or court or administrative order or decree or private agreement, requires special handling and collection, storage, treatment, or disposal, including, without limitation, asbestos and related products.

"Hospital" shall mean Saint Rose Dominican Hospital or its successors which operate an acute care hospital.

"Improvements" shall mean as the context shall indicate a medical office building described in Section 10.01, as well as all products of skill, artifice, plan, design, or construction on the Premises and modification of, or planned use of, existing structures, natural or cultivated, or earth contours of or on the Premises, including, but not limited to: buildings; parking structures; excavations; grading; utility installations; foundations; footings, paving; trees; bushes; vines; plantings or landscaping of any kind, whether natural or placed by human design or effort; permanent attachments of any kind; and furnaces, boilers, machinery, engines, motors, compressors, fittings, pipings, connections, conduits, ducts, electrical wiring and outlets, air conditioners, partitions, ceilings, lighting fixtures and switches, floor covering, equipment and apparatus of every kind and description now or hereafter used or procured for use in connection with heating, cooling, lighting, plumbing, ventilating, air conditioning, refrigeration, cleaning or general operation of the buildings or other structures; including replacements and substitutions therefor; except that the term shall not encompass any items that are Fixtures to the extent that any such item would be construed to be included in the foregoing definition.

"Individual" shall mean a human being.

"Institutional Lender" shall mean any bona fide institution authorized under state or federal law to lend money on the security, or partial security, of an interest in real property including, but not limited to: banks; savings and loan associations; mutual

savings banks; mortgage banks; insurance companies; trust companies; real estate investment trusts; mortgage trusts; pension, welfare, profit sharing, or retirement funds; endowment funds; mutual funds; charitable corporations or foundations or associations; the Federal National Mortgage Association or similar entity existing under federal charter; personal property brokers, real estate brokers in the business of lending money; mortgage brokers; and the like.

"Landlord" shall mean Saint Rose Dominican Hospital or its successors and assigns, whether singular or plural in number, and whether having become such by assignment, foreclosure, or other transfer, whether intentional, inadvertent or by operation of law.

"Lease" shall mean this Ground Lease its attachments, exhibits and writings incorporated by reference, or any modifications thereof agreed to in writing by Landlord and Tenant.

"Loan Documents" shall mean the note, Mortgage, security agreement, UCC forms, guarantees, loan agreements, and the like, to be executed in connection with any Mortgage.

"Major Construction" shall mean any construction of, repair of, alteration of, or addition to the Improvements which is not "Minor Construction" provided that, in no event shall Subtenant improvements be considered "Major Construction".

"Minor Construction" shall mean any repair of, alteration of, or addition to the Improvements, the Construction Cost of which does not exceed ten (10%) percent of the value of the Improvements.

"Mortgage" shall mean with respect to Tenant, a mortgage, trust deed, or other encumbrance recognized in Nevada at the time it attaches as a contractual security interest in real property encumbering Landlord's fee interest in Land, and/or encumbering Tenant's leasehold interest in the Premises and the Improvements, and/or any portion thereof which may be deemed under applicable law a personal property interest.

"Mortgagee" shall mean the mortgagee, beneficiary, or the like of a Mortgage.

"Notice of Intended Taking" means any notice or notification on which a reasonably prudent man would rely and which he would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, service of a condemnation summons and complaint on a Party hereto. The notice is considered to have been received when a Party receives from the condemning agency or entity a notice of intent to take, in writing, containing a description or map reasonably defining the extent of the Taking.

"Party or Parties" shall mean either Landlord or Tenant or both as the context requires.

"Partial Taking" means any Taking that is not either a Total Taking or a Substantial Taking.

"Permanent Loan" shall mean a loan, other than a Construction Loan, and including any Construction Loan that is converted to an amortizing loan following conversion secured by a Mortgage as permitted in the Lease.

"Person" shall mean a person or persons or entity or entities or any combination of persons and entities.

"Premises; Land"

(a) "Premises" shall mean that certain unimproved real property located at 104 E. Lake Mead Drive, Henderson, Nevada as more particularly described in attached Exhibit A and exclusive of any other Improvements now or hereafter located on the Premises; and

(b) "Land" shall mean the land portion only of the real property described in attached Exhibit A exclusive of any appurtenances thereto.

"Property shall mean the Premises including the fee and the leasehold interest therein or the leasehold interest therein only as the context indicates and the Improvements.

"Qualified Entity" shall mean a partnership, a corporation, or other business organization in which all or a majority of the owners of equity interests are Qualified Persons.

"Qualified Person" shall mean a member of the medical staff of Landlord or its successor acute care hospitals.

"Rent" shall mean the monetary sums payable by Tenant to Landlord under this Lease for the right to use and possess the Premises.

"Substantial Taking" means the Taking of so much of the Premises, Property, or Improvements (or any part thereof) that one of the following conditions results:

(a) The remainder of the Property would not be economically and feasibly usable by Tenant; or

(b) A reasonable amount of reconstruction would not make the Land and Improvements a practical improvement and reasonably suited for the uses and purposes for which the Premises are leased hereunder.

"Subtenant" shall mean any subtenant who leases a portion of the Property from Tenant; provided, however, that it does not include any person claiming under any sublease or other transfer prohibited by this Lease.

"Taking" shall mean taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. Taking shall be considered to take place as of the later of:

(a) the date actual physical possession is taken by the condemning authority; or

(b) the date on which the right to compensation and damages accrues under the law applicable to the Property.

"Tenant" shall initially refer to Pacific Medical Buildings, Inc., a California corporation, and shall also include any assignee thereof.

"Term" shall mean unless otherwise indicated by the context, the period of time between the Commencement Date and Termination Date.

"Termination Date" shall mean the expiration of 55 years from the Commencement Date, plus all extensions provided for herein if exercised in accordance with the terms hereof, unless earlier terminated as provided herein.

"Total Taking" means any Taking by Condemnation of the fee title to all the Premises and all the Improvements.

EXHIBIT C

List of Physicians Ineligible to Sublet Recruitment Space

Identified during Physician Survey

Allen, Heather
Chanderraj, Raj
Heart Institute
Kantor, Gary
Mahon, Kathleen
Quereshi, Nawaz
Redfern, Thomas
Ripplinger, Gregg
Southwest Physical Therapy (Hospital Physical Therapy)
Tate, James
Wiesner, Paul

Brookhyser, Joan
Defonseka, Mahendra
Jones, Stephen
Kingsley, Edwin
Meoz, Raul
Raut, Ramakant
Reed, Roger
Ritchey, Robert
Steven, Edward
Tolboe, Richard
Wax, Arnold

Active Medical Staff Members

Ackles, Burlin
Baird III, George
Bowen, Michael
De Quevedo, Donald
Gilman, Robert
Gurovsky, Stephan
Herr, John
Kilpatrick, Byron
Manthei, Rudy
Meli, James
Nelson, Robert
Pinto, John
Ravitch, Michael
Schlaack, Michael
Shalev, Joseph
Walters, Al
Williams, Victor

Anjum, Sohail
Bezard, Herve
Bower, Joel
Denton, Scott
Gordon, Gregory
Hardy, Joseph
Johnson, Joseph
Manthei, Carl
McMahon, Matthew
Mulkey, David
Patti, Robert
Plautz, Joseph
Redfern, Fred
Schuldt, Michael
Smith, Warren
Weisberg, William