

**Unit Lease
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Recordation Requested By

After Recordation Return To

Space Above This Line For Recorder's Use

Unit: Lot _____, Block _____,
TOWNE PARK SUBDIVISION, an
Addition to the City of
Albuquerque, New Mexico

UNIT LEASE

(Towne Park Planned Community, Phase _____)

This Unit Lease is made this _____ day of _____,

198_____ by and between The Regents of the University of New Mexico, a
corporation of the State of New Mexico (hereinafter called "Lessor"), whose
business and mailing address is Albuquerque, New Mexico 87131, and

(hereinafter called Unit Lessee which term includes heirs, personal
representatives, successors and assigns), whose residence and mailing
address is _____

Unit Lessee's tenancy in this Unit is (Joint Tenancy) (Tenancy in Common)
(Husband and Wife as Community Property) (Individual) (Other) (Cross out
incorrect parenthetical material.)

R E C I T A L S:

PLEASE BE AWARE

The University of N. M. is no longer the Master Ground Lessor of Towne Park.

The Master Ground Lessor now is The Sandia Foundation, a non-profit Organization.

In January 2009 we will have the amended and restated Documents.

1. On January 12, 1983, THE REGENTS OF THE UNIVERSITY OF
NEW MEXICO (herein "Lessor") and TOWNE DEVELOPMENT COMPANY
(herein "Towne Development") entered into that certain "Master Ground
Lease" (dated January 12, 1983 and as to which that certain "memorandum of
Lease" dated August 19, 1983 was recorded in the Office of the County Clerk of
Bernalillo County, New Mexico on August 24, 1983, in Book Misc. 42A, page 63)
pursuant to which Lessor owns the fee interest and Towne Development
became the owner of a leasehold estate in certain unimproved real property
situated in the City of Albuquerque, Bernalillo County, New Mexico for
development in one or more Phases as a planned residential community, as
more particularly described in said Master Ground Lease.

2. Towne Park, Inc., a Nevada corporation (herein "Towne") now owns
_____ the phase of which the Unit is a part by assignment from Towne Development of its
leasehold estate in said Phase under the Master Ground Lease.

3. On _____, 1984, Lessor and Towne duly executed and recorded in the Office of the Clerk of Bernalillo County, New Mexico, in Book Misc. _____, at page____, that certain "Declaration of Covenants, Conditions and Restrictions for Towne Park, a Planned Residential Community" (including Plats and Plans attached) (herein "the Declaration") thereby submitting to the regime of the planned residential community that portion of Phase of the leasehold interest originally created by the Master Ground Lease described in the Declaration ("the Property") of which this Unit is a part.

4. Towne Park Homeowners Association, Inc., a New Mexico non-profit corporation has been duly incorporated as the Homeowners Association (herein "the Association"), to own or manage the common elements of the Phase of the Property of which this Unit is a part. Unit Lessee shall automatically be a voting member of the Association subject to the provisions of the Declaration, Bylaws and rules and regulations duly adopted by the Association.

5. This Unit Lease pertains to Lot _____, Block _____, of the Towne Park Subdivision (herein "the Unit"), an addition to the City of Albuquerque, New Mexico, as shown on the plat of said subdivision filed in the Office of the County Clerk of Bernalillo County, New Mexico, on August 29, 1983, or on the Supplemental Plat filed in connection with the annexation of the Phase of which this Unit is a part pursuant to the Declaration. Pursuant to the terms of the Master Ground Lease, the leasehold estate in the Unit directly between Lessor and the Unit Lessee for the remaining term of the Master Ground Lease, and Lessor shall continue to hold the fee interest in said Unit.

6. As used herein, the term "Unit" means and refers to the leasehold interest under this Unit Lease in the Lot described above, (i) the beneficial rights to use and enjoy the Common Elements as provided in the Declaration, (ii) a membership in the Association which owns the leasehold interest from Lessor in the Common Elements associated with the Unit and (iii) special use rights in Limited Common Elements now or hereafter designated for said Unit. NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, Lessor and Unit Lessee agree as follows:

1. **INCORPORATION OF RECITALS**: The foregoing Recitals and Definition of the Master Ground Lease to the extent appropriate are incorporated herein as though fully set forth at length.

2. **LEASE**: Lessor does hereby demise and lease unto Unit Lessee, and Unit Lessee hereby accepts and rents the Unit more particularly described in Exhibit "A," attached hereto and made a part hereof. Unit Lessee acknowledges receipt of a copy of, and accepts this Unit Lease subject to and agrees to be bound by the covenants, conditions and restrictions of the Declaration, Bylaws and the rules and regulations of the Association.

3. **TERMS**: This Unit Lease, together with the rights, easements, privileges and appurtenances thereunto belonging or appertaining, is for the period beginning on the date hereof and expiring on February 28, 2052, the expiration date of the Master Ground Lease.

4. **RENT:** (a) Unit Lessee shall pay the net annual rent in equal monthly installments in advance on the first day of each and every month during the term hereof. The first rent payment shall be prorated to the next monthly due date and paid upon execution of this Unit Lease. Initial net annual rent shall be \$372.00 until September 1, 1988. Thereafter and commencing on the first of the following month and at each five (5) year interval thereafter, net annual rent shall be increased as shown on the Rent Schedule attached hereto as Exhibit "B" and incorporated herein by reference.

(b) Unless otherwise directed by Lessor or required by any first mortgagee having a lien against the Unit, rent shall be paid to the Association for the benefit of Lessor. All rent payments shall be made in lawful money of the United States of America or by check. Provided, however, that if rent payments are made by check and should such check not be paid upon presentment, then the tender of the check shall not constitute payment. Extension of negligence by Lessor as to the mode or time of payment of rent upon any occasion shall not be construed as a waiver of timely payment of rent on any subsequent occasion or as requiring a similar extension, indulgence or change by Lessor on any subsequent occasion.

(c) Payment by the Association of any rental payment required under this Unit Lease from the Ground Rent Reserve established pursuant to Article XIII of the Declaration shall not cure Unit Lessee's breach, unless Unit Lessee reimburses the Association for such payment.

5. **QUIET ENJOYMENT:** Lessor hereby covenants with Unit Lessee that upon payment of the rent as foreshaid and upon observance and performance of the covenants by Unit Lessee hereinafter contained, Unit Lessee shall peaceably hold and enjoy the leased premises, peaceably and quietly, for the term hereby demised without hindrance or interruption by Lessor or any other person or persons lawfully claiming by, through or under it except as herein expressly provided.

6. **TAXES AND ASSESSMENTS:** (a) Unit Lessee shall pay all real estate and ad valorem taxes and any special assessments levied or assessed against the Unit when due and comply with all requirements for impounding such taxes imposed by any first mortgagee having a lien against the Unit. Unit Lessee agrees to furnish Lessor or the Association, upon demand, satisfactory proof of payment of taxes against his individual Unit. As more particularly required by Section 12.2 of Article XII of the Declaration, Unit Lessee agrees upon execution of this Unit Lease to pay the Association, as part of the required contribution to the Working Capital Reserve, two months' estimated regular monthly assessments for common expenses of the Association, including real estate taxes with respect to the Common Areas and Facilities owned by the Association.

(b) Lessor's fee interest in the Unit and related common elements is not presently subject to taxation. Should said fee interests ever be taxed for any reason, Unit Lessee agrees to pay any such additional taxes in accordance with the provisions of subparagraph (a) above.

(c) Unit Lessee will not claim or cause the Association to claim any exemption from the imposition of ad valorem or real property taxes upon the improvements now or hereafter erected with the Property by reason of the fact that Lessor is the fee owner of any part of the property involved.

(d) Notwithstanding anything to the contrary contained herein, Unit Lessee or the Association shall have the right to contest the validity or the amount of any tax assessed against the Unit or property involved provided that any such contest is made in good faith, with due diligence and without impairment to Lessor's interest in the fee.

(e) Unit Lessee shall pay or cause the Association to pay any special assessments against his Unit, common elements or fee interests made pursuant to any betterment or improvement law. Unit Lessee shall pay his proportionate share of any assessments as are attributable to his Unit in accordance with the Declaration. Provided, however, that as to any such assessments as are payable in installments, Unit Lessee or the Association shall pay only such installments, together with interest thereon, as shall become due and payable during the term hereof. Provided further, that Unit Lessee or the Association shall have the right to contest the validity or amount of any such special assessments in good faith, with due diligence and without impairment to Lessor's fee interest in the Property. If Unit Lessee should receive notice of any special assessment or tax against Master Ground Lessor's fee interest in the property it shall promptly send or cause the Association to send a copy thereof or otherwise notify Master ground

Lessor of such special assessment and of any delinquency in the payment thereof.

7. **INSURANCE:** (a) Unit Lessee shall pay its proportionate share as provided in the declaration, and take no action to prevent the Association from discharging its duty, to at all times procure and maintain the following master or blanket insurance policies: (i) Comprehensive general liability insurance, which shall include the Master Ground Lessor as an additional insured party, with respect to the Property with minimum limits of \$1,000,000 for injury to one (1) person, \$3,000,000 for injuries per occurrence and \$50,000 for property damage all as adjusted from time to time to provide reasonably increased coverage to account for inflation; (ii) Fire and extended coverage insurance on all improvements now and hereafter erected within the Property in an amount equal to the full replacement value of such improvements, excluding foundations, together with such endorsements as may be commercially reasonable; and (iii) such flood or earthquake insurance as may now or hereafter be required by mortgages having liens against Units within the Property pursuant to any regulations to which such mortgages are subject.

In addition, Unit Lessee shall, to the extent not covered by the Association, maintain fire and extended coverage insurance on his dwelling now or hereafter erected or placed on his Unit in an amount equal to the full replacement value of such dwelling, excluding foundations, together with such endorsements as may be commercially reasonable.

All such insurance policies (except the comprehensive general liability policy) shall be endorsed to name Lessor and Mortgagees having liens against Units within the Property as co-insureds or loss payees as their interests appear, but Lessor's interest shall be limited to the value, if any of Lessor's reversionary interest in the insured improvements. All such insurance policies shall be issued by insurance companies duly licensed and authorized to do business in New Mexico and must provide at least thirty (30) days prior written notice of cancellation to Lessor and any Mortgagees named as co-insureds or loss payees.

In the event the Association or Unit Lessee when required should fail, refuse or neglect to maintain any of the insurance coverage required hereby, Lessor may, but is not obligated to, purchase such and Unit Lessee agrees to reimburse Lessor for the cost thereof, including interest (at the prime rate charged during the period by the American National Bank, its successor or equivalent or the maximum lawful applicable rate of interest if less) in an amount equal to the prorata share of insurance premiums attributable to his Unit as established by the Declaration.

(b) So long as the Association continues to maintain the insurance coverage required by (a) above, Unit Lessee shall have no obligation to procure any insurance except for fire and extended coverage insurance on his dwelling and improvements on his Unit. Nothing shall preclude Unit Lessee from procuring additional or supplemental insurance coverage at his own expense

including without limitation, insurance to cover loss or damage to furniture, personal effects and other contents of his Unit. Unit Lessee agrees to pay to the Association its proportionate share of insurance premiums attributable to the Unit and further agrees to pay and maintain with the Association two (2) months estimated insurance premiums in advance, or as more particularly provided in the Declaration.

(c) Should the Association fail, refuse or neglect to maintain the insurance coverage required by subparagraph (a) above, Unit Lessee agrees, upon demand of Lessor, to promptly procure, maintain, and pay his proportionate share of premiums when due on the following insurance policies: (i) Comprehensive general liability insurance in amounts reasonably required by Lessor; (ii) Fire and extended coverage insurance with such endorsements as are commercially reasonable in an amount equal to the full replacement cost of the Unit hereby leased, excluding foundations; and (iii) such flood and earthquake insurance as is required by any mortgagee having a lien against the Unit pursuant to regulations to which such mortgagee is subject.

The provisions of subparagraph (a) as to co-insureds and loss payees, cancellation notices, licensing of the insurance company and the option of Lessor to purchase and obtain reimbursement shall likewise be applicable to insurance policies on individual Units required hereunder.

8. **HOMEOWNER ASSESSMENTS AND UNIT UTILITIES**: Unit Lessee agrees to pay to the Association its prorata share of common expenses, including his share of utility expenses applicable to his Unit not billed directly to

Unit Lessee by the utility company involved, and other assessments and payments to be collected by the Association (excluding rent payable hereunder) and further agrees to pay and maintain with the Association two (2) months' in advance for such expenses, all as more particularly provided by the Declaration.

9. **IMPROVEMENTS, ALTERATIONS AND REMODELING:**

(a) Unit Lessee may, without cost or expense to lessor, improve his Unit with a dwelling and related structures and thereafter may alter, remodel, replace or repair them provided they are constructed and maintained in conformance to (i) the requirements and standards set forth in the Declaration, the Association Bylaws and the Rules and Regulations adopted from time to time by the Association including its Architectural Control Committee, if any, and (ii) to applicable building codes, zoning and other governmental regulations and provided they are constructed of good quality materials suitable to maintain the standards of the planned community. Unit Lessee agrees to indemnify and hold Lessor harmless with respect to any damages of whatsoever nature arising from the making and maintenance of any such work or improvements, including expressly without limitation any claim asserted by adjoining Unit Lessees, tenants or occupants of adjacent lands or buildings.

(b) The parties agree, and notice is hereby given, that Unit Lessee is not the agent of Lessor for any work done upon the Property (including the Unit hereby leased), and all such work shall be done at the sole expense of Unit Lessee or the

Association. All contractors, materialmen, mechanics and laborers are hereby charged with notice that they must look only to the Association, or, where applicable, to Unit Lessee for the payment of any charge for work done or material furnished on the property or the Unit during the term of this Lease.

Unit Lessee shall have no right, authority or power to bind Lessor, or any interest of Lessor in the Property, for the payment of any claim for labor or material, or for any charge or expense incurred by Unit Lessee arising out of its possession and use of his Unit or the Property.

Unit Lessee shall, before he commences construction of any improvements on his Unit or other portions of the Property, post notice of non-responsibility of Lessor for mechanic's and materialmen's liens and other charges arising from such construction and otherwise take all steps reasonably necessary to preclude any such lien from attaching to the fee interest of Lessor pursuant to the laws of New Mexico.

10. **REPAIR AND MAINTENANCE**: Unit Lessee shall during the term hereof, and within 30 days after any notice from Lessor or the Association, at his own expense, well and substantially repair, maintain and keep his Unit and improvements thereon in good order and repair. Unit Lessee agrees to pay his proportionate share of expenses attributable to his Unit as established by the Declaration and take no action to prevent the Association from discharging its obligations, to well and substantially repair, maintain and keep the common elements and facilities within the Property in good order and repair, reasonable wear and tear

and destruction by unavoidable casualty, not herein required to be insured against, excepted.

11. **IMPROVEMENTS REQUIRED BY LAW**: Unit Lessee will, during the term hereof, pay the proportionate share of expenses attributable to his Unit as established by the Declaration, and take no action to prevent the Association from discharging its obligations, to make, build, maintain and repair all fences, sewers, drains, roads, curbs, sidewalks and parking areas which may be required by law to be made, built, maintained and repaired upon, or adjoining or in connection with, or for the use of the Property.

12. **OBSERVANCE OF LAWS**: Unit Lessee will at all times during the term hereof, keep his Unit and improvements thereon and all limited Common Elements appurtenant thereto in a clean, safe and sanitary condition. Moreover, Unit Lessee will observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority and the Declaration, the Bylaws, and all rules, regulations, agreements, decisions and determinations duly made by the Association, applicable, and any amendments thereof duly made affecting his Unit and the Property, and will indemnify Lessor against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance thereof by Unit Lessee or any person under him.

13. **INSPECTION**: Unit Lessee will permit Lessor and the Association and its agents on reasonable notice and at all reasonable times during the

term hereof to enter his Unit and examine the state of repair and condition thereof.

14. **RESIDENTIAL USE**: Unit Lessee will use and allow the use of his Unit only for residential purposes, and will not use or allow the use of the Unit as a hotel, tenement house, rooming house or for or in connection with the carrying on of any business or trade whatsoever, except as set forth in the Declarations and the Rules and Regulations of the Association.

15. **LEGAL FEES AND EXPENSES**: If Lessor and Unit Lessee shall bring an action against the other for any breach of this Unit Lease or for any claim arising hereunder, the prevailing party shall be entitled to recover from the losing party its costs of suit and reasonable attorneys' fees incurred in connection therewith.

16. **INDEMNITY**: Unit Lessee shall indemnify and hold Lessor harmless against all claims and demands for loss or damage, including property damage, personal injury and wrongful death, arising out of or in connection with the ownership, use or occupancy of the Unit or the Property by Unit Lessee or any other person claiming by, through or under Unit Lessee, or any accident or fire in said Unit or any nuisance made or suffered therein, or any failure by Unit Lessee to keep said Unit in a safe condition, or any other liability whatsoever on account of said Unit or arising out of or in connection with any Common Elements of the Property and will reimburse Lessor for such loss or damage and for all its costs and expenses, including reasonable attorneys' fees incurred in connection with the defense of any such claims, and

will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever within said Unit or the Property at the sole risk of Unit Lessee and hold Lessor harmless from any claim arising out of any loss or damage thereto by any cause whatsoever. Provided, however, that Lessor shall not be indemnified from liability with respect to claims resulting from the torts of Lessor, its officers, agents, servants and employees.

17. **WASTE AND UNLAWFUL USE**: Unit Lessee will not make or suffer individually or take any action to allow the Association to suffer any waste or unlawful, improper or offensive use of the Unit or the Property.

18. **LIENS**: Unit Lessee will not commit or suffer any act or neglect whereby his unit, the Property, or Lessor's fee interest therein, shall at any time during the term hereof become subject to any attachment, judgment, lien, charge or encumbrance whatsoever, except as hereinafter expressly provided, and will indemnify and hold Lessor harmless from all loss, cost and expense with respect thereto. Nothing herein contained shall prevent Unit Lessee from contesting in good faith by any proceedings, prosecuted in a diligent and timely manner, the amount or validity of any such attachment, judgment, lien, charge or encumbrance, nor, if so permitted by the applicable laws or ordinances, require the payment thereof until final determination of such contest; provided, however, the Property or any interest of Lessor therein shall not thereby be jeopardized, and Unit Lessee shall indemnify and hold Lessor harmless from all such attachments, judgments, liens,

charges and encumbrances and all interest, penalties, fines and costs accrued thereon or imposed in connection therewith.

19. **SURRENDER AND RIGHT OF REMOVAL**: Subject to Unit Lessee's right to remove any improvement including the dwelling on his Unit (as hereinafter described) at the end of the term hereof which shall expire coincident with the expiration of the Master Ground Lease, Unit Lessee, to the extent of his interest hereunder, and any mortgagee having a lien on the Unit shall peaceably deliver up to Lessor possession of the Unit, including its appurtenant interest in all Common Elements and Facilities within the Property, leaving the same in good repair, order and condition, reasonable wear and tear excepted, and except as otherwise expressly provided herein.

Unit Lessee shall have the right to remove any improvements on his Unit at the expiration of his Unit Lease which shall expire coincident with the Master Ground Lease, provided that if such improvements are not removed within ninety days after written notice to a Unit Lessee from the Lessor to do so given no earlier than thirty days before the expiration date of the Unit Lease, such improvements shall thereafter belong to the Lessor. Except as otherwise provided, all improvements shall belong to the Lessor at the expiration of the applicable Master Ground Lease.

20. **MANAGING AGENT**: Unit Lessee agrees to pay the proportionate share of common expenses attributable to his Unit as established by the Declaration and to take no action to prevent the Association from discharging its obligations, to appoint and at all times maintain a responsible person, having an office in

Albuquerque, New Mexico, and having a demonstrated ability to successfully manage property similar in nature to the property, to provide direct-on-site management of the operation, maintenance, repair and restoration of the Common Elements and Facilities within the Property and to collect taxes, assessments, utility charges, rental payments under all unit leases, and homeowner's assessments payable by Unit Lessees, all in accordance with the Declaration and Bylaws of the Association. Provided, however, that should the term of any mortgage on this Unit require payment of any of the foregoing items into an escrow account maintained by the mortgagee or any other person, Unit Lessee shall comply with the terms imposed by such mortgagee.

Notwithstanding the appointment and employment of any such managing agent by the Association, Unit Lessee shall at all times remain directly liable to the Association and Lessor for the payment of all such items and for the performance of its obligations under this Unit Lease.

21. **CONDEMNATION:** (a) Total Taking of Unit or Common Elements – if during the term hereof, said Unit or all of the Common Elements shall be required, taken or condemned by any authority having the power of eminent domain, then, in every such case the estate and interest of Unit Lessee in the Property so taken or condemned shall at once cease and determine, subject to the rights of any affected mortgagee(s). Unit Lessee shall not by reason thereof be entitled to any claim against Lessor for compensation or indemnity for its leasehold interest; unless the taking or condemnation is for the benefit of the University or initiated directly or indirectly by it. All compensation and damages

payable for on or account of the fee shall be paid to and be the sole property of Lessor, and all compensation and damages payable for or on account of the leasehold estate shall be payable to and be the sole property of Unit Lessee or Mortgagee(s) as their interests may appear. In any such proceeding, the court shall determine the rights of each of the various parties in the proceeds of condemnation and the proceeds shall be distributed to such parties accordingly. Any remaining compensation shall be payable according to the respective interests of the parties.

(b) Partial Taking – If some part of the Unit or Common Elements shall be so required, taken or condemned, in a way that significantly affects the use or enjoyment of the Unit, the rent payable for the remainder of said term shall be reduced in the ratio that the value of land of such part bears to the total value of demised land immediately prior to such event. If the parties are unable to agree on the relative values then the ratio of the land areas involved shall be used. If more than 25% of the Common Elements shall be so required, taken or condemned thereby rendering the remaining Unit and Common Elements unsuitable for the purposes originally leased, Unit Lessee may at his option and within thirty (30) days after loss of the right to possession of the Property so required, taken or condemned, notify Lessor of his intention to surrender this Unit Lease, and Unit Lessee, at his own expense, shall remove all remains of improvements on the Unit not so required taken or condemned and restore the Unit to good order and condition and even grade with a reasonable period. In such event, Unit Lessee may promptly surrender Unit Lease to

Lessor and thereby be relieved of any further obligations hereunder, such surrender to be made in sufficient time for Lessor to claim from the condemning authority its damages therefore. Upon such surrender all compensation and damages payable for on or account of any improvements on the Unit so required, taken or condemned shall be the sole property of Unit Lessee and his Mortgagee(s) as their interest shall appear.

(c) Except as provided above, condemnation of any leasehold interest in other Units or in Common Elements not affecting this Unit shall not terminate this Unit Lease nor excuse Unit Lessee from full performance of his covenants for the payment of money or any other obligations hereunder capable of performance by him, but in such case Unit Lessee if affected may claim and recover from the condemning authority all compensation and damages payable on account of its leasehold interest.

22. **ASSIGNMENTS AND SUBLEASING**: Unit Lessee may freely assign or sublease this Unit without approval or consent of Lessor, and the assignee and sublessee shall have the same rights and obligations hereunder as the original Unit Lessee. No assignment shall be effective to transfer any interest in this Unit Lease unless Lessor and the Association shall have received a true executed copy of such assignment containing a written undertaking of the assignee to perform all obligations of Lessee hereunder. No assignment shall release the assignor from any liability or release the Unit from the lien of any such liability arising before the assignment. Moreover, no assignment shall release the assignor from liability arising under this Unit Lease or the

Declaration after the assignment unless the assignor is current in his payments of rent and other assessments and is not otherwise in default and any one of the following conditions are met: (1) the assignment is by the original Unit Lessee, (2) the assignment is made before January 1, 1998, (3) the first mortgagee of the Unit releases the assigning Unit Lessee from the obligations of the mortgage, or (4) Lessor shall have given its consent in writing to such assignment which consent, however, shall not be deemed to be a waiver of any obligations or sums of money then due or thereafter due arising out of events occurring up to the date of the consent or as may be conditioned in said consent. Lessor will not withhold such consent unreasonable or because of the assignee's national origin, race, color, creed or other prohibited basis, nor require payment of any money except as a service charge not to exceed twenty-five dollars (\$25.00) for such consent.

23. **DEFEASANCE**: Any failure of the Unit Lessee to pay any rent required hereby when due, any failure by Unit Lessee to fully perform the covenants and agreements contained in this Unit Lease or the Declaration (including any documents incorporated therein by reference), or any failure by Unit Lessee to perform his obligations to the Association constitutes a default under this Unit Lease. Any default by Unit Lessee under any mortgage constituting a lien against the Unit shall also constitute a default under this Unit Lease. Should Unit Lessee or the holder of any mortgage or deed of trust creating a first lien against the Unit (herein "first mortgage"), fail to cure any such default within forty-five (45) days after the date on which written notice

thereof is mailed, postage prepaid, to the Unit Lessee at his last known address as shown by the records of the Association or should Unit Lessee abandon the Unit hereby leased, Lessor may at once re-enter the Unit, and upon or without such entry at its option, terminate this Unit Lease without service or notice of legal process and without prejudice to any other remedies which Lessor may have. If a first mortgagee has given written notice to Lessor advising of its lien against the Unit and setting forth the address to which any notice of default may be mailed to it, then Lessor shall also mail written notice of default to any such first mortgagee. Notwithstanding the foregoing, if the nature of any default is such that it cannot be cured by the payment of money and cannot reasonably be cured within said forty-five (45) day period, then Lessor shall not have the right to terminate this Lease so long as Unit Lessee or the first mortgagee, if any, commences to cure the default within said forty-five (45) day period and diligently proceeds thereafter in good faith to cure the default. Upon any termination of this Lease, the Unit shall become and remain the property of Lessor, subject to the rights of any first mortgagee as set forth in paragraph 24© below, without merger of Lessor's fee interest in the Unit and the leasehold interest in the Unit created under this Unit Lease.

Notwithstanding anything to the contrary contained herein, no failure of the Association to perform any covenant of Unit Lessee herein provided to be performed by the Association shall constitute a default by Unit Lessee so long as Unit Lessee shall use his best efforts to cause such covenant to be performed by the

Association and shall pay his proportionate share of all expenses attributable to his Unit under the Declaration. Any termination of this Unit Lease may be made effective by recording or filing with the County Clerk of Bernalillo County, New Mexico, an affidavit by Lessor setting forth the facts necessary to show the occurrence of the default and the failure of Unit Lessee or any first mortgagee to cure same or by entry of a judgment by a court of competent jurisdiction terminating this Unit lease.

24. **MORTGAGES:**

(a) Unit Lessee may make one or more mortgages covering his interest in the Unit provided such mortgages shall provide for payment in full before the expiration of the term of this Unit Lease, and provided the Unit Lessee shall deliver a true copy of each such mortgage to Lessor and to the Association. Lessor's fee interest in the Unit and Property shall not be subordinated to any mortgage. The failure of Unit Lessee to deliver a copy of any such mortgage to Lessor or the Association shall not affect the validity of such mortgage. The terms, covenants and conditions of this Unit Lease, to the extent of any conflict with the provisions of any such mortgage, shall control.

(b) Upon foreclosure by a mortgagee of the Unit, or upon an assignment in lieu of foreclosure, and if the mortgagee shall become the owner of the Unit and the leasehold interest involved, the mortgagee shall not become liable for any obligations under the Unit Lease except for rent, assessments, payments and obligations related to or measured by periods of time during which the mortgagee is such owner. Such mortgagee may

thereafter freely assign its interest in the Unit or leasehold interest involved. After such assignment, the assignee shall be liable for and shall be deemed to have personally assumed all applicable obligations under this Unit Lease relating to or measured by periods of time commencing after such assignment, and the assigning mortgagee shall not be liable for such obligations. Notwithstanding the foregoing, the filing of a foreclosure suit by a mortgagee of the Unit shall not prevent the Unit Lessor from terminating this Lease if a default under this Lease is not cured after written notice and within the time limits set forth in Paragraph 23 above.

(c) If, at the time this Unit Lease is terminated, there exists a recorded mortgage or deed of trust creating a lien against the leasehold interest of Unit Lessee, then Lessor shall (whether or not any such mortgagee has given written notice of its lien and received notice of default pursuant to Paragraph 23 above) mail written notice to such mortgagee, postage prepaid and certified mail, return receipt requested, setting forth the facts of termination and offering to enter into a new lease with respect to this Unit with such mortgages for the remaining term of the terminated leasehold estate which shall expire coincident with the Master Ground Lease and subject to the same terms and conditions as set forth herein. Such mortgagee shall be entitled for a period of forty (40) days after receipt of the written notice required by this provision, to enter into the aforesaid new lease of this Unit. If such mortgagee fails to do so, then all liens or other rights of such mortgagee in the leasehold estate created by

this Unit Lease shall be extinguished and terminated. Notwithstanding the foregoing if, at the time of any termination of this Unit Lease, there exists more than one mortgage lien against the Unit, then only the holder of the mortgage or deed of the trust having the first and paramount lien against the Unit shall be entitled to enter into the aforesaid new lease with Lessor.

(d) It is the intent and purpose of Paragraph 23 above and subparagraph © of this Paragraph 24, to permit the first mortgagee, if any, upon the occurrence of a default under this Unit Lease, to elect either: (i) to cure, or commence to cure, such default on behalf of the Unit Lessee pursuant to Paragraph 23, above, or (ii) to allow Lessor to terminate this Unit Lease and, upon such termination, to accept or reject Lessor's offer to enter into a new lease of the Unit for the then remaining unexpired term and upon the same terms and conditions as set forth herein. Should any first mortgagee permit this Unit Lease to be terminated, and upon termination elect to enter into a new lease with Lessor, then such first mortgagee shall not be liable with respect to any rent or other obligations of Unit Lessee arising under this Unit Lease prior to execution of the new lease for this Unit between Lessor and such first mortgagee.

25. **INCIDENTS OF UNIT OWNERSHIP:** Except as otherwise provided herein, Unit Lessee shall at all times during the term hereof be deemed to be the owner of the Unit for all purposes of the Declaration and Bylaws of the Association and shall have all rights, privileges, duties and obligations of such owner, including without limitation, membership and the right to vote in the

Association; provided, however, that any vote or other action of Unit Lessee with respect to construction plans, partition of the Property, amendment of the Declaration or Bylaws, or any other matter which requires the approval or consent of Lessor, shall be effective only upon such approval or consent in writing by Lessor.

26. **INVALIDITY OF PARTICULAR PROVISIONS:** If any term or provision of this Unit Lease, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Unit Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision of this Unit Lease shall be valid and enforceable to the fullest extent permitted by law.

27. **NOTICES:** All notices, demands and requests which may or are required to be given by any party to the other shall be in writing and shall be deemed to have been properly given when served personally, as to Lessor on an officer of the University, or on a responsible employee at the principal business office of the University, or, as to Lessee, when served personally on him., or if mailed (1) on the second business day following deposit in the United States mails, registered or certified mail, return receipt requested, postage prepaid, addressed to the other at the address set forth below or at such other address as a party may from time to time designate in written notice to the other, or (2) actual earlier receipt.

Lessor

The Regents of the University of New Mexico
Albuquerque, New Mexico 87131
Attention: Vice Present, Business and Finance, and

University Legal Counsel
Scholes Hall, University of New Mexico
Albuquerque, New Mexico 87131

(Telephone: 505-277-5035)

Lessee

As set forth above.

28. **GENDER AND NUMBER**: As used herein, the masculine, feminine, or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so indicates.

29. **APPLICABLE LAW**: This Unit Lease shall be construed and enforced in accordance with the laws of the State of New Mexico.

30. **NO WAIVER OF BREACH**: No failure by Lessor or Unit Lessee to insist upon the strict performance by the other of any term, covenant or condition of this Unit Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of (i) any such breach or of such term, covenant or condition. (ii) any such right or remedy, or (iii) the right to insist on strict performance thereafter. No waiver of any breach shall affect or alter this Unit Lease, but each and every term, covenant and condition of this Unit Lease shall continue in full force and effect with respect to any other then existing or subsequent breach. Acceptance of rent by Lessor, or its designee,

shall not be deemed a waiver by it of any breach by Unit Lessee of any covenant herein contained or of Lessor's right of re-entry for breach of condition.

31. **INUREMENT**: All of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the parties hereto, their successors, assigns, personal representatives and heirs.

32. **AMENDMENTS**: The terms and conditions of this Unit Lease may be modified or amended only by an instrument in writing executed with the same formality as this Unit Lease. Provided, however, that no amendment to this Lease which adversely affects the interest or lien of any mortgagee having a recorded lien on the leasehold interest of Lessor or any Unit Lessee, shall be valid or effective as against any such mortgagee which has not given its prior written consent to such amendment.

33. **ANNEXATION**: Lessor and Unit Lessee hereby understand and agree that any Phase of the Property covered by the Declaration located continuous to this Phase or another Phase or Phases contiguous to this Phase may be annexed to this Phase (of which this Unit is a Part) without the further consent of Lessor, any Unit Lessee, or the Association as part of the planned residential community established by the Declaration. Upon such annexation, Unit Lessee understands and agrees that its direct or indirect undivided interest in Common Elements, percentage vote in the Association and share of various assessments and charges will be adjusted to reflect the increased number of Units being annexed as provided in the Declaration.

34. **UNINSURED CASUALTY**: Subject to the provisions of Article XVI of the Declaration, if two-thirds (2/3's) or more of the residential buildings and other improvements placed upon the Property are destroyed by reason of an uninsured casualty, then, upon removal of all remains and debris and restoration of the land to good condition and even grade and upon surrender of all other Unit Leases and subsisting leases with respect to the remainder of the Property (The Common Elements) to Lessor, Unit Lessee shall be entitled to surrender this Lease and be relieved from any further liability hereunder subject to payment of all rents accrued and taxes payable for the full year in which the casualty occurs.

35. **HAZARD INSURANCE PROCEEDS**: In the event that the improvements on the Unit hereby leased are damaged or destroyed by an insured casualty, then the proceeds of any master or blanket hazard insurance policy required herein will be paid to the Association, as Trustees for Unit Lessee, and shall be applied toward the repair and restoration of the improvements to their original condition immediately prior to the damage or destruction as far as practicable. If the insurance proceeds under a master policy are distributed to Unit Lessee by the Association, or if insurance proceeds from an individual policy maintained by Unit Lessee are distributed to Unit Lessee, then any such insurance proceeds shall be payable to Unit Lessee and its mortgagee(s) as their interest appear, for repair and replacement, otherwise subject to any fee interest of Lessor. As to any division of insurance proceeds distributed to Unit Lessee or mortgagee under a master policy maintained by the Association, Unit Lessee's share

of such proceeds shall be based upon the percentage by which the insurance policy endorsed value (or if none the square footage in his Unit) bears to the total endorsed value (or if none the total square footage) of all Units damaged or destroyed.

36. **ESTOPPEL CERTIFICATES**: Lessor hereby specially empowers and directs the Association to do so and the Association shall at any time and from time to time, upon not less that twenty (20) days' prior to written notice by Unit Lessee, execute and deliver to such Unit Lessee a writing, certified by an officer or fully authorized representative, stating: (i) that the Lease is unattended and in full force and effect (or, if there have been amendments, that the same are in full force and effect as amended), (ii) the dates to which the rent and other charges have been paid, and (iii) whether or not, to the best knowledge of the person signing such statement, Unit Lessee is in default in the performance of any covenants, agreements or conditions contained herein. It is intended that any such statement may be relied upon by any prospective assignee of Unit Lessee's interest in this Lease or any mortgagee or beneficiary thereof.

37. **RECORDATION**: Unit Lessee agrees to record the Unit Lease in the office of the Clerk of Bernalillo County, New Mexico, immediately upon the execution and delivery thereof and to pay all recording fees.

Exhibit "B"

Rent Schedule

Time Period	Monthly Unit Rent
Until September 1, 1988	\$31.00
9/1/88 to 8/31/93	\$40.00
9/1/93 to 8/31/98	\$50.00
9/1/98 to 8/31/2003	\$60.00
9/1/2003 to 8/31/2008	\$72.00
9/1/2008 to 8/31/2013	\$86.00
9/1/2013 to 8/31/2018	\$103.00
9/1/2018to 8/31/2023	\$123.00
9/1/2023 to 8/31/2028	\$147.00
9/1/2028 to 8/31/2033	\$176.00
9/1/2033 to 8/31/2038	\$211.00
9/1/2038 to 8/31/2043	\$253.00
9/1/2043 to 8/31/2048	\$303.00
9/1/2048 to 8/31/2052	\$363.00