

OFFICE LEASE  
CARLYLE BUILDING  
401 East Northern Lights Boulevard

1. PARTIES. This Office Lease for office space in the Carlyle Building located at 401 East Northern Lights Boulevard, Anchorage, Alaska (the "Lease"), dated, for reference purposes only, January 11, 2011, is made by and between Harvey Commercial ("Landlord") and CHOICES, Inc. ("Tenant").

The said monthly rent shall be due and payable in advance, on the first (1<sup>st</sup>) day of each month. Rent shall be payable, without notice or demand and without deduction, offset or abatement to Cange and Chambers Property Management P.O. Box 242263 Anchorage, Alaska 99524. Phone: 929-9966 Unless otherwise noted, the building address and address for notices for Tenant shall be 401 East Northern Lights Boulevard, Suite 211, Anchorage, Alaska 99503.

2. PREMISES.

2.1 Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term, at the rental and upon all the conditions set forth in this Lease, that certain space (the "Premises") described as Suite 211 and 210 containing approximately One Thousand three Hundred Ninety Five (1395) rentable square feet of floor area The Premises are located in the Anchorage Recording District, Third Judicial District, State of Alaska, and are located on the real estate described in Exhibit A. The modification suggested on Exhibit A will be made by the Landlord.

2.2 In addition to the Premises, Tenant shall, as an appurtenance thereto, have full right of access to Premises over and across the common entrances, lobbies, halls, corridors, and stairways. Tenant and its ~~customers~~ shall have exclusive right to use of one of the upstairs bathrooms.

3. TERM. The Lease term shall commence February 1, 2010 and shall continue through June 30, 2014, unless sooner terminated pursuant to any provision of this Lease.

4. ACCEPTANCE OF PREMISES. Tenant's taking possession of the premises on commencement of the term of this Lease shall constitute Tenant's acknowledgment that the premises are in good condition, unless exceptions are noted in writing. **Tenant accepts the Premises "As is."** Tenant accepts with the modifications suggested on Exhibit A.

5. RENT.

5.1 Minimum Rent. Tenant shall pay to Landlord as ~~minimum~~ rent, in advance, without

deduction, set-off, prior notice, or demand, the following amounts per month on the first day of each month:

- (a) From February 1, 2011 through June 30, 2014, the rent is \$2232.00 per month;
- (b) Starting July 1, 2012 and each year thereafter the rent will increase 3% per year.

The monthly rent for the first month or a portion of it shall be paid on the day this Lease is signed. The monthly rent for any partial month shall be prorated at the rate of one-thirtieth (1/30th) of the monthly rent per day. All rent shall be paid to Landlord at the address to which notices to Landlord are given or at such other places as Landlord may designate in writing.

5.2 Security Deposit. With this Lease, Tenant pays a security deposit in the amount of \$2000. (Increased by \$1500.00 from previous lease) Landlord may, but shall not be required to, apply this security to any and all obligations of Tenant in default, whereupon Tenant will promptly repay the security deposit or be in default under the same terms in failure to pay rent. Landlord is acting not as a fiduciary in relation to the security deposit and may commingle the security deposit with its own funds. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer the deposit to Landlord's successor in interest. Upon termination of lease, the security deposit shall be returned to tenant if space is left in good condition.

5.3 Late Charge. If any payment is not paid by the ~~fifth~~ (5th) of each month, then there shall be added as additional rent an amount equal to five percent of the amount due but unpaid, or Fifty Dollars (\$50.00), whichever is greater. This liquidated damages provision is not intended as a penalty, but is imposed because damages for a failure to pay rent on time are real but difficult to ascertain, and the parties wish to set by contract the consequences of such a failure. All rents and other payments due will bear interest at 10.5% or the highest legal rate of interest, whichever is lower, beginning from the date payment is due for any late payment.

5.4 Termination of previous lease for Suite 210. The previous lease for Suite 210 shall terminate upon execution of this lease. The Security Deposit for Suite 210 will be transferred towards the new security deposit for this lease.

5.5 Termination provision for Suite 210 & 211. Tenant may elect to terminate the lease for Suite 210 & 211 after June 30, 2012 with sixty (60) days prior written notice. In the event of termination of lease, Tenant agrees to pay for any unamortized commissions and tenant improvements (not including painting of premises and insulation of wall in the Suite 202).

6. OPTION TO RENEW LEASE. Tenant shall have two (2) options to renew the Lease for consecutive terms of three (3) years each, provided that Tenant is not in default of this Lease at the time the option is exercised. Tenant must give Landlord written notice that it is exercising its option at least ninety (90) days prior to the expiration of the previous Lease term. The base rent for the option period shall be renegotiated to market rates for similar space at the time of the option period.

7. ADDITIONAL CHARGES. Not Applicable.

8. UTILITIES.

8.1 Tenant hereby covenants and agrees to pay when due all charges for telephone and janitorial service to the Premises.

8.2 Landlord shall furnish heat, electricity, water, sewer, and refuse service.

8.3 Notwithstanding anything to the contrary contained in this Lease, should Tenant's consumption or use of any particular shared or provided utility or service be excessive (on a pro rata per square foot basis) when compared to that of the other tenants in the building, Landlord shall have the right to require that Tenant pay a percentage (that appropriately and equitably reflects such excessive consumption or use) of the charge for such utility or service.

9. USE. Tenant shall use the Premises for Office space and meetings for CHOICE, Inc., and for no other purpose without the prior written consent of Landlord. Without in any way limiting Landlord's right to withhold consent for any other reason, Landlord explicitly reserves the right to withhold consent to any proposed use that ~~conflicts with any other tenant of the Building or which~~ will require additional parking. Tenant shall not use the Premises for any unlawful purpose. Tenant will not commit or allow to be committed any waste upon the Premises or any public, private, or mixed nuisance or other act or thing which disturbs the quiet enjoyment of any other tenants in the building. Tenant shall comply with all laws relating to its use of the Premises and shall observe such reasonable rules and regulations as may be adopted and published by Landlord for the safety, care, and cleanliness of not only the Premises, but also the building and for the preservation of good order therein.

10. MAINTENANCE, REPAIRS, AND ALTERATIONS.

10.1 Landlord's Obligations. Subject to the provisions of Article 12 and except for damage caused by the negligence or intentional act or omission of Tenant or Tenant's agents, employees or invitees, Landlord, at Landlord's expense, shall be responsible for the following being accomplished:

(a) Maintain and repair exterior walls, exterior windows, foundations, roof, electrical systems, structural systems, heating systems, cooling systems, common areas, and outside areas.

(b) Provide a dumpster unit or units for the disposal of trash and garbage by Tenant. Such dumpster unit or units to be placed at a location of Landlord's choosing and Landlord shall provide for removal of contents. Landlord may allow other tenants of the building to use the same dumpster unit.

(c) Clean common hallways and stairs, common entry, **common restrooms**, and other common interior areas of the building. Frequency and extent of cleaning will be as required, in the judgment of Landlord, to maintain these areas of responsibility in a neat, clean, and sanitary condition.

(d) Clean parking areas, driveways, and walkways to include snow removal. Frequency and extent of these services will be as required, in the judgment of Landlord, to maintain these areas in a presentable and usable condition.

(e) Maintain and repair plumbing fixtures, equipment, and systems ~~that are within common areas or which are for the purpose of providing service to common areas or up to, but not within, the Premises.~~

(f) Landlord shall not be required to provide security services for the building and exterior areas, and should Landlord elect to do so, it is specifically agreed that such shall be extremely limited in scope, shall consist primarily of infrequent security checks of the building, with no provisions for added security of individuals or any specific Premises, and that Landlord may terminate such services at any time. Landlord and its agents or employees shall not be liable for any damages, bodily injury, or loss which Tenant or Tenant's employees, agents, officers, partners, invitees, or customers may suffer due, in whole or in part, to any lack or insufficiency of personal or property security in or about the Premises or building.

10.2 Tenant's Obligations. Tenant shall, at Tenant's expense, be responsible for the following being accomplished:

(a) At all times keep the Premises neat, clean, and in a sanitary condition. Cleaning shall include the interior of windows and doors serving the Premises.

(b) Promptly replace or repair any broken plate glass in or other damage to the windows or doors to the Premises regardless of cause, unless the damage is caused by Landlord.

(c) Maintain and promptly repair any damage to interior walls, partitions, ceilings, and floors and, in general, **maintain and preserve the Premises** in as good a state of repair as when first occupied by Tenant, except for reasonable and usual wear and tear.

(d) Maintain all signage pertaining to Tenant in good order and repair.

(e) Notwithstanding any other provisions concerning responsibilities for maintenance, repair, and cleaning, Tenant shall promptly pay, as additional rent, for any and all such activities within the Premises, the building, or outside areas that are attributable to misuse, carelessness, or neglect by Tenant or Tenant's employees, agents, or contractors.

(f) Tenant shall not perform or contract for maintenance, repair, or cleaning that is the

responsibility of Landlord or the cost of which is to be born by Landlord without Landlord's explicit authorization.

10.3 Landlord's Rights. If Tenant fails to perform Tenant's obligations under this Article 10 or under Article 9, Landlord may (but shall not be required to) enter upon the Premises after ten (10) days prior written notice to Tenant and put the same in good order, condition, and repair or otherwise cure the default, and the cost of such action plus fifteen percent (15%) thereof shall become due and payable as additional rent to Landlord together with Tenant's next rental installment.

## 11. ALTERATIONS AND ADDITIONS.

### 11.1 Alterations by Tenant.

(a) Tenant shall not make or suffer to be made any alterations, additions, or improvements to the Premises without first receiving the written consent of Landlord. When applying for such consent, Tenant shall furnish a complete set of plans and specifications covering desired additions, alterations, or improvements, and Tenant's written affirmation that such additions, alterations, or improvements are to be constructed in full compliance with all federal, state, and local acts, statutes, codes, rules, regulations, and guidelines, to include the Americans with Disabilities Act. If Tenant is permitted to make alterations, additions or improvements, Tenant shall comply with all applicable codes, shall obtain all applicable permits, and shall furnish to Landlord upon completion a certified statement showing the total cost of the alteration, additions and improvements, and as-built drawings of all improvements made.

(b) All alterations, additions, or improvements made by Tenant shall be in full compliance with all applicable provisions and supporting rules, regulations, and guidelines of the federal "Americans with Disabilities Act," and any and all State of Alaska and Municipality of Anchorage statutes, codes, rules, regulations, and guidelines pertaining to building and facility access requirements for individuals with disabilities. Such compliance shall include construction, at Tenant's expense, of any modifications to portions of the building other than the Premises which may be required as a result of Tenant's alterations, additions, or improvements.

(c) Alterations, additions, or improvements to the Premises except for those proposed in Exhibit A, shall be made at Tenant's expense, and all, except trade fixtures, appliances, and equipment which ~~do not~~ become attached to the Premises or building, shall become the property of Landlord at no cost to Landlord. It shall be Tenant's responsibility to obtain written agreement of Landlord, prior to installation, that designated trade fixtures, appliances, and equipment to be installed by or on behalf of Tenant which could be considered as attached to the Premises or building shall not be so considered. A list of those items will be attached as Exhibit C. Lacking such agreement, the Landlord shall have the sole right to make such determination.

(d) Upon removal of any trade fixture, appliance, or equipment which does not become


attached to the Premises or building, Tenant may be required, at option of Landlord, to restore the Premises and/or building to the same condition as existed prior to installation of said items.

#### 11.2 Notice of Non-Responsibility.

(a) Tenant agrees that it will notify Landlord at least seven (7) days before the commencement of its initial alterations to the Premises and at least twenty (20) days before the commencement of any alterations of the Premises made by Tenant after the completion of its initial alterations and, in all cases, will permit Landlord to post, within the Premises and in conformance with the applicable laws of the State of Alaska, Notices of Non-Responsibility advising all workmen that the Landlord is in no way responsible for the alterations of the Premises. Tenant will ensure that, if posted, such notices remain so posted throughout the periods of any alterations.

(b) In any event, Tenant agrees that it will, at its own cost and expense, hold Landlord harmless for and on account of any and all materialmen's or workmen's liens of every nature arising from Tenant's alterations or similar activities within the Premises, and will maintain the Premises, building, and land free and clear of all liens or other encumbrances. Tenant hereby specifically agrees to pay and discharge at maturity any and all claims and expenses that it may incur for the alteration or alterations of the Premises, except to the extent that Landlord has failed to pay the tenant improvement allowance provided in the Lease.

### 12. INSURANCE INDEMNITY.

 12.1 Liability Insurance. Tenant shall maintain in force during the term of this Lease a policy of comprehensive public liability insurance issued by a company acceptable to Landlord and insuring Tenant and Landlord against liabilities normally covered by a policy of comprehensive public liability insurance, including, without limitation, damage to other portions of the building arising out of the ownership, use, occupancy, or maintenance of the Premises and all appurtenant areas. Such insurance shall be in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence. The limits of said insurance shall not, however, limit the liability of Tenant. Such policies shall name Landlord and Landlord's agents as additional insureds and shall provide that they may not be canceled without thirty (30) days prior written notice to Landlord. Landlord shall be furnished with a certificate evidencing issuance of such policy of liability insurance, and such certificate shall recite that said policy may not be canceled without thirty (30) days prior written notice to Landlord. If Tenant shall fail to maintain said insurance, Landlord may, but shall not be required to, procure and maintain the same, at the expense of Tenant.

12.2 Property Insurance. Landlord shall maintain in force during the term of this Lease a policy of insurance issued by a company authorized to engage in the insurance business in the State of Alaska, insuring the building against damage or destruction by fire and/or by perils covered by the standard form of extended coverage endorsements to fire insurance policies in the State of Alaska in effect at the time when the policies are obtained.

12.3 Waiver of Subrogation. To the extent a loss is covered by insurance, the parties release each other and their respective authorized representatives, from any claims for damage to any person or to the premises and the building and other improvements in which the premises are located and to the fixtures, personal property, Tenant's improvements, and alterations of either Landlord or Tenant in or on the premises and the building and other improvements in which the premises are located that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

12.4 Hold Harmless. Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work, or thing which may be permitted or suffered by Tenant in or about the Premises, and shall further indemnify, defend, and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provisions of this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees, or invitees and from any and all costs, attorneys' fees, expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Provided that the insurance Tenant is required to maintain by this Lease is in place at the levels required by this Lease and that Landlord and Landlord's agents are named as additional insureds, Tenant shall not be required to indemnify, defend, or hold harmless Landlord for liability imposed upon Landlord in excess of the insured amount as a result of Landlord's own negligence or greater level of fault. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from ~~any cause~~, and Tenant hereby waives all claims in respect thereof against Landlord, excepting where and only to the extent that said damage or injury arises out of the sole negligence of Landlord.

12.5 Exemption of Landlord from Liability. Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, or customers or any other person in or about the Premises; nor, unless caused by its negligence, shall Landlord be liable for personal injury to Tenant or Tenant's employees, agents, contractors, invitees, or customers or any other person in or about the Premise. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

12.6 Workers' Compensation Insurance. Tenant will be required to carry Workers' Compensation Insurance as required by law.

13. DAMAGE OR DESTRUCTION. If the Premises or the building are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord may at its sole election restore such to substantially the same condition as they were in immediately before destruction, if the restoration can be made under the existing laws and can be completed within one hundred eighty (180) working days after the date of such destruction. Such destruction shall not terminate this Lease.

13.1 If the restoration cannot be made in the time stated in this Article, then Tenant may terminate this Lease immediately by giving notice to Landlord. If Tenant fails to terminate this Lease and if restoration is permitted under the existing laws, Landlord, at its election, can either terminate this Lease or restore the Premises or the building and other improvements in which the Premises are located within a reasonable time and this Lease shall continue in full force and effect. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

13.2 Abatement or Reduction of Rent. In case of destruction, there shall be an abatement or reduction of rent, between the date of destruction and the date of completion of restoration, based on the extent to which the destruction interferes with Tenant's use of the Premises. Landlord will notify Tenant within thirty (30) days of the destruction of the extent of rent abatement. If Tenant disagrees, its sole remedy shall be to terminate this Lease.

14. SIGNAGE. All signage and window coverings shall be in accordance with standard criteria provided by Landlord and to be subject to the approval of Landlord. Except for the forgoing, Tenant shall not inscribe any inscription or post, place, or in any manner display any sign, notice, picture, placard, or poster or any advertising matter whatsoever anywhere in or about the Premises or the building at places visible from anywhere outside the Premises without first obtaining Landlord's written consent. Any such consent by Landlord shall be upon the understanding and condition that Tenant will remove the same at the expiration or sooner termination of this Lease, and that Tenant shall repair any damage to the Premises or the building caused thereby. Tenant shall use window coverings that conform to standards set by Landlord.

15. TAXES. Tenant shall pay or cause to be paid before delinquency any and all taxes levied or assessed and which become payable during the term of this Lease upon all Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property located in the Premises. In the event any or all of Tenant's leasehold improvements, equipment, furniture, fixtures, and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

16. RULES AND REGULATIONS. Landlord, for the proper maintenance, safety, order, and cleanliness of the building and for the rendering of good services, the protection, and the quiet enjoyment of tenants, may from time to time make, amend, and enforce reasonable rules and regulations appropriate for such purposes and applicable to all tenants of the building. Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate and/or modify. The rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the nonperformance of any of said rules and regulations by any other tenant or occupant.

17. LIENS AND INSOLVENCY. Tenant shall keep the Premises and the building free from



any

liens arising out of any work performed, materials ordered, or obligations incurred by Tenant. If Tenant becomes insolvent or voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of Tenant and if the receivership, assignment or other liquidating action is not terminated within thirty (30) days of any such appointment, then Landlord may exercise any of the remedies available to it upon default, at Landlord's option. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument.

18. DEFAULTS. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

18.1 Vacation of Premises. The vacating or abandonment of the Premises by Tenant.

18.2 Failure to Pay Rent. The failure by Tenant to pay rent or any other payment required by this Lease as and when due shall immediately constitute a default unless full payment is made within ~~seven (7)~~ days after written notice by Landlord. Such notice may be in the form of a statutory notice to quit, and no further notice or opportunity to cure shall be required.

18.3 Failure to Perform. The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than described in Section 18.2 above, where such failure shall continue for a period of ~~ten (10)~~ days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than ~~ten (10)~~ days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said ~~ten (10)~~ day period and thereafter diligently prosecutes such cure to completion.



18.4 Bankruptcy. The making by Tenant of any general assignment for the benefit of creditors, the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy, the appointment of a trustee or receiver to take possession or the attachment, execution or other judicial seizure that is not discharged within thirty (30) days.

19. LANDLORD'S REMEDIES. In the event of any default by Tenant, Landlord shall have the following rights and remedies, all in addition to any rights and remedies that Landlord may be given by statute, common law, or otherwise: (a) distrain for rent due; (b) exercise lawful self-help; (c) re-enter the Premises and take possession thereof and remove all personal property of Tenant from the Premises at Tenant's cost, with or without terminating the lease. Such personal property may be removed and stored in a public warehouse or elsewhere at the cost of Tenant and may be

deemed abandoned and sold by Landlord without further notice to Tenant if not redeemed by Tenant within ~~thirty (30)~~ days; (d) declare the term of this Lease terminated; (e) cure the breach on account and at the expense of Tenant, in which case all sums<sup>™</sup> paid by Landlord, including reasonable attorneys' fees, shall be deemed additional rent and shall be immediately due and payable; (f) re-let the Premises in whole or in part for any period equal to or greater or less than the remainder of the term of this Lease, for any sum which Landlord may deem reasonable; (g) collect any and all rents due or to become due from subtenants or other occupants of the Premises; and (h) upon default by Tenant, all costs and rents shall be immediately due, subject only to setoff from any re-lease of the Premises. Re-entry or re-letting of part or all of the Premises is not to be deemed a termination of this Lease unless it is expressly declared to do so by the Landlord. If this Lease is deemed terminated, Tenant's liability for damages as set forth in this Lease, including damages for the remainder of the term following the termination date, shall survive. Further, Tenant shall be responsible, without limitation, for all costs of re-leasing the Premises, or if Landlord elects to reoccupy, the costs of moving and returning the Premises to a condition wherein they can be used by Landlord. Tenant shall be responsible for all court costs and reasonable attorneys' fees incurred by Landlord in pursuing these remedies. Landlord may exercise any of its rights and remedies individually or in combination with any of its other rights and remedies.

20. **PRIORITY.** Tenant agrees that this Lease shall be subordinate to any mortgages or deeds of trust now or at any time hereafter constituting a lien upon the Premises or the building containing the same, to any and all advances to be made thereunder, and to the interest thereon, and to all renewals, replacements and extensions thereof; provided that the mortgagees or the beneficiaries named in said mortgages or deeds of trust shall agree to recognize this Lease in the event of foreclosure if Tenant is not in default hereunder and if Tenant attorns to the mortgagee. Within five (5) days after written request from Landlord, Tenant shall execute any documents that may be necessary or desirable to effectuate the subordination of this Lease to any such mortgages or deeds of trust and shall execute estoppel certificates as requested by Landlord from time to time in the standard form of any such mortgagee or beneficiary.

21. **CONDEMNATION.** If all of the Premises or any portion of the building, as may be required for the reasonable use of the Premises, shall be taken by eminent domain (or by a voluntary conveyance made in lieu of a taking by eminent domain), this Lease shall automatically terminate as of the date Tenant is required to vacate or will be deprived of the reasonable use of the Premises, and all rentals shall be paid to that date. In the case of a taking of a part of the Premises, Tenant may, at its election, terminate this Lease by notice in writing to Landlord within ten (10) days after the receipt by Tenant of written notice of the proposed taking. Such notice shall be effective on a date which shall be specified by Tenant in the notice but shall be not less than thirty (30) days after the date of the giving of notice by Tenant. If within said ten (10) day period Tenant does not exercise its right to terminate this Lease because of a taking of a part of the Premises, this Lease shall continue in full force and effect, and the rental shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such rent reduction to be effective as of the date when possession of such portion is delivered to the condemning authority. Landlord reserves all rights to damages to the Premises for any taking by eminent domain, and Tenant

hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord for damages for termination of the leasehold interest or for interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenses, the value of tenant improvements owned by Tenant at the termination of this Lease, and for the interruption of or damage to Tenant's business; provided that such damages may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Landlord.

22. PARKING. Non-exclusive free parking is provided for all Carlyle Building tenants and guests on a first come, first serve basis.

23. NON-WAIVER. Waiver by Landlord of any breach of any term, covenant, or condition in the Lease shall not be deemed to be a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition. The subsequent acceptance of rent by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

24. SURRENDER OF POSSESSION. Upon expiration of the term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in good condition, except only for ordinary wear and tear. Unless Landlord specifically agrees otherwise, Tenant shall be required to restore the Premises to their condition before any alterations. If Tenant fails to surrender the Premises to Landlord on expiration of this Lease as required by this paragraph, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding Tenant, and shall pay rent at the holdover rate.

25. HOLDING OVER. If Tenant shall, with the consent of Landlord, hold over after the expiration of the term of this Lease, such tenancy shall be for an indefinite period of time on a month-to-month tenancy, which tenancy may be terminated by either party on thirty (30) days notice by either party. All such terminations shall be effective on the last day of a calendar month, unless both parties agree to another date. During such tenancy, Tenant agrees to pay Landlord rent at the rate of ~~one hundred twenty-five percent (125%)~~ of the last applicable rent provided by this Lease, unless a different rent shall be agreed upon, and to be bound by all of the terms, covenants, and conditions specified in this Lease, so far as applicable.

26. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease nor sublet the whole or any part of the Premises to any person or entity without written approval of Landlord which shall not be unreasonably withheld. As used herein the term "assignment" includes, without limitation, transfers to a subsidiary or affiliated entity, the restructuring of a limited partnership, transfers of interest by or between individual partners if Tenant is a partnership, transfers of stock

by stockholders if Tenant is a corporation, and any assignment in connection with any corporate merger or consolidation. Any assignment, encumbrance, or sublease without Landlord's prior written consent shall be voidable and, at Landlord's option, shall constitute a default under this Lease. Tenant agrees that Landlord may condition its consent to any assignment or sublease on, among other conditions, Tenant's continued liability under this Lease. Without in any way limiting Landlord's right to withhold consent for any other reason, Landlord also reserves the right to refuse to consent to any proposed sublease or assignment if the proposed subtenant or assignee's use will increase the number of required parking spaces or conflicts with any existing use by any other tenant in the building.

27. NOTICES. All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail, return receipt requested, to Landlord at the same place rent payments are made, and to Tenant at the Premises or to such other respective addresses as may hereafter be designated by either party in writing. Notices mailed in accordance with this Article shall be deemed given on the date of such mailing.

28. COSTS AND ATTORNEYS' FEES. In the event that Landlord brings suit to recover any rent due pursuant to this Lease or for breach of any provision of this Lease or to recover possession of the Premises, or if either Landlord or Tenant shall bring an action for any relief against the other, declaratory or otherwise, arising out of this Lease, the prevailing party in such action shall be allowed to recover reasonable attorneys' fees and all costs and expenses expended or incurred in connection with such default or action from the non-prevailing party.

29. LANDLORD'S ACCESS. Landlord and its agents shall have the right to enter the Premises at reasonable times, for the purpose of inspecting it, showing it to prospective purchasers or lenders, and making such repairs as Landlord may deem necessary or desirable. Landlord may, at any time, place on the exterior walls of the building, on any existing sign structure, or on any free-standing sign post any ordinary "For Sale" sign(s), and may, during the last ninety (90) days of the term of this Lease, place on the exterior walls of the building, on any existing sign structure, or on any free-standing sign post any ordinary "For Lease" sign(s), without rebate of rent or liability to Tenant.

30. REMOVAL OF PROPERTY. If Tenant shall fail to remove any of its property of any nature whatsoever from the Premises or the building at the termination of this Lease or when Landlord has the right of reentry, Landlord may, at its option, remove and store said property without liability for loss thereof or damage thereto, such storage to be for the account and at the expense of Tenant. If Tenant does not pay the full cost of storing such property and retake possession of the property within ~~thirty (30)~~ thirty (30) days after Landlord notifies Tenant that Landlord had taken possession of the property, the property will be considered abandoned and may be sold by Landlord without further notice to Tenant ~~and without accounting to Tenant for the proceeds~~. Landlord may dispose of any such property that Landlord in its sole discretion deems unsuitable for sale without attempting to sell it; in this event, Tenant shall be liable to Landlord for the cost of any pre-disposal storage and for the cost of disposal.

31. SUCCESSORS. All of the covenants, agreements, terms, and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, and assigns, except as expressly limited by the terms of this Lease.

32. ACCEPTANCE OF PREMISES. Tenant shall accept the Premises with the proposed changes (Exhibit A), "as is" at the commencement of the term of this Lease and in its then-present condition and subject to all applicable zoning, municipal, county, borough, and state laws, ordinances, and regulations governing and regulating the use of the Premises. Tenant acknowledges that neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business.

33. SALE OF PREMISES BY LANDLORD. In the event of any sale of the Premises by Landlord, Landlord shall be and hereby is entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all covenants and obligations of Landlord under this Lease.

34. TENANT'S STATEMENT. Tenant shall, at any time and from time to time, upon not less than five (5) days prior written notice from Landlord, execute, acknowledge, and deliver to Landlord a statement in writing: (a) 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 the rental and other charges are paid in advance, if any; (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults of this Lease by Landlord or, if there are any such defaults, identifying them with specificity; and (c) setting forth the date of commencement of rents and expiration of the term of this Lease. Any such statement may be relied upon by the prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.

35. ENTIRE AGREEMENT. This Lease sets forth the entire understanding and agreement of Landlord and Tenant with respect to the Premises and the Lease thereof, and all prior understandings or agreements are merged herein. This Lease may be amended or modified only in writing signed by both parties.

36. BROKER'S COMMISSION. Tenant represents and warrants that it has incurred no liabilities or claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and that it has neither dealt with nor has it had any knowledge of any real estate broker, agent, or sales person in connection with this Lease except Prudential Jack White Company. Tenant agrees to indemnify and hold Landlord harmless from all such liabilities or claims, including, without limitation, attorneys' fees and costs.

37. RECORDING. Tenant shall not record this Lease without the prior written consent of Landlord. However, upon request of either party, both parties shall execute a memorandum or "short form" of this Lease for the purposes of recordation in a form customarily used for such purposes. Said memorandum or short form of this Lease shall describe the parties, the Premises, and the Lease term, and shall incorporate this Lease by reference.

38. LEASE NOT AN OFFER. The submission of this Lease to Tenant shall not be construed as an offer, nor shall Tenant have any rights with respect to this Lease or the Premises unless and until Landlord executes a copy of this Lease and delivers the same to Tenant.

39. HAZARDOUS SUBSTANCE DISCLOSURE. Tenant shall promptly disclose to Landlord, in writing, if Tenant knows, or has reasonable cause to believe, that any toxic, dangerous, or hazardous substance, as those terms are defined under federal, state or local law, has come to be located in, on, about, over, or beneath the Premises. In addition, Tenant shall execute a written statement to Landlord no later than thirty (30) days after the end of each lease year describing in detail any and all toxic, dangerous, or hazardous substances, as those terms are defined under federal, state, or local law, which Tenant knows, or has reasonable cause to believe, have come to be located in, on, about, over, or beneath its Premises, or that there are no toxic, dangerous, or hazardous substances in, on about, over, or beneath the Premises.

39.1 Hazardous Materials. Tenant shall not cause or permit any hazardous material to be brought upon, kept, or stored on or about the Premises. If Tenant breaches this obligation, or if the presence of hazardous material on the Premises caused or permitted by Tenant results in contamination of the Premises, then Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses including, without limitation, diminution in value of the Premises or the Building, damages for the loss or restriction on use of the Premises or the Building, damages arising from any adverse impact on marketing of the Premises, the Building, or any other properties owned or leased by Landlord, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees which arise at any time as a result of such contamination.

(a) This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency, or political subdivision because of hazardous or other material present in the soil or groundwater on or under the sites for materials or substances that Tenant placed, permitted, or caused to be on the Premises.

(b) Tenant shall promptly notify Landlord in writing if Tenant knows or has reasonable cause to believe that any hazardous material has come to be located in, on, about, over, or beneath the Premises.

(c) Without limiting the foregoing, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any prohibited and/or hazardous materials, provided that Landlord's approval of such actions shall first be obtained.

(d) "Hazardous material," as used in this section, means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, State of Alaska, or the United States Government, including, but not limited to, petroleum products, refined or otherwise.

40. APPLICABLE LAW AND FORUM SELECTION. This Lease shall be construed in accordance with the laws of the State of Alaska. Should any legal proceeding be necessary under this Lease, the same shall be commenced in the appropriate trial court for the State of Alaska, Third Judicial District at Anchorage, Alaska. Tenant agrees specifically that venue and jurisdiction in that court are proper, and further agrees to submit itself to the jurisdiction of that court. Tenant shall not claim that said forum is an inconvenient form.

41. AGENCY DISCLOSURE. Alaska Statute 08.88.396 Agency Disclosure: Jack White Real Estate is acting as agent and is paid by the Landlord. However, Landlord's agent or any broker acting as subagent to the Landlord in this transaction has the obligation of a duty of good faith, fair dealing, and honesty in fact in negotiating with the Tenant in this transaction, and a duty to disclose all known facts that materially affect the Lease value, desirability, or condition of the Premises being leased.

~~42. LIMITATION ON LANDLORD'S LIABILITY. Notwithstanding anything to the contrary contained in this Lease, in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed, honored or performed by Landlord, Tenant shall look solely to the estate and property of Landlord in the land and building owned by Landlord comprising the Lease property for the collection of any judgment (or any other judicial procedures requiring the payment of money by Landlord), and no other property or assets of Landlord shall be subject to levy, execution or other procedures for the satisfaction of Tenant's remedies.~~

43. AMERICANS WITH DISABILITIES ACT. Tenant will be responsible for payment of any and all tenant improvements to the leased space required to comply with the Americans With Disabilities Act ("ADA"). Tenant agrees to save, defend, and hold Landlord harmless from any failure to make repairs or alterations required by the ADA but not undertaken in a timely fashion. If Landlord is required to undertake improvements to common areas to comply with the ADA because of activities created by Tenant's use of the leased space, Landlord may, at its sole election, either undertake the modifications or terminate the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the dates set forth below their respective signatures.

Landlord: Harvey Commercial

By: \_\_\_\_\_

Its: Owner

Date: \_\_\_\_\_

Tenant: CHOICES, Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT "A"

### Tenant Improvements

Tenant agrees to lease the space in its as-is condition except for the following.

1. Landlord will paint the premises, repair sheetrock, and provide new carpeting.