

COMMERCIAL LEASE AGREEMENT

THIS AGREEMENT, made by and between the GOVERNMENT OF GUAM, the LESSOR, and _____; the LESSEE(S), U.S. Citizen(s)/legal resident(s) of the United States, licensed to do business on Guam, whose address is: _____.

WITNESSETH:

WHEREAS, the LESSEE(S), in accordance with the provisions of Public Law 15-6:3 which provides:

Section 3. (a) Notwithstanding any provision of law, rule or regulation to the contrary, the Government of Guam is authorized to lease government-owned property for a term not exceeding fifty (50) years for commercial purposes.

(b) No portion of the leased land shall be sub-leased without the written consent of the Governor, approved as to form by the Attorney General and approved by the Legislature as provided in Section 3 of P.L. No. 12-61.

(c) All leases shall be executed by the Governor, attested by the Lieutenant Governor and be approved as to form by the Attorney General.

(d) A copy of every executed lease shall be filed with the Department of Administration.

(e) The lease shall be approved by the Legislature as provided in Section 3 of P.L. No. 12-61, as amended by P.L. 18-32:14.

and Executive Order No. _____, did submit on the _____ day of _____, 19____, to the Government of Guam, an application to lease government real property described as follows:

NOW THEREFORE, in consideration of the term, covenants and conditions set forth in this lease, the parties agree as follows:

1. The lease shall be for a term beginning on _____ and ending on _____, with an option to renew the lease for another _____ years upon the same terms and conditions contained in this lease, excepting the payment of rent, which shall be adjusted every five (5) years as stated in paragraph 2. LESSEE shall give ninety (90) days prior notice to the LESSOR by registered mail of LESSEE'S decision to exercise the option to renew.

2. The initial annual rental amount is \$_____, based on the fair market rental value of the property. The Department of Land Management reviewed and determined the fair market value of the property to be _____. Based on this determination, the initial annual rental amount was set at _____ percent of the fair market value of the property. Commencing with the installment of rent due on _____ and continuing for next five (5) yearly installments, the annual rental shall be _____ (\$_____) per yearly installment.

a. Commencing with the installment of rent due on _____ and continuing for the next five (5) yearly installments, the annual rental shall be _____ (\$_____) per yearly installment.

b. Commencing with the installment of rent due on _____ and continuing for the next (5) yearly installments, the annual rental shall be _____ (\$_____) per yearly installment.

c. Commencing with the installment of rent due on _____ and continuing for the next five (5) yearly installments, the annual rental shall be _____ (\$_____) per annual installment.

d. Commencing with the installment of rent due on _____ and continuing for the next five (5) yearly installments, the annual rental shall be _____ (\$_____) per

annual installment.

Annual rentals may be paid in monthly installments with payments made by no later than the 15th of each month. (Note to paragraph 2 - If the first year's rent is to be forgiven, the reasons justifying the decision to do so must be stated in the lease at this point.)

3. Lessee(s) shall pay without abatement, deduction or offset the following:

All real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the premises, improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term. Lessee(s) shall make all such payments directly to the charging authority at least five (5) days before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), LESSEE(S) may, at LESSEE'S election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency.

4. The purpose of this lease is for LESSEE to _____ on the premises. All improvements constructed on the premises by LESSEE(S) as permitted by this lease shall be owned by LESSEE(S) until expiration of the term or sooner termination of this lease. LESSEE(S) shall not, however, remove any improvements from the premises nor waste, destroy or modify any improvements on the premises, except as permitted by this lease. The parties covenant for themselves and all persons claiming under them that the improvements are real property. LESSEE(S) shall not use the premises in any unlawful, improper, or offensive manner and shall comply with and observe all existing laws now in force or to be in force. The use of the premises shall be for the specific commercial purpose approved by the LESSOR. LESSEE(S), with the approval of the LESSOR, may make additional improvements to the premises not provided for in the initial approved purpose. LESSEE(S), with the approval of the LESSOR, may materially change the initial use of the premises, as long as it is for a commercial purpose. Any change in the commercial use of the property shall be

by written amendment to this lease signed by each party.

5. At the normal expiration of the term, provided LESSEE(S) is/are not then in default, LESSEE(S) shall have the right to remove any or all fixtures or improvements, or both, provided all resultant injuries to the premises and remaining improvements are completely remedied and LESSEE complies with LESSOR'S reasonable requirements respecting the resultant appearance. All fixtures or improvements remaining on the premises after LESSEE'S election to remove has expired shall become the property of the LESSOR. Any lien, claim or security interest in such property shall remain the obligation of the LESSEE. LESSEE agrees to indemnify and hold harmless LESSOR against any lien or claim against such property remaining on the premises.

6. LESSEE(S) shall hold harmless the LESSOR from and against all attachments, lien charges, and all expenses resulting from this lease.

7. LESSEE(S) shall not transfer, assign, or sublet the premises in whole or in part without first obtaining the approval of the Governor of Guam and the Legislature.

8. There shall be no discrimination against the use and enjoyment of the leased premises nor shall there be any policy which support or discriminate against anyone according to race, color, creed, national origin, or religion.

9. LESSEE(S) shall indemnify, defend and hold the LESSOR harmless against any claim or demand by third persons for loss, liability or damage, including claims for property damage, personal injury or wrongful death arising out of any accident on the leased premises.

10. Throughout the term, at LESSEE'S sole cost and expense, LESSEE(S) shall keep or cause to be kept in force, for the mutual benefit of LESSOR and LESSEE(S), comprehensive broad form general public liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, disuse, or condition of the premises, improvements, or adjoining areas or ways, providing protection of at least \$_____ for bodily injury or death to any one person, at least \$_____ for any one accident or occurrence, and at least \$_____ for property damage. Proof of insurance shall be provided in the financial statement required in Paragraph 21.

11. In case the LESSOR shall, without any fault on its part be made a party to any litigation commenced by or against the LESSEE(S), all Costs and expenses incurred by the LESSOR shall be paid by the LESSEE(S), their heirs and/or assigns.

12. The LESSOR shall have a lien on all the buildings and improvements placed on the said premises by the LESSEE(S), on all property kept or used on the premises, whether the same is exempt from execution or not and on the rents of all improvements and buildings situated on said premises for all such costs, attorney's fees, rent reserved, for all taxes and assessments paid by the LESSOR on behalf of the LESSEE(S) and for the payment of all money as provided in this lease to be paid by the LESSEE(S), and such lien shall continue until the amounts due are paid.

13. The LESSEE shall not mortgage this lease or any interest therein or create a security interest in the public land leased.

14. If the LESSEE(S) shall fail to yield or pay such rent at the times and in the manner described in Paragraph 2 or shall become bankrupt, or shall abandon the said premises, or if this lease and the premises shall be attached or otherwise be taken by operation of law, or if any assignment be made of the LESSEE'S property for the benefit of creditors, or shall fail to observe or perform any of the covenants, terms and conditions herein contained and on its part to be observed and performed, LESSOR shall so notify by personal service, registered mail or certified mail to the LESSEE(S) at its known address and to each mortgagee or holder of record having a security interest in the demised premises. If such breach or default shall continue for a period of ninety (90) days, upon notification, LESSOR may at once re-enter such premises or any part thereof and upon or without such entry, at its option, terminate this lease without prejudice to any other remedy or right of action for arrears or rent or for any proceeding or other breach of contract. In the event of such termination, all buildings and improvements thereon shall remain and become the property of the LESSOR.

15. In the event the LESSOR seeks to forfeit the interest created by this lease, each recorded holder of a security interest may, at its option, cure or remedy the default or breach within ninety (90) days from the date of receipt of the notice hereinabove set forth, or within such additional period as the LESSOR may allow for good cause, and add the cost thereof to the mortgage debt and the

lien of the mortgage.

16. If at any time during the term of this lease, any portion of the premises should be condemned for public purposes by the Government of Guam or any other governmental agency or subdivision thereof, the rental shall be reduced in proportion to the value of the premises condemned. The LESSEE(S) shall be entitled to receive from the condemning authority the proportionate value of the LESSEE'S permanent improvements so taken in the proportion that it bears to the unexpired term of the lease, taking into account the depreciated value of the improvements; provided that the LESSEE(S) may, in the alternative, remove and relocate its improvements to the remainder of the lands occupied by the LESSEE(S). The LESSEE(S) shall not by reason of such condemnation be entitled to any claim against the LESSOR for condemnation of the leasehold interest and all compensation payable or to be paid for or on account of the leasehold interest by reason of such condemnation shall be payable to and be the sole property of the LESSOR. The above rights of the LESSEE(S) shall not be exclusive of any other to which LESSEE(S) may be entitled by law. Where the portion so taken renders the remainder unsuitable for the uses or use for which the land was leased, the LESSEE(S) shall have the option to surrender this lease and be discharged and relieved from any further liability, provided, that LESSEE(S) may remove the permanent improvements constructed, erected and placed by it within such reasonable period as may be allowed by the LESSOR or the condemning authority, whichever period is least.

17. The LESSOR shall have the right to itself and to the agents and representatives of the Government in which said leased premises are situated, to enter and cross any portion of said leased land for the purpose of performing any public or official duties; provided, however, in the exercise of such rights, the LESSOR shall not unreasonably interfere with the LESSEE'S use and enjoyment of the premises.

18. LESSOR grants the LESSEE(S) the right to grant public entities or public service corporations, for the purpose of serving only the premises, rights of way or easements on or over the premises for poles or conduits or both, for telephone, electricity, water, sanitary or storm sewers or both, and for other utilities.

19. Acceptance of rent by the LESSOR shall not be deemed a waiver of any

Agana, Guam, the day and year first above written.

Notary Public in and for the
Territory of Guam.

My Commission Expires: _____

Agana, Guam, the day and year first above written.

Notary Public in and for the Territory of
Guam.

My Commission Expires: _____

A C K N O W L E D G E M E N T
(For Lessee)

TERRITORY OF GUAM)
) ss.
CITY OF AGANA)

On this _____ day of _____, 198__, before me, _____
_____, a Notary Public, personally appeared _____
known to me to be the person whose name is subscribed to the within instrument; and
and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto affixed my name and official seal in
in Agana, Guam, the day and year first name written.

Notary Public, In and for the Territory
of Guam.

My Commission Expires: _____

(To be used for corporation)

A C K N O W L E D G E M E N T

TERRITORY OF GUAM)
) ss.
CITY OF AGANA)

On this _____ day of _____, 198__, before me, _____
_____, a Notary Public, personally appeared _____,
known to me to be the _____ of _____
(office held)
corporation, that executed the within instrument; to be the person who executed the
the same.

IN WITNESS WHEREOF, I have hereunto affixed my name and official seal in
Agana, Guam, the day and year first above written.

Notary Public, In and for the Territory of
Guam.

My Commission Expires: _____