

LEASE AGREEMENT

This lease agreement is made and entered into as of the 12th day of Aug, 2008, at Kalamazoo, Michigan, by and between Kalamazoo Collective Housing, a Michigan nonprofit organization duly authorized to do business in the State of Michigan, hereinafter called "Lessee," and SAS Property Management, hereinafter called "Lessor."

ARTICLE 1

Demise, Description, Use, Term and Rent

Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, those certain properties, hereinafter called the "leased premises," situated in Kalamazoo, Michigan, commonly known as 113 West Dutton Street; to be used only as a residential property and in accordance with uses normally incident thereto and for no other purpose, for a term commencing **August 10, 2008** and ending on **July 31, 2009** unless modified before that date by mutual consent, for rental amount as specified in Article 2.

ARTICLE 2

Rent

Lessee shall pay Lessor at P.O. Box 905, Portage, MI, 49024, as rent for the leased premises, a sum determined annually in advance of the beginning of lease period. The amount charged shall be seventeen thousand four hundred dollars and no cents (\$17,400), to be paid in equal monthly amounts of one thousand four hundred and fifty dollars and no cents (\$1450).

All payments due under the lease shall be payable without prior demand on the 1st day of each calendar month for which rent is paid, continuing thereafter until termination of this lease. The rent payment shall be due regardless of whether Lessee has members in occupancy of the premises.

Penalty for late payment. There shall be a five-day grace period for the receipt of funds for rent. After this grace period Lessee shall pay an additional amount of two dollars (\$2.00) per member, which shall offset the cost of penalties, lost interest, and staff time incurred by the lessor due to the delay in payment.

ARTICLE 3

Fire and Casualty Damage

Lessee shall give immediate notice to Lessor of fire or other casualty at the Property.

In the event the Property shall be damaged or destroyed in whole or in part by fire and other casualty, Lessor shall have the right, but not the obligation, to terminate this Lease by giving written notice to the Lessee of its election to terminate, notice to be given within ninety (90) days after the occurrence of the damage or destruction. Upon the third day after notice is given, Lessee shall vacate and surrender the Premises to Lessor, without prejudice, however, to Lessor's rights and remedies against Lessee under the Lease prior to termination, and any rent owing shall be paid through such date.

If the fire, casualty, repairing or rebuilding of the Property shall render the Property untenable, and if the fire or other casualty occurred without the negligence or willful act of Lessee, its agents and invitees, a proportionate reduction of the annual rent due thereafter shall be allowed from the date of the occurrence of such casualty until the date Lessor completes the repairs to the Property or, in the event Lessor elects to terminate this lease, until the date of termination. Such reduction shall be computed on the basis of the ratio which the floor area of the Property rendered untenable bears to the habitable floor area of the Property. Lessor shall not be liable for any delay in the repair or restoration of the Property.

Tenant acknowledges that Lessor will not carry insurance on Tenant's personal property, furniture, and improvements, and agrees that Lessor will not be obligated to repair any damage or replace the same.

ARTICLE 4
Property Management -- Lessee's Obligation

1. Kalamazoo Collective Housing agrees to take responsibility for most aspects of the property management, including recruitment of individual tenants, day-to-day maintenance and repairs, and security, and to hold Lessor harmless therefrom. Lessee shall never take responsibility for any work relating to the property's roof, foundation, or any repairs involving the city's Historical Commission.
2. Kalamazoo Collective Housing shall during the term hereof pay all charges for telephone, water and sewage, gas, and electricity used in or on the leased premises and for the removal off rubbish therefrom immediately on becoming due and shall hold Lessor harmless from any liability thereof.
3. Kalamazoo Collective Housing agrees to require that all residents of the premises qualify as full members of Kalamazoo Collective Housing, subject to all rules and regulations and entitled to all rights and privileges of full members.
4. Kalamazoo Collective Housing agrees to keep the leased premises in good order and repair, at a standard equal to, or better than, the condition of the property after planned rehabilitation has been completed.
5. Lessee shall not undertake any repair or maintenance tasks costing more than five hundred dollars (\$500.00); however, Lessee is expected to report all major maintenance problems on a timely basis, and to correct all minor problems as necessary.
6. Lessee may not undertake, or contract to undertake any structural or use changes without the express consent of lessor.
7. Kalamazoo Collective Housing agrees not to commit, or suffer to be committed, any waste on the leased premises, nor shall it maintain, commit, or permit the maintenance or commission of any nuisance on the leased premises or use the leased for any unlawful purpose.

ARTICLE 5
Lessor's Obligation

1. SAS Property Management agrees to send an agent to visit the premises on at least an annual basis.
2. SAS Property Management agrees to maintain property insurance and loss of rent insurance for the premises, and to pay property taxes on a timely basis.
3. SAS Property Management agrees to make a yearly maintenance needs assessment of the property.
4. SAS Property Management takes responsibility for approving and assisting the co-op as necessary to arrange major maintenance projects, funding them through the maintenance budget established by the Lessor for this property.

ARTICLE 6
Security Deposit – Michigan Public Act 348

A total security deposit of \$2000 will be deposited at Keystone Community Bank. It shall be returned to lessee within thirty (30) days of the end of this lease.

ARTICLE 7
Quiet Possession

Lessor shall, on the commencement date of this lease place Lessee in quiet possession of the leased premises and shall secure it in the quiet possession thereof against all persons claiming the same during the entire lease term and any extension thereof.

ARTICLE 8
Extension

This agreement may only be extended by agreement of both parties at least thirty (30) days prior to the end of the lease.

ARTICLE 9
Surrender of Premises

Lessee shall, without demand and at its own cost and expense before expiration or earlier termination of the term of this lease or of any extended term hereof, remove all property belonging to it and all alterations, additions, or improvements, and fixtures which by the terms of this Lease it is permitted to remove; and repair all damage to the leased premises caused by such removal. Any property not so removed shall be deemed to have been abandoned by Lessee and may be retained or disposed of by Lessor, as Lessor in its sole discretion sees fit.

Lessee agrees to and shall, on expiration or earlier termination of the term hereof or of any extended term hereof, promptly surrender and deliver the leased premises to Lessor without demand therefor in good condition, ordinary wear and tear excepted.

ARTICLE 10
Condemnation

If during the term of this lease or any extension or renewal thereof, all of the leased premises should be taken for any public or quasi-public use under any law, ordinance, or regulation or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, this lease shall terminate and the rent shall be abated during the unexpired portion of this lease, effective as of the date of the taking of said premises by the condemning authority.

If less than all of the lease premises shall be taken for any public or quasi-public use under any law, ordinance, or regulation or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, this lease shall not necessarily terminate but Lessor shall forthwith at its sole option and expenses, restore and construct the building and other improvements, situated on the leased premises, provided such restoration and reconstruction shall make the same reasonably tenantable and suitable for the uses for which the premises are leased. The rent payable hereunder during the unexpired portion of this lease shall be adjusted equitably.

ARTICLE 11
Defaults and Remedies

It is hereby agreed that in any proceeding or effort by Lessor to obtain relief and remedy of Lessee's default under this lease, Lessee shall be liable for Lessor's actual costs in such proceedings or other efforts, including actual, reasonable attorney fees.

ARTICLE 12
Inspection by Lessor

Lessee shall permit Lessor and its agents to enter into and upon the leased premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining or making repairs or alterations to the building, or any other legitimate purpose.

Kalamazoo Collective Housing agrees to make arrangements for a complete inspection of the building by a representative of SAS Property Management at any time upon two days notice. A Kalamazoo Collective Housing representative shall accompany the SAS Property Management representative on all such complete inspections.

ARTICLE 13
Assignment and Sublease

Lessee shall sublet only to individuals and only the right to occupy one space in the house. It is expressly understood that Lessee is required to use its best efforts to keep the premises fully leased to its individual members, as set forth more particularly in the following paragraphs:

1. "Subleases" shall mean any and all lease, subleases, or other agreements (written or oral, now or hereafter in effect) which grant a possessory interest in or the right to use a portion of the premises, except for this lease by which Lessor Kalamazoo Collective Housing is granted a possessory interest in the premises. "Sublessees" shall mean those who enter into sublease.
2. "Rents" shall mean the immediate, absolute and continuing right to collect and receive all of the rents, income, revenues, and profits to which Kalamazoo Collective Housing is now or may hereafter become entitled, or may demand or claim, arising from the Subleases or from the premises (or any part thereof), subject only to the limited license granted below to Kalamazoo Collective Housing.

Kalamazoo Collective Housing for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, convey, assign, and transfer the Subleases and the Rents to SAS Property Management, to have and to hold the Subleases and the Rents unto SAS Property Management forever, and Kalamazoo Collective Housing does hereby bind itself, its successors and assigns to warrant and forever defend the title to the Subleases and the Rents unto SAS Property Management against every person whomsoever lawfully claiming or to claim the same or any part thereof. Provided that Kalamazoo Collective Housing is not in default under this lease or any of the Subleases, SAS Property Management grants to Kalamazoo Collective Housing a limited license ("License" to collect all the Rents, and to then turnover that portion monthly required under this lease.)

Kalamazoo Collective Housing warrants and represents to SAS Property Management that:

Kalamazoo Collective Housing has good title to the Subleases and Rents and has full right, power, and authority to assign the Subleases, and Rents, and no other person (natural or otherwise) has any right, title, or interest therein.

Kalamazoo Collective Housing has duly performed all its obligations and warranties under the Subleases; the lessees under the Subleases are not in material default of any of the terms of the respective Subleases; the Subleases are valid and in full force and effect.

Kalamazoo Collective Housing agrees to indemnify SAS Property Management for any and all damages arising from breach of the above warranties and representations.

Sublease provisions:

1. From and after the initial date of this lease, Kalamazoo Collective Housing shall require that each and every Sublessee agree in writing, as a precondition of occupancy of the premises, that (1) he or she understands that the premises are owned by SAS Property Management, (2) that the Sublease will be assigned to SAS Property Management in the event that Kalamazoo Collective Housing is in default under its lease with SAS Property Management, and that in such event the Sublessee shall deliver future monthly rent payments to SAS Property Management. Sublessee shall agree to submit such payments in timely fashion, as directed by SAS Property Management (such agreement being referred to as the "Ownership Provision"). Kalamazoo Collective Housing shall require that all persons who reside in the premises agree in writing to the Ownership Provision, and Kalamazoo Collective Housing shall provide copies of each such agreement to SAS Property Management.
2. Kalamazoo Collective Housing shall not permit any occupancy or residence of the premises except pursuant to a written lease or contract.
3. Kalamazoo Collective Housing shall not pledge, assign, or encumber any present or future Subleases, except as provided herein.

Default:

Upon default in this lease, SAS Property Management shall have the right, power, and authority, then or thereafter, to exercise and enforce any or all of the following rights or remedies, and any others permitted by law:

To terminate the License and then without taking possession of the premises, in Kalamazoo Collective Housing name, to demand, collect, receive, sue for, attach and levy the Rents, or to do so after taking possession of the premises, or to do so in the name of SAS Property Management;

To declare all the rent due under this lease immediately due and payable, upon seven (7) days written notice;

To take possession of, manage, and operate the premises, and to make, modify, enforce, and cancel or accept surrender of any sublease (or future sublease), and otherwise to do any act which SAS Property Management may deem reasonably necessary to protect the status and value of the premises.

Kalamazoo Collective Housing assignment of the Subleases of SAS Property Management does not relieve Kalamazoo Collective Housing of any responsibility set out in this lease or the Subleases, and is for the purpose of SAS Property Management's security only. SAS Property Management's acceptance of the above described assignment of Subleases and rents shall not obligate SAS Property Management to assume any obligation under any Sublease, nor shall SAS Property Management be liable in any way for any injury or damage to persons on or about the premises. Kalamazoo Collective Housing agrees to indemnify and hold SAS Property Management harmless from such premises liability, and from all liability which may be incurred by reason of the assignment of Subleases or Rents.

Assignment by Lessor:

Lessor expressly retains the right to assign any or all of its interest under the terms of this lease.

**ARTICLE 15
Indemnification**

Lessee, at its expense, shall indemnify and defend Lessor, its licensees, servants, agents, employees and contractors, from any loss, damage, claim, liability or expense, (including attorney fees) of any kind, type or description, including without limitation, claims for bodily injury, disease, death, property damage or environmental clean-up arising directly or indirectly out of or in connection with the condition of the Property, the use or misuse thereof by Lessee or licensees, servants, agents, employees or contractors, the failure of Lessee to comply with any covenant of this Lease, or any other event on or relating to the Property, whatever the cause.

**ARTICLE 16
LESSEE'S PROPERTY ON PREMISES AT LESSEE'S RISK**

All personal property of any kind or description whatsoever upon or in the said premises shall be at the Lessee's sole risk, and the Lessor shall not be liable for any damage either to person or property sustained by the Lessee's, or other persons, particularly by individual members of Lessee, or for damage or loss suffered by the business or occupation of the Lessee due to the building or any part thereof becoming out of repair or arising from any acts or neglect of co-Lessees or other occupants of the building, or of other persons, or from bursting, overflowing or leaking of water, sewer or steam pipes, or from the heating or plumbing fixtures, or from electrical wires, or from gas, or odors, or caused in any other manner whatsoever.

**ARTICLE 17
POST-DEFAULT PAYMENTS**

No payment of money by the Lessee to the Lessor after the termination of this lease, in any manner, or after the giving of any notice by the Lessor to the Lessee, shall reinstate, continue or extend the terms of this lease or affect any notice given to the Lessee prior to the payment of such money, it being agreed that after the service of notice or the commencement of a suit or after final judgment granting the Lessor possession of said premises, the Lessor may receive and collect any sums of rent due or any other sums of money, whether as rent or otherwise, shall not waive said notice or in any manner affect any pending a suit or any judgment previously obtained.

Proceeds

Proceeds from any fire or casualty policy or policies shall be payable to the Lessor, who shall use such proceeds to make repairs as provided in Article 4.

**ARTICLE 18
MISCELLANEOUS**

Notice and Addresses

All notices provided to be given under this agreement shall be given by first class mail, addressed to the proper party, at

Lessor: P.O. Box 905, Portage, MI, 49024

Lessee: 302 W. Walnut St., Kalamazoo, MI, 49007

Parties bound

This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and also to their assigns when permitted by this agreement.

Applicable Law

This agreement shall be construed under and in accordance with the laws of the State of Michigan.

Legal Construction

In case any one or more of the provisions contained in this lease shall for any reason be hold to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. Further, the bold faced headings provided in this Agreement are for convenience in identifying the subject matter and are not to be used in interpreting the intent, meaning or effect of any clause of this agreement. This lease is to be construed to include an explicitly covenant of good faith and fair dealing between parties, each having as their ultimate goal the advancement of cooperative housing.

Sole Agreement of the Parties

This agreement, together with the Purchase Agreement of even date constitutes the entire Agreement between the parties and shall be deemed to supersede and cancel any other agreement between the parties relating to the transactions herein contemplated. None of the Prior or contemporaneous negotiations, preliminary drafts, or prior versions of this Agreement leading up to its execution and not set forth herein shall be used by any of the parties to construe or affect the validity of this Agreement. Each party acknowledges that no representation, inducement or condition not set forth herein has been made or relied upon by either party.

Amendment

No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

Rights and Remedies Cumulative

The rights and remedies provided by this lease are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

No Waiver of Default

No waiver by the parties hereto of any default or breach of any term, condition, or covenant of this lease shall be deemed to be a waiver of any other of the same or any other term, condition, or covenant contained herein.

Time of Essence

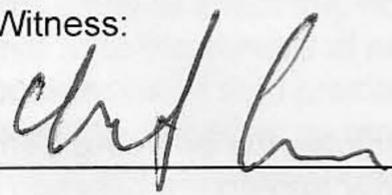
Time is of the essence of this agreement.

Exculpation of Lessor

If Lessor shall convey title to the leased premises pursuant to a sale or exchange of property, the Lessor shall not be liable to Lessee or any immediate or remote assignee or successor of Lessee as to any act or omission from and after such conveyance, except as same may violate the Lease or Purchase Agreement of even date between these two parties. This lease shall be subordinate to all loan agreements connected with this property.

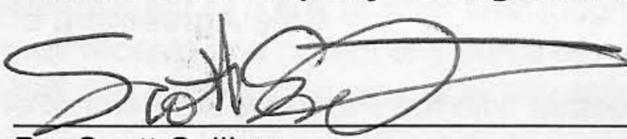
IN WITNESS WHEREOF, the undersigned Lessor and Lessee hereto execute this agreement as of the day and year first above written.

Witness:



Michael Gregor

Lessor: **SAS Property Management, Inc.**

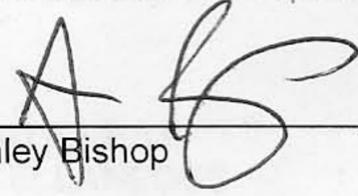
 8-12-8

By: Scott Sullivan

Its: Owner

Date:

Lessee: **Kalamazoo Collective Housing**



By: Ashley Bishop

Its: Board Chair

Date: 8/12/8