

*When recorded mail to:
Mission Springs Conference Center
1050 Lockhart Gulch Road
Scotts Valley, California 95066

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Space above this line reserved for Recorder

PACIFIC SOUTHWEST CONFERENCE
of the
EVANGELICAL COVENANT CHURCH

AMENDED RESIDENTIAL LOT LEASE
MISSION SPRINGS CONFERENCE CENTER
Scotts Valley, California 95066

THIS LEASE is made between

PACIFIC SOUTHWEST CONFERENCE of the EVANGELICAL COVENANT CHURCH, a California non-profit corporation, herein called "Lessor" and

(LESSEE)

herein called "Lessee."

Lessor hereby leases the following described property to Lessee:

(PARCEL INFORMATION)

Commonly known as: **(CABIN ADDRESS)**

Lessor and Lessee agree with each other as follows:

RECITALS

1. Pacific Southwest Conference of the Evangelical Covenant Church is the owner of real property located at 1050 Lockhart Gulch Road, Scotts Valley, California 95066, commonly known as Mission Springs Conference Center, herein for convenience, called "MSCC."

2. Since its founding in 1926, MSCC has been developed and operated as an integrated Christian conference center for the furtherance of the ministries of the Pacific Southwest Conference of the Evangelical Covenant Church ("PSWC") and used by its member churches and congregants, its Leaseholders, and other churches and schools. MSCC is currently improved with numerous conference and worship facilities, youth camps, swimming pool, roads, private water system, parking and related amenities, and other infrastructure, much of which has been made possible through the labor and financial support of its Leaseholders.

3. MSCC also includes residential lots ("Residential Lots") intermingled among conference and worship facilities that since 1926 have been leased to members of Evangelical Covenant Churches to bring into the mix and midst of the ministry occurring at MSCC people of like spiritual habit and doctrinal convictions who are freely committed to prayerful attendance to and financial support of the ministry needs of the conference center and, through the model of their lives, nurture and advance the Christian Gospel there proclaimed. In recognition of the special purposes and uses of MSCC by its constituents, the parties have mutually committed to maintain, and require visitors, guests and invitees to maintain, the highest standards of conduct and behavior in and around the Residential Lot and MSCC to avoid offending religious sensibilities or hinder spiritual exercises and activities.

4. Roads and water systems developed and used by MSCC in support of the ministries and activities are also used by present Leaseholders.

5. Lessor and Lessee are presently parties to a "Residence Lease," of a Residential Lot located within MSCC and desire to amend such lease in its entirety as herein set forth.

NOW THEREFORE, in recognition and furtherance of the above Recitals, the parties hereto agree as follows:

ARTICLE 1

1.1 Lessor and Lessee amend the existing lease between the parties, entitled "Residence Lease," of a Residential Lot described more fully above and Lessor and Lessee restate said Lease in its entirety as herein set forth. Upon execution hereof by both parties all terms of the "Residence Lease" shall be amended and replaced entirely by the terms and provisions of this Amended Residential Lot Lease.

1.2 Lessor leases to Lessee and Lessee hires from Lessor the real property located in Mission Springs Conference Center, Scotts Valley, California, and more fully described above, herein called "Residential Lot." Lessee shall have access to the Residential Lot over the private roads at MSCC except as otherwise provided in Article 2.2.

1.3 This Amended Residential Lot Lease shall, unless terminated earlier by agreement of the parties or pursuant to any of the terms and conditions hereof, or by operation of law, terminate on August 1, 2102.

1.4 Lessee shall have no right to extend the term beyond August 1, 2102.

1.5 Lessee acknowledges and agrees that its rights under this Amended Residential Lot Lease during the term hereof are subject to timely payment by Lessee of rent and other monetary charges herein provided, and timely performance as required or conditioned by any other covenant or condition of this Amended Residential Lot Lease.

1.6 Lessee acknowledges and agrees that the covenants and conditions and restrictions herein contained enable Lessor to continue and further the ministry purposes for which MSCC exists and are a unique and valuable consideration of great importance to Lessor in the execution of this Amended Residential Lot Lease. Lessee agrees to perform each such covenant, condition, and restriction timely and in good faith. Lessee expressly agrees that, excepting only the payment of rent and other monetary charges herein required, the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, easements, rights, liens, or equitable servitudes contained herein are inadequate and the failure of Lessee or its successors to comply with each of the provisions of this Amended Residential Lot Lease during the term hereof may be enjoined by appropriate legal proceedings instituted by Lessor or its successors or assigns. All provisions, whether covenants or conditions, on the part of Lessee shall be deemed to be both covenants and conditions.

1.7 Lessee acknowledges and agrees that in order to enable MSCC to continue and expand the ministry purposes for which it exists, this Amended Residential Lot Lease herein grants Lessor an election to terminate this Amended Residential Lot Lease prior to the expiration of its terms, whether or not a default by Lessee occurs, and such right to terminate is a valuable consideration to Lessor in entering into this Amended Residential Lot Lease.

ARTICLE 2

2.1 Lessee acknowledges and agrees that the integration of the Residential Lots within MSCC, with its numerous worship and recreational facilities and extensive youth camps, results in extensive use, both by large numbers of MSCC constituents and by Lessees and their families and guests, of the roads and wells, storage tanks, water mains, parking and related amenities and infrastructure, and the legal, social, economic and practical necessities relating thereto require that rules and regulations respecting the use of the Residential Lots and appurtenances be adopted and enforced. Lessee agrees that such rules and regulations are necessary and beneficial to Lessee in the use and enjoyment of the Residential Lot and in furtherance of the mutual desire of Lessor and Lessee to maintain, safeguard, and preserve the ongoing ministries and religious exercises for which MSCC exists.

2.2 Lessor shall have the right from time to time, in addition to and inclusive of the provisions of Article 7, to promulgate reasonable rules and regulations, and amendments and additions thereto, ("MSCC Rules") of general application to Lessees and the Residential Lots and other persons or entities in, on, or about the Residential Lots in particular or MSCC in general. MSCC Rules may concern, but need not be limited to, matters pertaining to the maintenance, repair, management and use of the Residential Lots and the use of the roads ("Road System") and water supply and related components ("Water System") and lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other such purposes, sewers and septic systems, public sewer systems, storm drains and pipes, sprinkling systems, gas lines or pipes, whether now or hereafter existing ("Other Systems") and any similar public or quasi-public improvements or facilities and infrastructure (collectively "Systems") now or hereafter existing. The MSCC Rules may, without limitation, regulate parking, collection and disposal of refuse, and minimum standards for the maintenance of landscaping and other improvements. The MSCC Rules may also establish and enforce rules regarding use of private roads within the property in accordance with the California Vehicle Code and such other and additional rules regarding their use, including without limitation, changes in the location of driveways, entrances, exits, vehicular parking spaces, parking areas, or the direction of the flow of traffic, including the right of MSCC to close roads if alternate road access is available and to temporarily restrict travel over any part of the private roads within the property for necessity, convenience or safety or which, in the determination of MSCC, is necessary or reasonably required for its ministry activities. The MSCC Rules may also include the regulation of the use of water from the existing private Water System by Lessees and all other users, and, if reasonably necessary, to ration its availability and allocate its use among Lessees and other users and the facilities and improvements upon the MSCC property. MSCC Rules may include those deemed necessary or convenient to promote health, welfare and safety. Such rules may also include matters of conduct, behavior and decorum to prevent disruption of spiritual exercises or offend religious sensitivities in or around areas of MSCC used for its ministries.

2.3 MSCC shall, except when in its judgment an emergency condition exists, consult with the Mission Springs Leaseholders Association (“MSLHA”) prior to adoption of MSCC Rules, but shall not be bound by its determinations.

2.4 MSCC shall fairly determine, and allocate equitably to and among the Lessees of Residential Lots, Costs paid or incurred which, in MSCC’s reasonable judgment, directly or indirectly benefit such Lessees. Except when in the reasonable judgment of MSCC, circumstances and fairness require otherwise, or when specific Costs are directly and solely or primarily related to a specific Residential Lot (e.g., property taxes, liens, repairs), the proportionate share of Costs shall be allocated equally among all Residential Lots.

2.5 MSCC shall consult with MSLHA prior to the allocation of Costs to Lessees but shall not be bound by its determinations. MSCC shall especially consider a recommendation of MSLHA as to the fair allocation among Lessees of the total Costs allocated to the Residential Lots.

2.6 “Costs” shall include sums expended for building, maintenance, repair, replacement, improvements, management and operation of MSCC. This includes, without limitation, the cost of the Systems, garbage receptacles, rubbish removal, plantings and landscaping, directional signs and markers, car stops, lighting and other utilities, reasonable depreciation allowance on improvements, machinery, and equipment, premiums on public liability and property damage, and fire and extended coverage insurance, a reserve for repair, replacement or upgrading of all capital improvements, and all other costs excepting, however, all such costs attributable solely to the MSCC property and improvements, management, and operational and ministry activities that are unrelated to and do not benefit Lessees or the Residential Lots.

“Costs” shall include real property taxes and assessments and other taxes and assessments of any nature levied and assessed against or attributable to the Residential Lots or their appurtenances, except as otherwise paid directly by the Lessee.

“Costs” shall include moneys that MSCC determines are needed to defray the future repair or replacement of, or additions to, the Systems or other major improvements, taking into consideration such factors as the useful lives of the components, inflation and similar factors.

“Costs” shall be interpreted in its broadest sense to include any and all sums or additional sums paid, owed, incurred or funded by MSCC, whether necessary or reasonably required, and whether arising by exigent circumstances, requirements of law, the actions of any agency of government, or in the exercise of reasonable judgment by Lessor, that benefit directly or indirectly Lessees or the Residential Lots.

2.7 Lessor shall have the right, as it deems necessary or reasonably required, to dedicate or transfer all or any part of the Systems, as such Systems may now or hereafter exist, to any public agency, authority, utility or other persons or entities.

2.8 Lessor shall have the right to dedicate exclusive use and enjoyment of designated parts or areas of the Systems, now or hereafter existing, provided such action does not unreasonably interfere with the use and enjoyment by Lessee of his or her Residential Lot.

2.9 Lessor shall have the right, but not the duty, to enter upon a Residential Lot to make repairs or improvements necessary or reasonably required by the provisions of this Amended Residential Lot Lease and which repairs Lessee has failed to perform, provided reasonable notice and an opportunity to be heard is afforded the Lessee. This notice, however, may be waived if in the reasonable judgment of MSCC exigent circumstances do not permit delay.

2.10 Lessor shall have the right, but not the duty, to enter upon a Residential Lot to perform construction, maintenance, repair or improvement necessary to improve or maintain the Systems and reasonable notice and an opportunity to be heard shall be afforded the Lessee. This notice, however, may be waived if in the reasonable judgment of MSCC exigent circumstances do not permit delay. In

recognition of the extreme fire danger existing from time to time, Lessor shall have the right, but not the duty, to enter a Residential Lot for the purpose of mitigating such danger.

2.11 Lessor shall have the right, but not the duty, to enter upon a Residential Lot or to grant and convey to others, easements and rights-of-way in, on, over, or under any System or Residential Lot for the purpose of constructing, erecting, operating, or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, water, telephone and other purposes, sewers and septic systems, public sewer systems, storm water drains and pipes, sprinkling systems, heating, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities; provided, however, no such easement, etc., over a Residential Lot shall be granted if it would interfere unreasonably with the use or occupancy by a Lessee when balanced against the benefit to MSCC or the Lessees of the Residential Lots. Lessor hereby reserves an easement to permit all existing lines, cables, wires, conduits, or other devices for electricity, cable television, power, water, telephone and other purposes, sewers and septic systems, public sewer systems, storm water drains and pipes, sprinkling systems, heating, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities to remain in the locations in which they are situated.

2.12 Lessor shall have the right, but not the duty, to construct, reconstruct, restore, or improve or maintain any portion of MSCC property or Systems or related improvement, facilities, infrastructure, landscaping and natural vegetation, and to repair any damage thereto however caused, including flood, fire, earthquake or other natural disaster, or if such work is mandated or reasonably required by any agency of government, or if MSCC determines a reasonable need exists for such a work of improvement or repair. Cost of such work shall be allocated by MSCC as provided in Article 2.4. Lessee further acknowledges and agrees that, unless and until MSCC shall have entered into written agreements with its lessees or MSLHA assuring adequate funding or repayment (through bonds, assessments, loan guaranties, etc.) of the cost of the works hereby anticipated that directly or indirectly benefit Lessees or the Residential Lots, MSCC shall have no duty to expend funds or incur indebtedness beyond its normal annual budgeting for such works, if any.

2.13 Lessee acknowledges and agrees that the rights granted Lessor in this Residential Lot Lease respecting the Residential Lots, and MSCC property, Systems, utilities and other infrastructure, and the right to promulgate rules and to regulate activities affecting these matters impose no duty on Lessor, express or implied, to do so unless such duty is herein specifically set forth.

2.14 Lessee acknowledges that the water resource available to MSCC and to its Lessees is limited by the ground waters existing from time to time from the Water System's pumps and storage and that MSCC has no duty to supply water beyond this available source. MSCC shall in such circumstances endeavor to obtain water from other sources subject to its availability, cost and other exigent factors. At all times MSCC shall allocate a fair and reasonable share of available water to the Leaseholders.

2.15 Lessee shall make all arrangements and pay for utilities and services furnished to or used by or upon the Residential Lot, including, without limitation, gas, electricity, cable television, water, telephone service, and for all connection and related charges.

ARTICLE 3

3.1 Lessee shall pay to Lessor, without offset, deduction, prior notice or demand, rent in the sum of \$10.00 per year per lot payable in advance.

3.2 Lessee acknowledges and agrees that both the term of this Amended Residential Lot Lease and the rent herein reserved have been established and agreed upon by the parties in recognition of the unique consideration received by Lessor as set forth in the Recitals and that the rent reserved and the Amended Residential Lot Lease term are unreasonable except for such unique consideration, and the provisions of Article 4 and Article 5 in particular are entered into and agreed upon in recognition by the parties of the benefits to the Lessor set forth in the Recitals.

ARTICLE 4

4.1 Lessee shall not assign its interest in this Amended Residential Lot Lease, or in the Residential Lot, or sublease (by rental agreement, license, or however else such subleasing may be characterized), nor permit such interest to devolve by gift or devise, or allow any other person or entity to occupy or use all or any part without first obtaining Lessor's written approval.

Lessee acknowledges receipt of a copy of Lessor's policy statement regarding approval of an assignment or sublease which policy restricts assignment, sublease, use or occupancy to persons who are members of an Evangelical Covenant Church.

4.2 Any assignment or sublease without Lessor's written consent first obtained shall be void and, unless waived in writing by Lessor, shall at Lessor's election constitute a default. No consent to any assignment or sublease shall constitute a further waiver of the provisions of this paragraph.

4.3 No interest in this Amended Residential Lot Lease, or in the Residential Lot, shall be assignable by operation of law, including, without limitation, the transfer by testacy or intestacy, or by any trustee of any trust created by Lessee. It shall be deemed an involuntary assignment if Lessee makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act in which Lessee is the Bankrupt, or if a writ of attachment or execution is levied on this Amended Residential Lot Lease, or if a receiver is appointed with authority to take possession of the Residential Lot. An involuntary assignment shall constitute a default by Lessee and Lessor shall have the right to elect to terminate this Amended Residential Lot Lease, in which case it shall not be an asset of the Lessee.

4.4 Upon receipt of a written request from Lessee to Lessor to assign or sublease its interest in the Amended Residential Lot Lease accompanied by a copy of the proposed assignment or sublease with all terms and agreements between the parties included, Lessor shall within 90 days after receipt of such written request and such additional information as Lessor may reasonably require, either 1) approve or disapprove Lessee's request or 2) Lessor may elect to acquire the interest on the same terms and conditions as set forth in the proposed assignment or sublease. Lessor's right to elect to acquire the interest that Lessee has requested to assign shall be inapplicable to assignments to Lessee's family members with membership in an Evangelical Covenant Church. Lessee agrees to pay reasonable costs and fees incurred by Lessor in connection with a request to assign or sublease.

ARTICLE 5

5.1 Lessee and Lessor agree that the following new and different terms as set forth in this Article shall apply to this Amended Residential Lot Lease in the event it is assigned or subleased, however occurring, without the voluntary written consent of Lessor first obtained, including an assignment or subleasing resulting directly or indirectly from a final judgment of a state or federal court of competent jurisdiction. Lessor and Lessee agree that the lease term and rent reserved were negotiated in direct exchange for the unique and valuable consideration received by Lessor as set forth in the Recitals.

5.2 Upon an assignment, sublease or transfer of this Amended Residential Lot Lease without Lessor's voluntary written consent first obtained, this Amended Residential Lot Lease shall expire 20 years after the date of such assignment or sublease or August 1, 2102, whichever is sooner. Lessee shall have no right to extend the term beyond such date.

5.3 Upon an assignment, sublease or transfer of this Amended Residential Lot Lease without Lessor's voluntary written consent first obtained, Lessee shall pay to Lessor, without offset, deduction, prior notice, or demand, rent in the amount of \$250.00 per month per lot payable in advance and commencing upon the date of such assignment or sublease and continuing for the remaining term. On the date of each tenth anniversary of the commencement date of this Lease, the rent for any subsequent assignment or sublease without Lessor's voluntary written consent first obtained, shall increase \$25.00. The provisions of this paragraph shall not constitute an option to pay the increased rent in lieu of obtaining Lessor's voluntary written consent.

5.4 Nothing contained in 5.2 or 5.3 next above shall be deemed a waiver of Lessor's remedies provided in Article 4.

5.5 All other terms and conditions of this Amended Residential Lot Lease shall remain unchanged.

ARTICLE 6

6.1 Lessor may terminate this Amended Residential Lot Lease without cause at any time by giving twelve months written notice to Lessee.

6.2 On such termination, unless the parties otherwise agree in writing on the fair market value and/or the method of appraisal, the Lessor shall pay to Lessee the fair market value of the Amended Residential Lot Lease determined as follows: Either (1) both parties shall jointly appoint an appraiser for this purpose, or (2) failing this joint action shall each separately designate an appraiser for this purpose and within ten (10) days after their appointment shall jointly designate a third appraiser. The failure of a party to appoint an appraiser within the time allowed shall be deemed equivalent to appointing the appraiser appointed by the other party. If within thirty (30) days after the appointment of all appraisers the majority of appraisers concur on the value of the interest being appraised, that appraisal shall be binding and conclusive. If a majority of appraisers do not concur within that period, the determination of the appraiser whose appraisal is neither highest nor lowest shall be binding and conclusive. Lessor shall bear the cost of the reasonable fees of the appraisers. The appraisers shall determine, as of the effective date of the notice of termination, the fair market value of the remaining term of the Amended Residential Lot Lease as a ground lease subject to the covenants and conditions herein contained in which all residential improvements are treated through the end of the term as the sole property of the Lessee, and the land and Systems are treated as the sole property of the Lessor, less any applicable liens, encumbrances and similar obligations of Lessee.

6.3 The provision of this Article 6 shall become void and of no effect if this Amended Residential Lot Lease is assigned or otherwise transferred to any entity, whether not-for-profit, religious, or otherwise if the assignee or transferee is not owned, controlled or affiliated directly with the PSWC or the Evangelical Covenant Church.

ARTICLE 7

Lessee's use of the Residential Lot as provided in the Amended Residential Lot Lease shall be in accordance with and subject to the following:

7.1 Lessee shall, upon formation of the MSLHA by a majority of the Leaseholders, be a member.

7.2 Only a single dwelling shall be constructed or maintained on the Residential Lot and shall be used as a single-family residence and for no other purpose. This provision notwithstanding, in the event the Residential Lot is improved with an additional single family residence or duplex, as of the date of this Amended Residential Lot Lease, such additional structure shall not be a violation of this Amended Residential Lot Lease, provided however, this exception for existing structures shall not relieve the Lessee from compliance with all applicable laws, now or hereafter existing.

7.3 The residence and other permitted structures shall be constructed and/or maintained in compliance with all applicable county, state and federal laws, codes, ordinances, rules and regulations, now or hereafter existing including, without limitation, the obligation to alter, maintain, or restore the premises, or construct improvements in or to any structure, in compliance and conformity with all laws and government requirements relating to the condition, use, or occupancy of any structure during the term. No Residential Lot shall be subdivided nor shall less than all of any such lot or contiguous lot held by Lessee be assigned, subleased or otherwise conveyed by Lessee. This restriction shall be inapplicable to easements and similar encumbrances for utilities, and/or uses first approved by the MSCC.

7.4 The Residential Lot and all improvements erected or placed thereon (including, without limitation, landscaping) shall at all times be maintained in such a manner as to prevent their becoming a nuisance, unsightly or unsafe to Lessee or others.

7.5 No building shall be erected, nor any construction, addition, alteration, or improvement made upon any Residential Lot until plans have been submitted to and approved by all required County or other governmental agencies and MSCC.

7.6 MSCC or their authorized agent is authorized to enter upon a Residential Lot upon reasonable notice to determine if a violation of the provisions of this Amended Residential Lot Lease exist.

7.7 The vegetation and landscaping shall be planted and maintained in such a manner as to reduce the extreme risk of fire and to prevent or retard shifting or erosion of soils, encourage the growth of indigenous ground cover and to cause the proper diversion of water into roads and natural drainage channels.

7.8 Lessee shall not construct, reconstruct, refinish, alter or maintain any improvement upon, or create any excavation or fill or change the natural or existing drainage of, any portion of the Road or other Systems.

7.9 No fences, hedges, retaining walls, landscape or privacy structures shall be constructed, erected, or placed on any Residential Lot by Lessee without the prior approval of the MSLHA and MSCC. Barbed wire shall not be used.

7.10 No drilling, refining, quarrying or mining operations of any kind, including the extraction of water, shall be permitted by Lessee on the Residential Lot.

7.11 Lessee shall permit no ingress or egress to or from the Residential Lot except from designated roads within MSCC.

7.12 In order to protect against removal of valued trees and native plants, no tree more than 12 inches in diameter at any point above the ground shall be cut or destroyed, or non-noxious flowers, ferns, bushes, or shrubbery be removed without the consent of MSCC.

7.13 Except as specifically provided herein for use of the Residential Lot and the Systems serving such lots, or as the MSCC Rules shall otherwise provide, Lessee has no right of use, access or enjoyment of MSCC property, Systems or facilities or other improvements. This provision is not intended to deny the full use and enjoyment of the MSCC facilities, recreation or otherwise, which have historically been available to Leaseholders, unless MSCC shall deem it necessary through its MSCC Rules, to restrict access or use to prevent interference with its ministries or operations.

7.14 Lessee shall be responsible to MSCC for damage to MSCC property or any Systems or related improvements, facilities, infrastructure, landscaping and natural vegetation, whether or not resulting from active negligence, caused by Lessee or Lessee's family, or tenants, invitees, guests or agents, or resulting from improvements, utilities or landscaping and natural vegetation, or any cause originating within such Residential Lot. If Lessee does not promptly repair such damage to the reasonable satisfaction of MSCC after reasonable notice (which notice may be waived by the MSCC if in its reasonable judgment circumstances do not permit time for notice) MSCC may have the damage repaired and charge the cost thereof to the Lessee.

7.15 No illegal, noxious or offensive activities shall be carried out or conducted upon any Residential Lot or within any dwelling, nor shall anything be done, placed, or kept thereon, which is or could become an unreasonable annoyance or nuisance to occupants of neighboring property. Without limiting the foregoing, no Lessee shall permit light or noise, including but not limited to barking dogs, amplifier systems, television systems, motor vehicles or power tools, to emanate from, on, or about the

Residential Lot which would unreasonably disturb the occupants of another Residential Lot or users of the properties of MSCC. MSCC shall, in the exercise of its sole reasonable judgment, confer and seek advice from MSLHA in determining the existence of any such prohibited activity.

7.16 No structure of a temporary character, trailer, mobilehome, camper, shack, garage or other outbuilding shall be used by Lessee on the Residential Lot, as a residence, either temporarily or permanently.

7.17 Lessee shall not allow garbage to accumulate on the Residential Lot and any such materials shall be stored entirely within appropriate covered disposal containers and facilities. Lessee shall remove any large accumulation of rubbish, trash, garbage or debris generated during the construction of modifications or improvements promptly to a public dump or trash collection area.

7.18 Storage of personal property by Lessee shall be within enclosed storage or otherwise maintained to avoid an unsightly appearance.

7.19 Lessee acknowledges the existence of extreme fire hazard in forested areas in and about MSCC. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles designed for such purpose. No Lessee shall permit any condition to exist on his or her Residential Lot, including, without limitation, trash piles or weeds, explosives or other inflammables, which create a fire hazard or is in violation of local fire regulations.

7.20 No selling or retail activity shall be conducted or permitted by Lessee upon any Residential Lot unless consent is first obtained from the MSLHA and MSCC. Lessee shall not permit any thing or condition to exist which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects or which will be in violation of any governmental law or regulation, or threatens the health or safety of residents or others on or about MSCC.

7.21 No motorized vehicles of any sort shall be operated or allowed on equestrian or other trails within MSCC by Lessee.

7.22 Lessee and MSCC shall observe and cause to be observed rules of conduct or behavior promulgated in the MSCC Rules concerning conduct and behavior around MSCC Property to avoid offending religious sensibilities or hinder spiritual exercises and Lessee and MSCC shall promptly respond to any complaint or concern of such kind brought to their attention.

7.23 The undertakings in this Lease by the parties hereto respecting MSLHA shall become effective only at such time as a majority of the Leaseholders have caused to bring into existence such an association of leaseholders.

ARTICLE 8

8.1 Lessee makes the following material representations to Lessor, each of which is an important consideration for Lessor's willingness to enter into this Amended Residential Lot Lease:

8.2 Lessee and/or Lessee's predecessor in interest, or their agents, tenants and assigns, but specifically excluding Lessor, have caused the construction of existing improvements upon the Residential Lot, if any, and have had control and occupancy of the Residential Lot for an extended period of time prior to the execution of this Amended Residential Lot Lease.

8.3 Lessee shall hold and occupy the lot, and the improvement thereon, "as is," without further warranty, in its present condition as of the date of this Amended Residential Lot Lease.

8.4 Lessee understands that Lessor has not and will not undertake any investigation of the land or improvements comprising the Residential Lot or the present physical condition thereon including but not limited to residence buildings, garages, fences or any other improvements which constitute the Residential

Lot, nor the location of any such improvements relative to the property lines nor the existence of easements burdening or benefiting the Residential Lot such as would be disclosed by a physical examination or survey of the Residential Lot.

8.5 Lessee has been advised to investigate, prior to execution hereof, the conditions and suitability of all aspects of the Residential Lot and its appurtenances and all matters affecting its value, usefulness or desirability including but not limited to matters related to geologic, earthquake and seismic hazard zones, special flood hazard area, State Fire Responsibility Areas, earthquake safety, smoke detectors, lead paint, structures, retrofitting, easements and similar matters and has been advised to obtain and rely upon its own contractors, inspectors, legal, financial and tax experts and other such advisors for such information, and does not rely upon Lessor or its officers, agents, attorneys, and employees for any such or similar information or advice or for its decision to enter into this Amended Residential Lot Lease.

8.6 Lessee shall have, and Lessor shall not have, a duty to keep, maintain and improve the Residential Lot and all improvements thereon, including landscaping, in accordance with all applicable laws of any agency or division of government. Lessor shall have no duty to make or maintain the Residential Lot or improvements habitable. Lessee understands and agrees that Lessor would not enter into this Amended Residential Lot Lease without this provision.

ARTICLE 9

9.1 Lessor has not, by executing this Amended Residential Lot Lease or otherwise, and shall not after execution hereof, subordinate or otherwise subject its rights, title or interest in the Amended Residential Lot Lease or any MSCC property or interest to the lien or other interest of any lender, whether involving a conveyance, improvement, financing, or otherwise.

9.2 Lessor has not, by executing this Amended Residential Lot Lease or otherwise, and shall not after execution hereof, subordinate or otherwise subject its rights, title or interest in the Amended Residential Lot Lease or any MSCC property or interest therein to the terms of any covenants, conditions and restrictions which may be adopted by Lessees, individually or as members of MSLHA, except as it may otherwise elect from time to time by written agreement.

ARTICLE 10

10.1 Lessee shall pay before delinquency all taxes, assessments, license fees, and other charges (“taxes”) that are levied and assessed against Lessee’s personal property installed or located in or on the Residential Lot, and that become payable during the term. If any taxes are levied against, or demand upon, Lessor or any MSCC property, by reason of Lessee’s personal property, Lessee, on demand, shall immediately reimburse Lessor for the sum of the taxes levied against Lessor.

10.2 Lessee shall pay all real property taxes and general and special assessments (“real property taxes”) that are levied and assessed against the Residential Lot and its appurtenant rights, and any increases thereof before the taxing authority delinquency date. Lessor may, but is not required, to pay Lessee’s real property taxes, in which event Lessee shall repay such sums to Lessor not later than 10 days before the taxing authority delinquency date. In the event of the failure of Lessee to timely repay Lessor, Lessee shall immediately become liable to Lessor for the taxes paid by Lessor plus all reasonable costs and attorney’s fees plus interest on those sums from the date of payment until the date of reimbursement at the maximum rate permitted by law.

10.3 If at any time during the term, the United States or the State of California or any political subdivision of the state, including any county, city, public corporation, district, or any other political entity or public corporation of this state, levies or assesses against Lessor or Lessee a tax, fee, or excise, however described, including, without limitation, a so-called value-added tax in substitution for, or in addition to, any taxes contemplated herein, Lessee shall pay before delinquency any such tax, fee, or excise. Lessee’s share, if not billed directly to Lessee, shall be allocated by Lessor in substantially the same manner as set forth in Article 2.

10.4 If at any time during the term, the United States or the State of California or any political subdivision of the state, including any county, city, public corporation, district, or any other political entity or public corporation of this state, levies or assesses against Lessor or Lessee a tax, real property tax, fee, or excise, however described, arising out of or in connection with the replacement, improvement or upgrading, or to meet standards established by any agency of government, of the Systems or any other infrastructure which directly or indirectly benefits Lessee, Lessee shall pay before delinquency any such tax, fee, or excise. Lessee's share, if not billed directly to Lessee, shall be allocated by Lessor in substantially the same manner as set forth in Article 2.

10.5 In the event of the failure of Lessee to timely pay any taxes, liens, judgments, or any other charges affecting the Residential Lot or Amended Residential Lot Lease or required by the provisions of this Article 10, which in Lessor's reasonable judgment adversely affects its interests, Lessor shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such charge. Lessee shall reimburse Lessor for all sums paid by Lessor under this provision, together with all reasonable attorney's fees and costs, plus interest on those sums from the date of payment until the date of reimbursement at the maximum rate permitted by law.

10.6 Failure to pay the taxes or any other charge required by this Article within 30 days after written demand by Lessor shall constitute a default under the terms of this Amended Residential Lot Lease.

ARTICLE 11

11.1 Lessee shall at its cost maintain a comprehensive and broad form general public liability insurance policy with respect to the Residential Lot, the buildings and other improvements. The policy shall insure Lessor and Lessee against claims and liability for personal injury, death, or property damages arising from the use, occupancy, disuse, or conditions upon, and from any occurrences on or about, the Residential Lot, the buildings and other improvements. The policy shall insure performance by Lessee of any claim against which Lessee is required to indemnify Lessor.

11.2 Lessee shall carry an "All Risk" insurance policy or a fire insurance policy with respect to the Residential Lot and all improvements and shall be carried in favor of Lessor, Lessee, and any mortgagee as their interest may appear.

11.3 Each insurance policy carried pursuant to this Article shall be issued by an insurance company that is reasonably satisfactory to Lessor and shall be reasonably satisfactory to Lessor in form and substance.

11.4 Each insurance policy shall provide, in effect, that the policy may not be cancelled, reduced in amount, or modified by the insurer until at least thirty days after the insurer shall have notified Lessor, Lessee, and any mortgagee in writing by certified mail, return receipt requested.

11.5 Each insurance policy shall be payable despite the negligence of any person having an insurable interest in the Residential Lot and improvements.

11.6 Insurance proceeds paid to Lessee shall be held as trust funds by Lessee and applied solely to the repair of damaged elements of the Residential Lot or improvements.

11.7 Lessee shall indemnify and hold harmless Lessor from all damages arising out of any damage to any person or property occurring in, on, or about the Residential Lot except for acts of Lessor arising out of willful conduct or gross negligence.

11.8 Lessee shall not do, bring, or keep anything in or about the Residential Lot or improvements that will cause a cancellation of any insurance or increase, or cause cancellation of, any insurance maintained by and for the benefit of MSCC.

11.9. Lessor may from time to time, in its reasonable judgment, establish the minimum amount of insurance coverage under the insurance policies required by this Article 11, which shall become effective 180 days after written notice.

ARTICLE 12

12.1 The failure or refusal of Lessee to pay when due rent or any other monetary charges or sum required by this Amended Residential Lot Lease or the failure to timely perform as required any other of the covenants, conditions and restrictions or other provision of this Amended Residential Lot Lease, or any breach of the MSCC Rules shall be a violation of this Amended Residential Lot Lease and shall constitute a default by Lessee and Lessor shall have the remedies set forth below and all rights and remedies provided by law or equity, to which Lessor may resort cumulatively or in the alternative.

12.2 The subjection of any right or interest of Lessee to attachment, execution, or other levy, or to seizure under legal process, the appointment of a receiver to take possession of the Residential Lot or improvements or of Lessee's interest in the leasehold estate for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership pursuant to administration of the estate of any deceased or incompetent Lessee, if not released, stayed or terminated within 120 days after the assignment, filing, or other initial event, shall constitute a default by Lessee.

12.3 The word "default" in this Amended Residential Lot Lease includes breach.

12.4 As a precondition to pursuing any remedy for an alleged default by Lessee, Lessor shall, before pursuing any remedy, give notice of default to Lessee. Each notice of default shall specify in detail the alleged event of default and whether or not such default is curable. If the alleged default is nonpayment of rent, or any other monetary charges or sums due or payable, Lessee shall have 60 days after notice is given to cure the default. For the cure of a non-monetary default of a kind that can be cured by Lessee but cannot reasonably be cured within 30 days, Lessee shall not be in default if Lessee institutes and diligently pursues reasonable corrective or ameliorative acts.

12.5 After the expiration of the applicable time for curing a particular default, or before the expiration of that time in the event of emergency, Lessor may at Lessor's election, but is not obligated to, make any payment required of Lessee under this Amended Residential Lot Lease and the amount so paid, plus the reasonable cost of any such performance or compliance, plus interest on such sum at the maximum rate permitted by California law from the date of payment, performance, or compliance (herein called act), shall be deemed to be additional rent payable by Lessee due 10 days after notice by Lessor. No such act shall constitute a waiver of default or of any remedy for default or render Lessor liable for any loss or damage resulting from any such act.

12.6 If any default by Lessee shall continue uncured, following notice of default, for the period applicable to the default under the applicable provisions of the Amended Residential Lot Lease, or if the default cannot be cured by Lessee, Lessor has the remedies set forth below in this Article 12 in addition to all other rights and remedies provided by law or equity, to which Lessor may resort cumulatively or in the alternative.

12.7 On default by Lessee, Lessor may at Lessor's election terminate this Amended Residential Lot Lease by giving Lessee notice of termination. On the giving of the notice, all Lessee's rights in the premises and in all improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the premises and all improvements and Lessor may re-enter and take possession and eject all parties in possession. Termination shall not relieve Lessee from the payment of any sum then due or from any claim for damages previously accrued or then accruing against Lessee.

12.8 Lessor shall not be considered to be in default under the Amended Residential Lot Lease unless (1) Lessee has given notice specifying the default and (2) Lessor has failed for 60 days to cure the

default, if it is curable, or has failed to institute and diligently pursue reasonable corrective or ameliorative acts for curable defaults.

12.9 Any prevention, delay, nonperformance, or stoppage due to any of the following causes shall excuse nonperformance for a period equal to any such prevention, delay, nonperformance, or stoppage, except the obligation imposed for the payment of rent, taxes, property taxes, insurance, or monetary obligations. The causes are failure of power, irresistible superhuman cause, act of public enemies of the United States, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls except those reasonably foreseeable in connection with the uses contemplated by this Amended Residential Lot Lease, casualties not contemplated by insurance provisions of this Amended Residential Lot Lease, or other causes beyond the reasonable control of the party obligated to perform.

12.10 No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise. The subsequent acceptance of rent pursuant to this Amended Residential Lot Lease shall not constitute a waiver of any preceding default by Lessee other than the default in the payment of the particular rental payments so accepted, regardless of Lessor's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension, or renewal.

12.11 If either party brings any action or proceeding to enforce, protect, or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorney's fees. Arbitration is an action or proceeding for the purpose of this provision.

12.12 The failure of Lessor to perform any duty specifically herein undertaken shall be a violation of this Amended Residential Lot Lease and, subject to the provisions of Article 14 respecting arbitration, Lessee shall have all rights and remedies provided by law or equity.

ARTICLE 13

13.1 Upon the termination of this Amended Residential Lot Lease, however occurring, including but not limited to termination according to the terms of this Amended Residential Lot Lease, legal action including arbitration resulting from Lessee's default, exercise of election to purchase by Lessor, or by operation of law, all structures and other improvements to the Residential Lot shall be the property of Lessor.

ARTICLE 14

14.1 Lessee and Lessor acknowledge and agree that the creation of Residential Lots intermixed among and surrounding MSCC conference, worship and recreational facilities was and is primarily to provide Godly people the opportunity to advance their mutual desire to enhance the ministries and outreach of the Evangelical Covenant Church as carried out by the Pacific Southwest Conference at MSCC. The parties agree that the Amended Residential Lot Lease creates in both parties important tangible and intangible benefits that are both valuable and unique. The parties also acknowledge and agree that the legal, social, economic and practical necessities which arise from this Lessor/Lessee relationship, and the reality that conflict and disagreement may occur, require that procedures be available to protect and enforce the rights and duties of the respective parties under this Amended Residential Lot Lease.

14.2 Lessor and Lessee understand and agree that unless an alternate resolution of disputes is provided, any dispute between Lessor and Lessee, including but not limited to, a violation of any of the covenants and conditions of this Amended Residential Lot Lease or any of its terms, or a claim of a violation, may require a legal action which can be burdensome and expensive to the parties and disproportionate to the nature of the default, and may be inconsistent with scriptural teachings.

14.3 Lessor and Lessee agree that any claim, counterclaim, dispute, controversy, or other matters in question between them arising out of or relating to this Amended Residential Lot Lease or the breach thereof whether sounding in law or equity, including but not limited to any dispute for default or violation of any covenant, condition, restriction, limitations, reservations, MSCC Rules, easements, rights, liens, or equitable servitudes provided in this Amended Residential Lot Lease or by rule of law (collectively "Dispute") shall, except as herein below provided, be submitted to binding arbitration in accordance with California Code of Civil Procedure Sections 1280 through 1294.2, as it may be amended from time to time, except as those rules are herein modified and such arbitration shall be the exclusive remedy for any Dispute.

14.4 Any Dispute shall be settled by arbitration in the County of Santa Cruz and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties submit to the jurisdiction of the Superior Court of the State of California, County of Santa Cruz, for purposes of confirming any such award and entering judgment.

14.5 The party demanding arbitration ("Initiating Party") shall submit a written notice to the other party (the "Demand") and shall include 1) a general statement of the nature of the Dispute and 2) the name and address of the person designated by the Initiating Party as arbitrator on its behalf. Within ten (10) business days after the service of the Demand, the other party (the "Non-Initiating Party") shall give notice to the Initiating Party specifying the name and address of the person designated by the Non-Initiating Party as arbitrator on its behalf. If the Non-Initiating Party fails to notify the Initiating Party in writing of the appointment of its arbitrator, within the time above specified, then the arbitrator appointed by the Initiating Party shall be the arbitrator to determine the issue.

14.6 The two arbitrators chosen shall meet within fifteen (15) business days after being chosen, and if within ten (10) business days after such first meeting the arbitrators shall be unable to agree upon a determination of the Dispute to be determined, then either party, on behalf of both, may request appointment of a third arbitrator by the Christian Conciliation Service or any successor organization. The third arbitrator shall be an attorney licensed to practice in California for at least five years unless the parties waive this requirement. The three arbitrators shall decide the Dispute if it has not previously been resolved and shall attempt to do so within sixty (60) business days of the appointment of the third arbitrator. The Dispute shall be decided by a vote of a majority of the three arbitrators. The arbitrators shall be directed to interpret and apply the terms of this Amended Residential Lot Lease, but they shall not change any provision or deprive either party of any rights or remedies provided in this Amended Residential Lot Lease.

14.7 In the event of a failure, refusal, or inability of any arbitrator to act, his or her successor shall be appointed by the party who originally appointed said arbitrator, In the case of the third arbitrator, his or her successor shall be appointed in the same manner as provided for appointment of the third arbitrator. If the Christian Conciliation Service does not timely act, or if dissolved without having appointed a successor, the third appraiser shall be appointed by the Board of Directors of the MSLHA unless the parties agree upon the appointment of the third arbitrator.

14.8 The arbitrators shall award to the prevailing party, if any, as determined by the arbitrators, all of its costs and fees. "Costs and fees" shall mean all expenses of the arbitration, including the arbitrators' fees, administrative fees, travel expenses, out-of-pocket expenses, such as copying and telephone, court costs, witness fees and attorney fees. Whether or not actual damages are proven or awarded, the arbitrators may impose other or further sanctions, issue any judgment or order, including equitable relief.

14.9 For purposes of the statute of limitations, the filing of arbitration under this Article is the equivalent of the filing of a lawsuit, and any Dispute or controversy that may be arbitrated is subject to any applicable statute of limitations. The arbitrators shall have the authority to decide whether any Dispute is barred by the statute of limitations, and, if so, to dismiss the arbitration on that basis.

14.10 The provisions of this Article 14 shall be inapplicable to the following: The failure of Lessee to timely pay rent or other monetary charges payable by Lessee under any of the provisions of this Amended

Residential Lot Lease including, but not limited to taxes, real property taxes and Costs. Nothing in this 14.10 shall preclude the parties from submitting a dispute regarding these monetary charges to arbitration upon further agreement.

14.11 The provisions of this Article 14 regarding binding arbitration notwithstanding, no decision or award of the arbitrators terminating this Amended Residential Lot Lease or that holds any of its terms or provisions void and/or unenforceable, or awards money damages (exclusive of fees and costs) exceeding \$25,000, shall be binding if either party within fifteen (15) business days after the date of such decision or award gives written notice objecting to the decision or award to the other party and the arbitrators. Thereafter either party may commence legal proceedings to resolve the Dispute arbitrated in any court of competent jurisdiction.

ARBITRATION OF DISPUTES

14.12 NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE, AS HEREIN ABOVE DEFINED, EXCEPT AS HEREIN SPECIFICALLY EXCLUDED, DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES TO NEUTRAL ARBITRATION.

Lessor's initial: _____

Lessee's initial: _____

ARTICLE 15

15.1 Commencing September 1, 2013, and for each ten years thereafter (Commencement Date), the annual rent reserved set forth in Article 3, the monthly rent reserved in Article 5, and the maximum amount subject to mandatory arbitration set forth in Article 14, shall be adjusted as follows: The Consumer Price Index (all items) for San Francisco-Oakland-San Jose published by the United States Department of Labor, Bureau of Labor Statistics, 1982-1984 ("Index") which is published for the nearest month prior to the commencement of each ten year period ("Extension Index") shall be compared with the Index published for the nearest month prior to the 2003 Commencement Date ("Beginning Index") and if the Extension Index has increased over the Beginning Index, the dollar amounts herein fixed at the Commencement Date shall be increased by the amount of the increase; provided that in no event shall the increase resulting from the adjustment exceed six (6%) percent per year. There shall be no reduction in the dollar amounts fixed at the Commencement Date. If the index is changed, the index shall be converted in accordance with rules of the Bureau of Labor Statistics relating to such changed index.

ARTICLE 16

16.1 Each party to this Amended Residential Lot Lease agrees to execute and deliver all documents and perform all further acts that may be reasonably necessary to carry out the provisions of this Amended Residential Lot Lease.

16.2 The language of this Amended Residential Lot Lease shall be construed by the parties, the arbitrators or a court, as a whole, according to its fair meaning and intent, and not strictly for or against either party, regardless of who drafted or was principally responsible for drafting any specific term or condition hereof.

16.3 This Amended Residential Lot Lease shall be construed and enforced according to the laws of the State of California and the statutes and constitution of the United States.

16.4 Except as otherwise provided in Article 5, should any provision of this Amended Residential Lot Lease be held illegal, such illegality shall not invalidate the whole of this Amended Residential Lot Lease but shall be construed as if it did not contain the illegal part, and the rights and obligations of the parties shall be construed and enforced accordingly.

16.5 Lessor and Lessee each represents and warrants that they have the full power and authority to enter into this Amended Residential Lot Lease, and to perform all duties and obligations herein set forth.

16.6 Lessee warrants that no promise, inducement or agreement not expressed herein has been made to it in connection with this Amended Residential Lot Lease and it constitutes the entire agreement and supercedes and replaces all prior negotiations or proposed leases, written or oral.

16.7 The terms and provisions of this Amended Residential Lot Lease may be waived, altered, amended, or repealed, in whole or in part, only on the written agreement of Lessee and Lessor.

16.8 This Amended Residential Lot Lease shall be binding on the Lessee and Lessor and their respective heirs, legal representatives, successors, and assigns.

16.9 All notices, requests, demands, and other communications under this Amended Residential Lot Lease shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or within 72 hours after mailing, if mailed to Lessor at 1050 Lockhart Gulch Road, Scotts Valley, California 95066, and to Lessee at the mailing address of the Residential Lot identified in Article 1, if mailed by first-class mail, registered or certified, postage prepaid, and properly addressed to the party.

16.10 This Amended Residential Lot Lease shall be executed in duplicate, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed this Amended Residential Lot Lease on the date set forth below.