

EXHIBIT B

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

THE SAVANNAH COLLEGE OF ART AND)
DESIGN, INC.,)

Petitioner,)

v.)

URBAN CAMPUS ENVIRONMENTS,)
LLC,)

Respondent.)

CIVIL ACTION NO.

2014cv247494

SUMMONS

TO THE ABOVE NAMED DEFENDANT:

You are hereby summoned and required to file with the Clerk of this court and serve upon the Petitioner's attorney, whose name and address is:

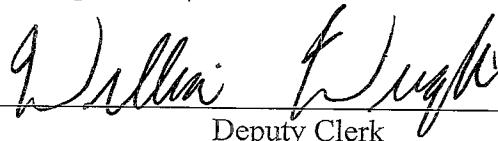
Christopher P. Galanek
Jacquelyn N. Schell
Bryan Cave LLP
1201 West Peachtree Street, 14th Floor
Atlanta, GA 30309
(404) 572-6600

an answer to the Petition which is herewith served upon you, within 30 days after the service of this Summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

This 9 day of June, 2014.

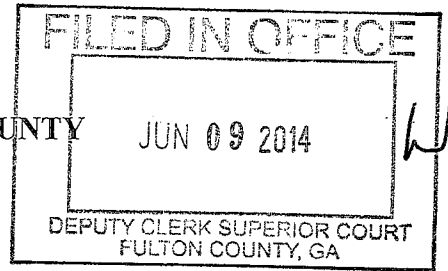
CATHELENE ROBINSON
Clerk of Superior Court

By



Deputy Clerk

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA



THE SAVANNAH COLLEGE OF ART AND)
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PETITION FOR DECLARATORY JUDGMENT

Now comes Petitioner, The Savannah College of Art and Design, Inc. ("SCAD"), and files this Petition, asking the Court for a declaratory judgment determining SCAD's rights and obligations under a lease agreement with Respondent, Urban Campus Environments, LLC ("UCE"). SCAD hereby alleges as follows:

PARTIES

1.

SCAD is a Georgia non-profit corporation, with its principal place of business located at 115 E. York Street, Savannah, Georgia 31402.

2.

Respondent, UCE, is a Florida limited liability company, with its principal place of business located at 746 14th Avenue, NE, St. Petersburg, Florida 33701.

3.

UCE is registered to do business in Georgia and may be served through its registered agent, Incomp: Services, Inc., 2000 Riveredge Parkway, NW, Suite 885, Atlanta, Georgia 30328.

JURISDICTION AND VENUE

4.

Jurisdiction is proper in this Court pursuant to O.C.G.A. § 9-4-2, which vests superior courts of this state with the power to declare rights and other legal relationships by and between interested parties to afford the parties relief from uncertainty and insecurity with respect to such rights and relationships.

5.

Venue is proper in this Court pursuant to the Georgia Constitution, Art. 6, § 2, ¶¶ III and VI, and O.C.G.A. §§ 9-10-93 and 14-2-510, because the real property affected by the Petition is located in Fulton County and because UCE has its registered office and agent in Fulton County.

FACTUAL BACKGROUND

6.

SCAD Group, Inc. (“SGI”) leased certain real property, located at 1470 Spring Street, Atlanta, Georgia, 30309 (“Spring House Property”), from UCE, pursuant to a Master Lease Agreement, executed February 24, 2005 (as assigned, “Lease”). A true and correct copy of the Lease is attached hereto as Exhibit A.

7.

On February 25, 2013, SGI, SCAD, and UCE executed an Assignment and Assumption Agreement (“Assignment”), by which SGI assigned its rights and obligations under the Lease to SCAD. A true and correct copy of the Assignment is attached hereto as Exhibit B.

Lease and Purchase Option

8.

The Lease includes an option for SCAD to purchase the Spring House Property on ninety days notice ("Purchase Option"). (Ex. A, ¶ 4.)

9.

Specifically, the Lease provides as follows:

During the term of this lease, Lessee shall have an option to purchase this property, *provided, however*, that any such purchase of the property shall be in conjunction with the simultaneous payment-in-full of Lessor's mortgage loan with Bank secured by the property. The purchase price of the option shall be the original gross purchase price paid by Lessor (inclusive of all costs incurred by Lessor), plus an amount equal to one and one half percent (1.5%) per year (prorated for any partial year) from the date of this Agreement on each anniversary of the date of this Agreement. Lessee shall give the Lessor at least ninety days prior written notice.

(Ex. A, ¶ 4, emphasis in original.)

10.

When the parties executed the Lease in 2005, UCE's lender held a single-property mortgage loan on the Spring House Property.

11.

A year after the execution of the Lease, UCE entered into a new financing arrangement with its lender.

12.

UCE's new financing arrangement relies on the Spring House Property, as well as three other parcels of real property located in Chatham County, Georgia, as collateral.

13.

Currently, SCAD, or a SCAD affiliate, is the tenant at these additional three properties, but each of these four leases is separate and distinct from the others.

14.

UCE's new financing arrangement requires that UCE pay certain termination fees if it sells one of these properties ("Termination Fees").

15.

At no point in time did SCAD agree to modify the Purchase Option to require that SCAD pay any portion of the Termination Fees required by UCE's lender in order to exercise the Purchase Option.

SCAD's Attempts to Exercise the Purchase Option

16.

On May 1, 2014, SCAD sent a letter to UCE declaring its intention to exercise the Purchase Option, effective July 31, 2014. A true and correct copy of this letter is attached as Exhibit C.

17.

The original gross purchase price paid by UCE for the Spring House Property, inclusive of costs, was \$6,318,128.00.

18.

When the 1.5% price escalation contemplated by the Purchase Option, Ex. A, ¶ 4, is applied, the gross purchase price for the Spring House Property totals \$7,210,879.00.

19.

Accordingly, SCAD contends that the correct purchase option price is \$7,210,879.00.

20.

In response, UCE notified SCAD that it would only agree to exercise the Purchase Option at a purchase price of \$8,528,162.00. A true and correct copy of UCE's letter, dated May 19, 2014, is attached as Exhibit D.

21.

UCE contends that it cannot sell the Spring House Property without conducting appraisals of each of the four properties, negotiating a loan modification, and paying the Termination Fees required by its new financing arrangement with its lender.

22.

UCE contends that the Termination Fees will total \$1,306,542.00, the difference between SCAD's proposed purchase option price and UCE's proposed purchase option price.

23.

UCE further contends that the Termination Fees should be included in the purchase option price contemplated by the Lease and refuses to initiate the sale process unless SCAD agrees in advance to pay the disputed amount.

24.

SCAD contends that the Termination Fees should not be included in the purchase option price because UCE, of its own accord, eighteen months after the Lease was signed, entered into the new financing arrangement with its lender that gave rise to the Termination Fees and because, at the execution of the Lease, the Spring House Property was not cross-collateralized with any other properties or subject to any such Termination Fees.

25.

SCAD contends that the Termination Fees should not be included in the purchase option

price because the Termination Fees were not part of, and are not even related to, the original gross purchase price of the Spring House Property.

26.

The Termination Fees are based on a financing arrangement between UCE and its lender, entered into after UCE's original purchase and more than a year after SCAD's Lease.

27.

The Termination Fees are not directly tied to the Spring House Property. The Termination Fees are hypothetical allocations of costs for a financing arrangement that includes four properties, only one of which is the Spring House Property.

28.

By letter dated May 31, 2014, SCAD stated its continued intention to exercise the Purchase Option. A true and correct copy of this May 31 letter is attached as Exhibit E.

29.

Specifically, SCAD stated that it intended and desired to go forward with the July 31, 2014 closing of the sale of the Spring House Property.

30.

UCE has refused, repeatedly, to participate in any sale of the Spring House Property in which it received less than its demanded purchase price (\$8,528,162.00), which includes the Termination Fees.

31.

Specifically, UCE sent SCAD a letter on June 3, 2014, a true and correct copy of which is attached as Exhibit F. In this letter, UCE stated:

Urban Campus Environments, LLC ... reconfirms its position that the proper purchase price is \$8,528,162. Additionally, Urban Campus Environments, LLC

will not close on the sale of the Spring House property until the proper purchase price has been paid in full

(Ex. F.)

SCAD's Uncertainty and Need for Expedited Guidance

32.

SCAD uses the Spring House Property as a student dormitory, where it houses approximately 300 students each school year.

33.

The Spring House Property is SCAD's primary student housing for its Atlanta campus and is an integral part of SCAD's operations.

34.

SCAD students are scheduled to move into the residences at the Spring House Property in September 2014, for the 2014-2015 academic year.

35.

The Lease requires that SCAD pay rent each year on October 1, at an initial rate of \$800,040.00, increased annually.

36.

SCAD's next annual rent payment is due October 1, 2014, in the amount of \$836,770.00.

37.

Presently, SCAD is uncertain whether it will be required to pay annual rent under the Lease on October 1, 2014. If SCAD exercises the Purchase Option and acquires ownership of the Spring House Property, no rent would be due under the Lease.

38.

The parties' uncertainty as to the purchase price and execution of the Purchase Option also creates long-term insecurity for SCAD and its future planning for, among other things, property ownership and investments, planned redevelopment of the dormitory on the Spring House Property, and student housing options moving forward.

39.

Further, if SCAD's assessment of the purchase price is correct, UCE's unequivocal refusal to pay less than its requested purchase price is an anticipatory repudiation of the Lease, which may relieve SCAD from certain obligations under the Lease.

40.

Accordingly, SCAD is uncertain what obligations, if any, it owes under the Lease and what rights it possesses under the Purchase Option to require UCE to specifically perform its obligation to sell the Spring House Property and at what price.

COUNT I – DECLARATORY JUDGMENT

41.

SCAD reasserts and re-alleges the allegations contained in the foregoing paragraphs as if fully set forth herein.

42.

There is an actual, substantial, justiciable, and continuing controversy between SCAD and UCE concerning each party's rights and obligations under the Lease and, in particular, with respect to the costs included in and the calculation of the purchase price under the Purchase Option.

43.

There is also a real and actual controversy between the parties as to UCE's anticipatory breach of the Lease and SCAD's subsequent obligations.

44.

SCAD is uncertain of its legal rights, interests, and status under the Lease.

45.

Without relief from the Court resolving the dispute over the purchase price under the Purchase Option and declaring the parties' rights and obligations at law, SCAD will be faced with uncertainty and insecurity as to its inclusion of the Spring House Property in its short and long term planning for safe, quality student housing.

46.

SCAD is also uncertain and insecure as to its legal right to require UCE to close on the sale of the Spring House Property at the July 31 date originally discussed, or in a timely manner, at the purchase price calculated by SCAD.

47.

Pursuant to O.C.G.A. § 9-4-2, SCAD seeks a declaratory judgment from this Court stating that: (1) the correct purchase price for the Spring House Property under paragraph 4 of the Lease and SCAD's May 1, 2014 letter is \$7,210,879.00; (2) the purchase price outlined in paragraph 4 of the Lease does not include or contemplate the Termination Fees (\$1,306,542.00) requested by UCE; and (3) UCE's express and unequivocal refusal to sell the Spring House Property for less than the amount of \$8,528,162.00 constitutes an anticipatory breach of the Lease.

WHEREFORE, SCAD respectfully requests that this Court:

(A) Enter a declaratory judgment ruling that:

(1) The correct purchase price for the Spring House Property under paragraph 4 of the Lease and SCAD's May 1, 2014 letter is \$7,210,879.00;

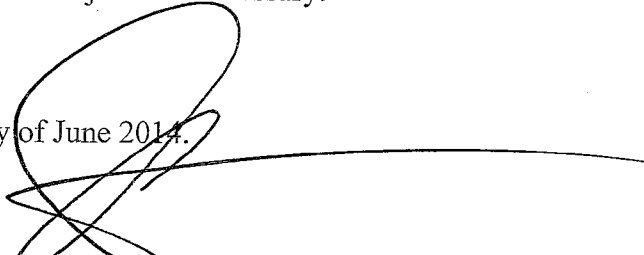
(2) The purchase price outlined in paragraph 4 of the Lease does not include or contemplate the Termination Fees (\$1,306,542.00) requested by UCE; and

(3) UCE's express and unequivocal refusal to sell the Spring House Property for less than the amount of \$8,528,162.00 constitutes an anticipatory breach of the Lease;

(B) Enter judgment for SCAD and against UCE on the claims in this Petition; and,

(C) Award such other relief the Court deems just and necessary.

Respectfully submitted this 9th day of June 2014.



Christopher P. Galanek (Ga. Bar No. 282390)

Chris.Galanek@bryancave.com

Jacquelyn N. Schell (Ga. Bar No. 111002)

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*Counsel for The Savannah College of Art and Design,
Inc.*

EXHIBIT A

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (the "Agreement") made as of this 24th day of February, 2005, between URBAN CAMPUS ENVIRONMENTS, LLC, a Florida limited liability company ("Lessor"), and SCAD Group, Inc., a Delaware corporation ("Lessee"). Lessor and Lessee may hereinafter be collectively referred to as the "Parties" or individually as the "Party".

RECITALS

- A) Lessor is the owner of the land, buildings and Improvements located thereon more particularly described on Exhibit "A" attached hereto (collectively, the "Property").
- B) Lessee desires to lease from Lessor and Lessor desires to lease to Lessee the Property.

NOW, THEREFORE, in consideration of the mutual covenants herein expressed and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Lessor agree as follows:

1. Definitions Unless the context otherwise requires, each term defined in this Section 1 shall, when used in this Agreement, have the meaning indicated:

"Accrued Default Obligations" has the meaning set forth in Section 14.

"Additional Rent" has the meaning set forth in Section 7(a).

"Affiliate" of any Person means any other Person controlling, controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person.

"Bank" shall mean Wachovia Bank N.A., or its successor or successors.

"Base Rent" shall mean, for any year, an amount equal to the Minimum Lease Payment for such year.

"Base Rent Payment Date" shall mean October 1, 2005, and each anniversary thereof.

"Business Day" shall mean a day on which banks are not required or authorized by law or executive order to close in Atlanta, Georgia.

"Capital Lease Obligations" of any Person shall mean all obligations of such Person to pay rent or other amounts under any Agreement (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Commencement Date" shall have the meaning set forth in Section 3(a).

"Environmental Requirements" means all applicable federal, state, local and foreign laws (including duties under the common law), statutes, codes, ordinances, rules, regulations, directives, binding policies, permits, authorizations or orders relating to or addressing the environment, natural resources or human health, including, but not limited to, any law, statute, code, ordinance, rule,

regulation, directive, binding policy, permit, authorization or order relating to (a) the use, handling or release of any Hazardous Material or (b) worker health.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" has the meaning set forth in Section 13.

"Fixtures" means all fixtures and equipment owned by Lessor and included as part of the Property.

"Furnishings" means all of the furniture and personal property purchased by and owned by Lessee of each unit.

"GAAP" means generally accepted accounting principles in the United States, applied on a consistent basis.

"Governmental Authority" means any nation or government, state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Materials" shall mean: (i) "hazardous substances" or "toxic substances" as those terms are defined by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. 9601, et seq., or the Hazardous Materials Transportation Act, 49 U.S.C. 1802, both as amended to this date and as amended after this date (ii) "hazardous wastes," as that term is defined by the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. 6902, et seq., as amended to this date and as amended after this date (iii) any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees, and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste substance or material, all as amended to this date or as amended after this date; (iv) crude oil or any fraction of it that is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute); (v) any radioactive material, including any source, special nuclear, or by-product material as defined at 42 U.S.C. 2011, et seq., as amended to this date or as amended after this date; (vi) asbestos in any form or conditions; or (vii) polychlorinated biphenyls (PCB's) or substances or compounds containing PCB's.

"Indebtedness" of any Person shall mean, without duplication (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extension of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person, and (x) Off-Balance Sheet Liabilities. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefore.

"Improvements" shall mean and include the buildings, structures, excavation, fixtures owned by Lessor, parking areas, walkways, drives, landscape areas, underground installations and all other

improvements of whatsoever character constructed on, around, under or over the Property pursuant to the Agreement, except for any personal property owned by Lessee.

“Indemnified Person” has the meaning set forth in Section 9.

“Insurance Requirements” means all terms of any insurance policy covering or applicable to the Property, all requirements of the issuer of any such policy, all statutory requirements and all orders, rules, regulations and other requirements of any governmental body related to insurance applicable to any Property.

“Land” shall have the meaning assigned to such term in the Recital paragraphs hereof.

“Legal Requirements” means all laws, judgments, decrees, ordinances and regulations and any other governmental rules, orders and determinations and all requirements having the force of law, now or hereinafter enacted, made or issued, whether or not presently contemplated, and all agreements, covenants, conditions and restrictions, applicable to the Property and/or the construction, ownership, operations or use thereof, including, without limitation, compliance with all requirements of labor laws and environmental statutes, compliance with which is required at any time from the date hereof through the Term, whether or not such compliance shall require structural, unforeseen or extraordinary changes to the Property or the operation, occupancy or use thereof.

“Lessee” means SCAD Group, Inc., a Delaware corporation, or any successor or successors to all of its rights and obligations as the Lessee hereunder.

“Lessor” means Urban Campus Environments, LLC, any successor or successors to all of its rights and obligations as the Lessor hereunder.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction in respect of any of the foregoing).

“Material Adverse Effect” means any event, circumstance, occurrence, fact, condition or change materially adversely affecting (a) the acquisition, construction, equipping, financing, operation, maintenance, leasing, ownership, use or regulatory status of the Property, (b) the business, assets, properties, financial condition, operations, prospects or rights or interests of the Lessee, (c) the ability of the Lessee to fulfill its obligation under this Agreement or (d) the validity or enforceability of the Agreement or any related documents or the rights and remedies of the Lessor thereunder.

“Minimum Lease Payment” shall mean annual rent \$800,040 as increased annually on each anniversary of the Base Rent Payment Date to an amount equal to one hundred and five tenths percent (100.5%) of the then immediately preceding Base Rent rounded up to the next highest dollar amount.

“Off-Balance Sheet Liabilities” shall mean, with respect to any Person, (a) any repurchase obligation or liability, contingent or otherwise, of such Person with respect to all amounts or notes receivables sold, transferred or otherwise disposed of by such Person, (b) any repurchase obligation or liability, contingent or otherwise, of such Person with respect to property or assets leased by such Person as lessee and (C) all obligations, contingent or otherwise, of such Person under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing if the transaction giving rise to such obligation (i) is considered indebtedness for borrowed money for tax purposes but is classified as an operating Agreement under GAAP or (ii) does not (and is not required to) appear as a liability on the consolidated balance sheet of such Person and its Subsidiaries, but in any case excluding any obligations that are liabilities of any such Person as lessee under any operating lease so long as the terms of such operating lease do not require any payment by or on behalf of such Person at termination of such operating lease pursuant to a required purchase by or on behalf of such Person of the property or

assets subject to such operating lease or under any arrangement pursuant to which such Person guarantees or otherwise assures any other Person of the value of the property or assets subject to such operating lease.

"Permitted Liens" means the following Liens and other matters affecting the title of the Property: (a) Liens securing the payment of taxes, assessments and other governmental charges or levies which are either not delinquent or, if delinquent, are being contested by the Lessee in good faith; (b) zoning and planning restrictions, subdivision and platting restrictions, easements, rights-of-way, licenses, reservations, covenants, conditions, waivers, restrictions on the use of the Property, minor encroachments or minor irregularities of title none of which materially impairs the intended use or value of the Property by the Lessee; (c) the Liens created pursuant to the Deed to Secure Debt and Security Agreement in favor of the Bank, as amended or modified (the "Security Deed"); (d) leases and licenses in effect with respect to Property which are required or permitted by this Agreement or which are delivered to and accepted by the Lessor and the Bank prior to the Commencement Date; (e) inchoate mechanics' liens arising in the ordinary course of business on or in respect of the Property and for amounts the payment of which is either not yet delinquent or is being contested in good faith; (f) exceptions to the title of the Property as set forth in the title insurance policy delivered to the Lessor and approved by the Lessor and the Bank; and (i) such other or additional matters as may be approved in writing by the Lessor and the Bank.

"Person" means any individual, corporation, partnership, limited liability company, private limited company, joint venture, association joint-stock company, trust, unincorporated organization of government or any agency or political subdivision thereof.

"Plans and Specification" has the meaning set forth in Section 7.

"Property" shall have the meaning assigned to such term in the Recital paragraphs.

"Solvent" shall mean that (i) the assets of the Lessee, at fair valuation and based on their present fair salable value, will exceed the Lessee's debts, including contingent liabilities, (ii) the remaining capital of the Lessee will not be unreasonably small so as to impair the conduct of the Lessee's business and (iii) the Lessee will not have incurred debts, nor have intended to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition of "Solvent", "debt" means any liability on a claim, and "claim" means the right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal, equitable, secured or unsecured, or the right to an equitable remedy for breach of performance if such breach gives rise to a right to payment whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, secured or unsecured.

"Subsidiary" means with respect to a corporation, any other corporation, partnership or limited liability company of which greater than fifty percent (50%) of the outstanding shares of capital stock or other ownership interests having ordinary voting power for the election of directors (or others serving equivalent functions) is owned directly or indirectly by such corporation. Except as otherwise indicated herein, reference to a Subsidiary or Subsidiaries shall refer to a Subsidiary or Subsidiaries of the Lessee, whether existing on the Commencement Date or thereafter organized or acquired by the Lessee.

"Taking" has the meaning set forth in Section 15(a).

"Term" shall have the meaning set forth in Section 3(a).

"Third Party" shall mean any person providing financing for the acquisition and ownership of the Property including the Bank.

2. Leasehold Grant.

- (a) Lessor hereby leases to Lessee, and Lessee Leases from Lessor, the Property for the purposes set forth in this Agreement only during the Term. The Parties intend that this

Agreement constitutes an operating lease from the Lessor to Lessee for purposes of Lessee's financial reporting.

- (b) The Parties acknowledge and agree that their relationship is solely that of Lessor and Lessee, and nothing herein shall be construed to deem the Parties as employer/employee, partners, joint venturers, co-owners, or otherwise as participants in a joint or common undertaking. Neither Party, nor its employees, agents, or representatives, shall have any right, power or authority to act or create any obligation, express or implied, on behalf of the other.
- (c) Lessor warrants that this property may be used for the use intended by the Lessee as a hotel or a post-education student dormitory.
- (d) As between the Lessee and the Lessor, the Lessee assumes all risks and waives any and all defenses, set-offs, deductions, counterclaims (or other rights), existing or future, as to the Lessee's obligation to pay Base Rent, Additional Rent, and all other amounts payable hereunder, including, without limitation, any relating to:
 - i. The safety, title, condition, quality, quantity, fitness for use, merchantability, conformity to specification, or any other quality or characteristic of the Property, latent or not;
 - ii. Any set off, counterclaim, recoupment, abatement, defense or other right which the Lessee may have against the Lessor, the Bank or any indemnified person for any reason whatsoever arising out of this or any other transaction or matter;
 - iii. And defect in title or ownership of the Property or any title encumbrance now or hereafter existing with respect to the Property;
 - iv. Any failure or delay in delivery or any loss, theft or destruction of, or damage to, the Property, in whole or in part, or cessation of the use or possession of the Property by the Lessee for any reason whatsoever and of whatever duration, or any condemnation, confiscation, requisition, seizure, purchase, taking or forfeiture of the Property, in whole or in part;
 - v. Any inability or illegality with respect to the use, ownership, occupancy or possession of the Property by the Lessee;
 - vi. Any insolvency, bankruptcy, reorganization or similar proceeding by or against the Lessee, the Lessor or the Bank;
 - vii. Any failure to obtain, or expiration, suspension or other termination of, or interruption to, any required licenses, permits, consents, authorizations, approvals or other legal requirements;
 - viii. The invalidity or unenforceability of this agreement or any other infirmity herein any lack of power or authority of the Lessor or the Lessee to enter into this Agreement.
 - ix. The invalidity or unenforceability of any bill of sale for any personal property executed in connection with this agreement or any other infirmity therein or lack of power or authority of any party thereto to enter into such bill of sale; or.
 - x. Any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.
 - xi. The Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred

upon it, by statute or otherwise, to terminate, cancel, quit, rescind or surrender this agreement except in accordance with the express terms hereof. Each payment of Base Rent, Additional Rent and any other amount due hereunder made by the Lessee shall be final, and the Lessee, without waiving any other remedies it may have, will not seek or have any right to recover all or any part of such payment from the Lessor or the Bank for any reason whatsoever, except to the extent that any such payments were made in error and are not required by any of the terms and provisions of this Agreement

3. Term.

- (a) The term (the "Term") of this Agreement shall commence on March 1, 2005 or on the date a certification of occupancy is issued to allow the Lessee to take possession, whichever occurs first (the "Commencement Date") and shall extend for eight (8) years, subject to extension or earlier termination in accordance with the provisions hereof.
- (b) The Term shall automatically be extended for ten (10) additional one (1) year periods on each anniversary of the Commencement Date unless the Lessee notifies the Lessor at least ninety (90) days prior to the expiration of the then applicable term that the Lessee desires to terminate this agreement at the end of the term.

4. Purchase Option.

- (a) During the term of this lease, Lessee shall have an option to purchase this property; *provided, however*, that any such purchase of the property shall be in conjunction with the simultaneous payment-in-full of Lessor's mortgage loan with Bank secured by the property. The purchase price of the option shall be the original gross purchase price paid by Lessor (inclusive of all costs incurred by Lessor), plus an amount equal to one and one half percent (1.5%) per year (prorated for any partial year) from the date of this Agreement on each anniversary of the date of this Agreement. Lessee shall give the Lessor at least ninety days prior written notice.

5. Rent.

- (a) During the Term, Lessee shall pay to Lessor without abatement, setoff or deduction, or demand, the Base Rent, which shall be due and payable annually in advance on each Base Rent Payment Date.
- (b) All payments and charges of any nature whatsoever required to be paid by Lessee under this Agreement shall be and are hereby classified as "Rent", including without limitation all Base Rent and Additional Rent. All such payments expressly required, shall be payable without any abatement, setoff or deduction whatsoever at the times described in this Agreement. Lessee acknowledges and agrees that its obligation to pay all Base Rent, Additional Rent, and other sums described in this Agreement shall survive the expiration or termination of this Agreement.
- (c) Base Rent, Additional Rent, and any other amount payable by the Lessee to the Lessor shall be paid by wire transfer in immediately funds, not later than 1:00 p.m. Atlanta, Georgia time on the date due, in the full amount then due to the account of the Lessor at the Bank, or to such account of such other Person at the Bank, or otherwise as the Lessor may from time to time designate. If any Base Rent or Additional Rent is required hereunder on a day that is not a Business Day, then such Base Rent or Additional Rent shall be due on the next succeeding Business day.
- (d) Any Base Rent, Additional Rent, or other amounts due hereunder that are not paid when due will accrue interest from the date due at the lesser of twelve percent (12%) per annum or the highest lawful rate until payment is received by Lessor. Such service charge and

interest payments will not be deemed consent by Lessor to late payments, nor a waiver of Lessor's right to insist upon timely payments at any time, nor a waiver of any remedies to which Lessor is entitled as a result of the late payment of such amounts. Lessor may apply payments received from Lessee to any obligations of Lessee then accrued, without regard to any designation by Lessee.

- (e) The obligations of the Lessee to pay all amounts payable pursuant to this Agreement shall be absolute and unconditional under any and all circumstances of any character, and such amounts shall be paid without notice, demand, defense, setoff, deduction or counterclaim and without abatement, suspension, deferment, diminution or reduction of any kind whatsoever, except as herein expressly otherwise provided. The obligation of the Lessee to lease and pay Base Rent, Additional Rent, and any other amount payable hereunder with regard to the Property is without any warranty or representation, express or implied, as to any matter whatsoever on the part of the Lessor, or anyone acting on behalf of any of them.

6. Use.

- (a) With the exception of the initial six (6) months of the Term during which time Lessee may use the Property as a hotel, Lessee shall use the Property for the purposes of renting rooms to students enrolled in the Savannah College of Art and Design or other post secondary education institution and for no other purposes.
- (b) Lessee shall not use or occupy the Property, or permit any portion of the Property to be used or occupied, for any illegal purpose, in violation of any law, ordinance, order, rule, regulation, certificate of occupancy, or other governmental requirement, or in any manner or for any business or purpose that creates risks of fire or other hazards, or that would in any way violate, suspend, void, or increase the rate of fire, liability, or any other insurance of any kind at any time carried by Lessor upon all or any part of the buildings or other Improvements located on the Property. Lessee shall not conduct any activity at the Property that may be harmful to the health or safety of others, including Lessor and other tenants or occupants of the buildings located on the Property.
- (c) The Lessee will not do or permit any act or thing, which might impair, other than normal wear and tear arising out of the proper and normal use thereof, the value of the Property. Lessee, at its sole cost and expense, shall (i) comply with all Legal Requirements and Insurance Requirements relating to the Property, (ii) procure, maintain and comply with all licenses, permits, orders, approvals, consents and other authorizations required for the acquisition, installation, testing, use, development, construction, operation, maintenance, repair, refurbishment and restoration of the Property and (iii) comply with all manufacturer's specifications and standards applicable to the Property, including without limitation the acquisition, installation, testing, use, development, construction, operation, maintenance repair, refurbishment and restoration of the Property, whether or not compliance therewith shall require structural or extraordinary changes in the Property or interfere with the use and enjoyment of the Property, unless the failure to procure, maintain and comply with such items identified in subparagraphs (ii) and (iii), individually or in the aggregate, shall not have and could not reasonably be expected to have a Material Adverse Effect. Lessor agrees to take such actions as may be reasonably requested by Lessee in connection with the compliance by Lessee of its obligation under this Section.
- (d) The Lessee shall promptly and duly execute, deliver, file and record, at the Lessee's expense, all such documents, statements, filings and registrations, and take such further action, as the Lessor shall from time to time reasonably request in order to establish,

perfect and maintain the Lessor's title to and interest in the Property as against the Lessee or any Person in any applicable jurisdiction. The Lessor agrees, at Lessee's request and expense, to confirm to any Person the Lessee's rights and obligations in this regard.

- (e) The Lessee shall use every reasonable precaution consistent with prudent business practices to prevent loss or damage to the Property and to prevent injury to third persons or property of third persons. The Lessee shall cooperate fully with the Lessor and all insurance companies providing insurance pursuant to Section 8 in the investigation and defense of any claims or suites arising from the ownership, use, or occupancy of the Property, provided, that nothing contained in this Section shall be construed as imposing on the Lessor any duty to investigate or defend any such claims or suits.
- (f) The Lessor, may upon reasonable notice and during reasonable business hours from time to time inspect the Property and deeds, registration certificates, certificates of title and related documents covering the Property wherever the same may be located, but the Lessor shall have no duty to make any such inspection.
- (g) The Lessee shall be allowed to assign this Lease and any rights or interests therein to any entity of which the Lessee is an affiliate, as defined by "GAAP", but such assignment shall not release the Lessee of any of its obligations under this lease. Nothing contained in this Agreement shall be construed as constituting the consent or request of the Lessor, express or implied, to or for the performance by any contractor, laborer, materialman or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Property or any part thereof. Notice is hereby given that the Lessor will not be liable for any labor, services or materials furnished or to be furnished to the Lessee, or to anyone holding any portion of the Property or any part thereof through or under the Lessee, and that no mechanics' or other liens for any such labor, services or materials shall attach to or affect the interest of the Lessor therein, except to the extent that such Lien arises in connection with the construction of the Apartments or Improvements and the Lessor fails to promptly forward to Lessee evidence of payment of any amount owed to the lienholder, after prompt written request by Lessee accompanied by such documents as the Lessee shall require showing that no liens other than Permitted Liens are on the Property.

7. Taxes, Utilities and Access.

- (a) Starting on the Commencement Date and throughout the terms of this Lease, Lessee shall pay and discharge prior to delinquency, as and when the same shall become due and payable, all taxes and assessments, all other duties, general and special assessments, water rents, sewer rents, impositions, charges, and payments, together with all interest and penalties thereon, extraordinary as well as ordinary, whether foreseen or unforeseen, as shall be charged, made levied, assessed, or imposed upon, or become due and payable during the Term in connection with the Property, or any Improvements, appurtenance, personal property, or activity on the Property by virtue of any present or future law, order, statute, rule regulation, directive, or ordinance of the United States of America, or any city, county, state or local governments having jurisdiction, or of any department, office or bureau thereof, or any other governmental or quasi-governmental agencies having authority to levy or collect the charge or assessment. Nothing herein contained, however shall require Lessee to pay any income, succession, transfer or gift taxes of Lessor. If the Property is not maintained in the public tax records as a separate tax parcel but instead is a part of a larger parcel, then Lessor shall apportion the taxes, assessment and other charges payable above between the Property and the other portions of the larger parcel in a reasonable manner.

- (b) Lessee shall also pay any and all other taxes and assessments of any nature whatsoever whether or not now customary or within the contemplation of Lessor and Lessee, that may be due, levied or assessed as a result of this Agreement, including (without limitation): (i) all sales, use, excise and other taxes now or hereafter imposed by any lawful authority on all amounts due or required to be paid by Lessee under this Agreement and which are taxed by any such authority; (ii) all taxes, assessments and charges levied or assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair use or occupancy by Lessee of Property or any portion of the Property; and (iii) all taxes upon the transaction contemplated by this Agreement or any document to which Lessee is a party creating.
- (c) Beginning on the Commencement Date and throughout the terms of this lease Lessee shall be solely responsible for all costs associated with the consumption and provision of all utility services and all other services of any nature whatsoever furnished to, used on, or connected with the use and occupancy of, the Property, including, without limitation, all gas, electric, water, telephone, and cable and shall pay when due all fees and charges for such consumption of utility services and other services
- (d) Lessor shall have no responsibility or obligation to insure the continuous provision of any utility services to the Property. No interruption in utility services to the Property shall render Lessor liable in any respect for damages to either person or property (of any kind or nature) or relieve Lessee from its obligations to fully and completely perform each and every covenant and agreement herein.

8. Maintenance and Repair of Property.

- (a) At all times after the Commencement Date, Lessee shall keep the Property, including the Improvements now or hereafter located on the Property, free and clear of all Liens and claims of Liens for labor, services, materials, supplies, or equipment performed on or furnished to the Property. Lessee shall Promptly pay and discharge, or cause the Property to be released from, any such Lien or claim of Lien, or, (ii) if Lessee decides to contest said Lien, furnish Lessor such bond as may be required by law to free the Property from the effect of such a Lien and to secure Lessor against payment of such Lien, or provide Lessor with other assurances with respect thereto which are satisfactory to Lessor, in its good faith discretion. Should Lessee fail to pay and discharge, or cause the Property to be released from any such lien or claim of Lien or to provide a bond or other assurance as permitted hereunder within thirty (30) days after service on Lessee by Lessor of a written request to do so, Lessor may pay, adjust, compromise and discharge any such Lien or claim of Lien on such terms and in such manner as Lessor may deem appropriate. In such event, Lessee shall, following any such payment by Lessor, and after receiving not less than thirty (30) days' written notice and reasonable evidence of payment, reimburse Lessor for the full amount so paid by Lessor, including any reasonable attorneys' fees or other costs expended by Lessor, and such amount shall constitute Additional Rent and become a part of lessee's obligations hereunder.
- (b) Notwithstanding anything that is or appears to be the contrary herein, any and all buildings or Improvements erected on the Property as permitted by this Agreement, as well as any and all alterations or additions thereto or any other Improvements on the Property, shall be owned by Lessor, shall be considered part of the real property of the Property and shall remain on the Property and become the property of Lessor, provided that Lessee shall retain ownership of and shall be required to remove furniture, equipment, machinery, trade fixtures, and removable personal property which are not part of the Property, except as may be left on the Property with Lessor's prior written

approval. Except as otherwise expressly provided in this Agreement, the Security Deed, any non-disturbance agreement approved by Lessor, any easement approved by Lessor, or any written instrument executed by Lessor which expressly states that Lessor is waiving its rights under this Section to receive such building or Improvements free and clear of all other claims, said buildings and Improvements shall remain Lessor's property free and clear of any and all rights to possession and all claims to or against them by Lessee or any Person.

- (c) From and after the Commencement Date, the Lessee shall pay all costs, expenses, fees and charges incurred in connection with the ownership, use or occupancy of any Property. The Lessee shall operate and maintain the Property in first class condition, in accordance with prudent industry standards. The Lessee shall at all times, at its own expense, make all repairs, replacements and restoration to the Property.. The Lessee hereby agrees to indemnify and hold the Lessor harmless from and against all costs, expenses, claims, losses, damages, fines or penalties, including reasonable counsel fees, arising out of or due to the Lessee's failure to fulfill its obligations under this Section.
- (d) The Lessee may, at its expense, make or permit additions to and alterations to the Property; provided that Lessee complies with all terms and conditions of this Agreement with respect to such alterations and additions, that Lessee receives prior written consent of the Lessor's approval as to the plans and specifications of such alterations or additions, and, that upon completion of such additions or alterations (i) neither the fair market value of the Property shall be lessened thereby nor the utility of such Property impaired, below the value or utility thereof immediately prior to such action (ii) such additions or alterations shall not result in a change of use of such Property, (iii) such work shall be completed in a good, workmanlike and lien free manner in accordance with generally accepted and prudent engineering and construction practices and in compliance with all applicable laws, rules, orders and regulations of governmental authorities and insurance companies insuring such work and (iv) no exterior walls of any building or other improvement constituting a part of the Property shall be demolished. Any and all such additions and alterations shall be and remain part of the Property and shall be subject to this Agreement. Notwithstanding anything contained herein, the Lessee shall not perform any addition or alteration to the Property which would have an estimated cost in excess of 10% of the initial cost to construct the buildings and Improvements on the Property, without the Lessor's prior written consent, which consent may be conditioned upon, among other things, the Lessor's approval of the plans and specifications for such additions and alterations and the Lessee's furnishing of such security as the Lessor may reasonably require to protect the Lessor against any Liens or claims affecting the Property as a result of such additions or alterations.
- (e) Lessor shall maintain and repair only the roof, foundation, floor and exterior walls of the property. Lessee shall immediately give Lessor written notice of any defect or need for repairs for which Lessor is responsible and Lessor shall, thereafter, have a reasonable time within which to repair same or cure such defects. Lessor liability hereunder shall be limited only to correcting such defects or making such repairs. Lessee shall reimburse Lessor for the repairs or any damage caused by Lessee or Lessee's employees, agents, contractors, invitees or tenants.

9. Insurance.

- (a) Lessee shall maintain in force, at its expense, from the Commencement Date through the remainder of the Term, the following insurance coverages:
 - i. Property Insurance.

All risk insurance coverage against losses by fire and lightning and other risks for the full insurable replacement value of the Property, with agreed amount endorsement or endorsements providing equivalent protection, including loss by windstorm, flood, earthquake, hail, explosion, riot (including riot attending a strike), civil commotion, aircraft, vehicles, smoke damage, and vandalism and malicious mischief, in amounts not less than the full insurable replacement value of all buildings and other improvements on the Property. The term "full insurable replacement value" as used herein means the actual replacement cost, including the costs of debris removal, but excluding the cost of constructing foundation and footings.

ii. Liability Insurance.

Comprehensive general public liability insurance covering the legal liability of the Lessor and the Lessee against claims for bodily injury, death or property damage, occurring on, in or about the Property or occurring as a result of ownership of facilities located on the Property in the minimum amount of \$10,000,000 per occurrence

iii. Workers Compensation and Employers Liability Insurance.

Workers compensation insurance as required by law with statutory compensation benefits and employers liability insurance with minimum limits of liability of \$1,000,000 per occurrence for bodily injury, property damage and disease limits.

iv. Other Insurance.

Such other insurance, in such amounts and against such risks, as is customarily maintained by similarly situated operators of similar properties for businesses similar to that conducted by the Lessee.

- (b) The insurance required under this Section shall be maintained in effect with insurers of recognized responsibility satisfactory to the Lessor. Such insurance may provide for such deductibles and the Lessee may self-insure with respect to the required coverage only to the extent approved in writing by the Lessor and the Bank. Subject to the Security Deed, insurance claims by reason of damage or destruction to the Property shall be adjusted by the Lessee, subject to the approval of the Lessor and Bank which approval shall not be unreasonably withheld or delayed; provided, that if the amount claimed exceeds \$1,000,000, the Lessor and Bank may participate in such adjustment at the Lessee's expense and Lessee shall not adjust any such claim without the prior written consent of the Lessor and the Bank.
- (c) Any policies of insurance carried in accordance with this Section and any policies taken out in substitution or replacement for any such policies (i) shall name the Lessor and Bank as additional insured (ii) shall provide that as against the Lessor the insurers shall waive any rights of subrogation, (iii) shall provide that if the insurers cancel such insurance for any reason whatsoever, or any substantial change is made in the coverage or the same is allowed to lapse for nonpayment of premium or such insurance coverage is reduced, such cancellation, change, lapse or reduction shall not be effective as to the Lessor for thirty (30) days after receipt of written notice by such insurers of such cancellation, change, lapse or reduction, and (iv) shall provide that in respect of the interest of the Lessor in such policies the insurance shall not be invalidated by any action or inaction of the lessee or any other Person (other than of the Lessor in respect of its own interest) and shall insure the interests of the Lessor and Bank as they appear, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by the Lessee or any other Person. Each liability policy (A) shall be primary without right of contribution from any other insurance which is carried by the Lessor with

respect to its interest as such in the Property and (B) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

- (d) Subject to the Security Deed, as between the Lessor and the Lessee, so long as no Event of Default shall have occurred and be continuing, insurance proceeds of any property damage loss to any Property will be held in an account of the Lessor and applied in payment (or to reimburse the Lessee) for repairs or replacement in accordance with the terms of this Agreement. The Lessee shall be entitled (i) to receive the amounts so deposited against certificates, invoices or bills satisfactory to the Lessor, delivered to the Lessor from time to time as such work or repair progresses. If after the Completion Date, the Lessor estimates that the cost of such work or repair shall exceed the amount of proceeds, the Lessee shall make adequate provisions for the payment thereof, which provisions shall be acceptable to the Lessor. Subject to the Security Deed, any moneys remaining in the aforesaid account after final payment for repairs has been made shall be paid to the Lessee.
- (e) Subject to the Security Deed, any amount referred to in paragraphs (c) of this Section which is payable to the Lessee shall not be paid to the Lessee or, if it has been previously paid to the Lessee, shall not be retained by the Lessee, if at the time of such payment an Event of Default shall have occurred and be continuing. In such event, all such amounts shall be paid to and held by the Lessor as security for the obligations of the Lessee hereunder or, at the Lessor's option, applied by the Lessor toward payment of any such obligations of the Lessee at the time due hereunder as the Lessor may elect. At such time as there shall not be continuing any Event of Default, all such amounts at the time held by the Lessor in excess of the amount, if any, which the Lessor, shall have elected to apply as above provided shall be paid to the Lessee.
- (f) On or before the execution of this Agreement, and thirty days before each anniversary of the Commencement Date, the Lessee will furnish to the Lessor certificates or other evidence reasonably acceptable to the Lessor certifying that the insurance then carried and maintained on the Property complies with the terms hereof.
- (g) The Lessee covenants that it will not use or operate any equipment at the Property or use or occupy the Property or permit the use or occupancy of the Property or the use or operation of any equipment at the Property at a time when the insurance required by this Section is not in force with respect to such Property.
- (h) The Lessee may, at its cost and expense, prosecute any claim against any insurer or contest any settlement proposed by any insurer, and the Lessee may bring any such prosecution or contest in the name of the Lessor, the Lessee, or both, and the Lessor will join therein at the lessee's request; provided, that the Lessee shall indemnify the Lessor against any losses, cost or expenses (including reasonable attorneys' fees) which the Lessor may incur in connection with such prosecution or contest.

10. Indemnification.

- (a) The Lessee shall indemnify, defend, protect and hold harmless the Lessor, any successor or assign, and any Affiliate, and their respective officers, directors, incorporators, shareholders, partners, employees, agents and servants (each of the foregoing an "Indemnified Person") from and against all liabilities, losses, obligations, claims, damages, penalties, causes of action, suits, costs and expenses (including, without limitation, attorneys' and accountants' fees and expenses) or judgments of any nature relating to or in any way arising out of (i) the , operation, maintenance and repair of the

Property, (ii) any act, negligence or omission on the part of Lessee or any of its agents, contractors, employees, invitees or customers; (iii) any damage to person or property occurring during the Term on the Property unless resulting solely from the act, omission or negligence of Lessor, its agents, contractors or employees; and (iv) any failure on the part of Lessee to perform or comply with any of the covenants, agreements, term, provisions, conditions or limitations contained in this Agreement on its part to be performed or complied with.

- (b) The Lessee shall forthwith upon demand reimburse any Indemnified Person for any sum or sums expended with respect to any of the foregoing or, upon request from any Indemnified Person, shall pay such amounts directly. Any payment made to or on behalf of any Indemnified Person pursuant to this Section shall be increased to such amount as will, after taking into account all taxes imposed with respect to the accrual or receipt of such payment (as the same may be increased pursuant to this sentence), equal the amount of the payment, reduced by the amount of any savings in such taxes actually realized by the Indemnified Person as a result of the payment or accrual of the amounts in respect of which the payment to or on behalf of the Indemnified Person hereunder is made. To the extent that the Lessee in fact indemnifies any Indemnified Person under the indemnity provisions of this Agreement, the Lessee shall be subrogated to such Indemnified Person's rights in the affected transaction and shall have a right to determine the settlement of claims therein.
- (c) The indemnities contained in this Section shall not be affected by any termination of this Agreement as a whole or in respect of any
- (d) Notwithstanding any provisions of this Section to the contrary, the Lessee shall not indemnify and hold harmless any Indemnified Person against any claims and liabilities arising from the gross negligence or willful misconduct of such Indemnified Person. Without limiting the express rights of the Indemnified Persons under this Section, the Lessee's obligations under this Section shall be construed as an indemnity only and not a guaranty of the residual value of the Property.
- (e) In the event the Lessor shall be a party defendant to any litigation arising out of any provision contained in this Agreement for which the Lessee has given indemnification, the Lessor shall give prompt notice thereof to the Lessee by telephone and in writing and shall consult and cooperate, at the Lessee's expenses with the Lessee, and if the Lessor shall not have appeared or pleaded to any such action then the Lessor does hereby empower any attorney of any court of record appointed by the Lessee (who shall give prompt written notice to the Lessor of such appointment) to appear for the Lessor and in good faith and with due diligence defend such action, to enter counterclaims, to institute actions against third parties and to do all things necessary or desirable in the judgment of such attorney after consultation with the Lessor and the Lessee to preserve the rights of the Lessor and the Lessee, all at the Lessee's own cost and expense. No failure or delay of the Lessor to give the notice required by this Section shall excuse the obligation of the Lessee to indemnify the Lessor with respect to such litigation except to the extent that any increase in liability is a direct result of such failure or delay.

11. Assignment and Subletting.

- (a) Lessee shall not, without Lessor's consent, assign, convey, mortgage, pledge, encumber, or otherwise transfer (whether voluntarily, by operation of law, or otherwise) this Agreement or any interest hereunder, in whole or in part, or sublet the Property or any part thereof or permit the Property to be used by any person or entity other than Lessee and any affiliate, as defined by "GAAP", of the Lessee with the Lessee remaining

responsible under the terms of this lease, provided, however, that Lessee may enter into subleases for the purposes contemplated by this Agreement, provided that any such sublease or license agreement shall be subject to all of the terms, covenants, conditions, restrictions and provisions of this Agreement and the Security Deed. Neither any subletting permitted hereunder or consented to by Lessor, or any assignment that may hereafter be consented to by Lessor, shall be deemed to release or relieve Lessee from liability for the performance of Lessee's duties and obligations under this Agreement or to constitute a waiver of any of lessor's other rights hereunder. Lessee shall, upon request of Lessor, deliver to Lessor copies of all sublease agreements for the Property then in effect.

- (b) Subject to the Security Deed, Lessor shall have the right to freely transfer and convey, in whole or in part, all its rights and obligations hereunder and in the Property, and in the event of any such transfer or conveyance, Lessor herein named (and in case of any subsequent transfers or conveyances the then grantor) shall be automatically relieved from and after the date of such transfer or conveyance of all liability as respects the performance of any covenants or obligations on the part of Lessor contained in this Agreement thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Agreement on the part of Lessor shall, subject as aforesaid, be binding on Lessor, its successors and assigns, only during and in respect of their respective successive periods of ownership of the Property.
- (c) Lessor shall have the right to obtain financing for the acquisition and ownership of the Property by selling or assigning its right, title and interest in any or all amounts due from Lessee under this Agreement and granting a security interest in this Agreement and the Property to the Third Party; provided, that any such sale or assignment shall be subject to the rights and interests of Lessee under this Agreement.
- (d) The Third Party shall have all the rights, powers, privileges and remedies of the Lessor hereunder, and Lessee's obligations as between itself and the Third Party hereunder shall not be subject to any claims or defense that Lessee may have against the Lessor.

12. Representations and Warranties. Lessee represents, warrants and covenants to Lessor that:

- (a) Lessee (i) is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia, (ii) has the power to own its properties and to carry on its business as now being conducted, and (iii) is duly qualified to do business and is in good standing in every jurisdiction in which the character of the properties owned by it or in which the transaction of its business makes it qualifications necessary.
- (b) Lessee has full power and authority to enter into this Agreement, to execute and deliver this Agreement and to perform its obligations provided for herein, all of which have been authorized by all proper and necessary action.
- (c) The execution, delivery and performance by Lessee of this Agreement (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect or where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (ii) will not violate any Legal Requirements or articles of incorporation, by-laws or other organizational documents of Lessee or any applicable order of any Governmental Authority, (iii) will not violate or result in a default under any indenture, material agreement or other material instrument binding on Lessee or any of its assets or give rise to a right thereunder to require any

payment to be made by Lessee and (iv) will not result in the creation or imposition of any lien or encumbrance on any asset of Lessee.

- (d) This Agreement constitutes the valid and legally binding obligation of Lessee enforceable in accordance with its terms.
- (e) Lessee is not a defendant, or plaintiff, against whom a counterclaim or crossclaim has been asserted, in any civil or criminal action, suite or litigation, and no action or investigation is pending or, to the knowledge of Lessee, threatened before or by any court or administrative agency which might involve a payment of \$25,000 or more if adversely determined to Lessee or which might otherwise result in any Materially Adverse Effect.
- (f) No information furnished by Lessee to Lessor contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained herein not misleading. There is no fact, which Lessee has failed to disclose to Lessor in writing, which would have a Materially Adverse Effect or, so far as Lessee can now foresee, will have a Materially Adverse Effect.
- (g) Lessee enjoys peaceable and undisturbed possession under all leases under which it is operating, and none of such leases contain any provisions, which may materially and adversely affect or impair the operations of Lessee, and all of such leases are valid and subsisting and in full force and effect.
- (h) Lessee has not incurred any material accumulated funding deficiency within the meaning of ERISA and has not incurred any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto under such Act) in connection with any employee benefit plan established or maintained by Lessee.
- (i) Lessee has filed all federal, state and local tax returns, which are required to be filed and have paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to said returns or to assessments received by Lessee, including, without limitation, all applicable federal, state, and local employee withholding taxes. Lessee has no knowledge of any deficiency or additional assessment in materially important amount in connection with any taxes, assessment or charges not provided for on its books.
- (j) Lessee is now and, after giving effect to the transactions contemplated hereby, at all times will be, Solvent
- (k) Lessee is not a party to any collective bargaining agreement, and there are no material grievances, disputes or controversies with any union or any other organization of employees of Lessee, or threats of strikes, work stoppages or any asserted pending demands for collective bargaining by any union or organization.
- (l) Lessee is not a partner or joint venturer with any other person or entity or participates in any business enterprise other than its own for which it is generally liable, nor does Lessee have any contingent liabilities of any description other than as indicated in the financial statements heretofore delivered to Lessor.
- (m) Lessee possesses all the patents, trademarks, service marks, trade names, copyrights and licenses necessary for the present and planned future conduct of its business without any known conflict with the rights of others.
- (n) Lessee is in compliance with all Legal Requirements and Insurance Requirements with respect to the conduct of its business and the use, maintenance and operation of the real and personal property owned or leased by Lessee in the conduct of its business

13. **Other Covenants.** Lessee agrees and covenants that until this Agreement has been terminated:
- (a) Lessee shall maintain its existence and, in each jurisdiction in which the character of the property owned by it or in which the transaction of its business makes its qualification necessary, maintain good standing.
 - (b) Lessee shall during each fiscal year accrue all current tax liabilities of all kinds, all required withholding of income taxes of employees, all required old age and unemployment contributions, all required payments to employee benefit plans, and pay the same when they become due.
 - (c) Lessee shall comply with all applicable laws, including, without limitation, environmental laws and regulations and ERISA, and pay all taxes, assessments, charges, claims for labor, supplies, rent and other obligations.
 - (d) Lessee shall, within one hundred twenty (120) days after the end of each fiscal year of Lessee, furnish to the Lessor, consolidated and consolidating statements of activities of Lessee for such period, and consolidated and consolidating balance sheets of Lessee as of the end of such period, setting forth in each case in comparative form corresponding figures for the preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP and audited in accordance with generally acceptable auditing procedures and certified to Lessee by an independent public accountant of recognized standing selected by Lessee and reasonably acceptable to Lessor and Bank whose certificate shall be unqualified, which financial statements shall be accompanied by a duly completed and executed certificate from the Executive Vice-President or Vice President of Business and Finance of Lessee, dated as of the date of delivery of such financial statements, stating that he has reviewed this Agreement and the affairs of Lessee and that to the best of his knowledge and belief he is unaware of the occurrence of an event which constitutes an Event of Default hereunder or which would constitute such an Event of Default with the giving of notice or the lapse of time or both, and, if so, stating the facts with respect thereto.
 - (e) Lessee shall, within forty-five (45) days after the end of each fiscal quarter, furnish Lessor consolidated statements of activities and cash flows of Lessee for the period from the beginning of the current fiscal year through the end of such period, and consolidated balance sheets of Lessee as of the end of such period, setting forth in each case in comparative form corresponding figures for the corresponding period in the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP, but not audited, and accompanied by a duly completed and executed certificate from the Executive Vice-President or Vice President of Business and Finance of Lessee stating that he has reviewed this Agreement and the affairs of Lessee and that to the best of his knowledge and belief he is unaware of the occurrence of an event which constitutes an Event of Default hereunder or which would constitute such an Event of Default with the giving of notice or the lapse of time or both, and if so, stating the facts with respect thereto. Said certificate shall further confirm that Lessee was at the time of issuance of said financial statement and has at all times since been Solvent.
 - (f) Lessee shall permit persons designated by Lessor to visit and inspect any and all of the property of Lessee (including without limitation the Land and Apartments).
 - (g) Lessee shall conduct its business substantially as now conducted and to all things reasonably necessary to preserve, renew and keep in full force and effect their rights, privileges and franchises necessary to continue its business.

- (h) Lessee shall keep the Property in good repair, working order and condition, and from time to time make all needed and proper repairs, renewals, replacements, additions, and improvements thereto and comply with all leases to which they are a party or which pertain to the Property. Lessee will pay and discharge or cause to be paid and discharged when due, the cost of repairs and/or maintenance of the same.
- (i) Lessee shall not merge or consolidate into any other Person or permit any other Person to merge into or consolidate with Lessee, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets, or liquidate or dissolve.
- (j) Lessee shall not engage in any business other than businesses of the type conducted by Lessee on the date hereof and business reasonably related thereto.

14. Events of Default. Each of the following events shall be deemed to be an event of default by Lessee under this Agreement (an "Event of Default").

- (a) Failure to pay, when due, any Base Rent, any Additional Rent or other sums of monies due Lessor hereunder; or
- (b) Any representation or warranty made by lessee in this Agreement or any document contemplated hereby or thereby proves to be false or inaccurate in any material respect on or as of the date made or deemed made; or
- (c) Default in the observance or performance of any of Lessee's non-monetary obligations under this Agreement and such default shall continue for more than thirty (30) days after the earlier of (i) Lessee having knowledge of such default and (ii) written notification of such default by Lessor to Lessee; or
- (d) Failure by Lessee to remove any hazardous materials brought onto the Property by or on behalf of Lessee with forty-eight (48) hours of written notice of such condition by Lessor to Lessee; or
- (e) Lessee is involved in financial difficulties evidenced by: (i) the admission of Lessee writing of its inability to pay its debts generally as they come due or its ceasing to be Solvent; (ii) by the filing by the Lessee of a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the U.S. Bankruptcy Code (as now or in the future amended) or any similar law regarding debtors rights and remedies or an admission seeking the relief therein provided; (iii) by the making a general assignment for the benefit of the creditors of the Lessee; (iv) by Lessee being adjudicated a bankrupt corporation; (v) by the entry of a court order appointing a receiver or trustee for all or a substantial part of the property of Lessee, without the consent of Lessee, which order shall not be vacated, set aside or stayed within sixty (60) days from the date of entry by the commencement of an involuntary proceeding or the filing of an involuntary petition seeking liquidation, reorganization or other relief in respect of Lessee or any of its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect; or (vii) by the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all property of Lessee, which custody or sequestration shall not be suspended or terminated within 60 days from its inception; or
- (f) The suspension or discontinuance of Lessee's business operations which are likely to have a Material Adverse Effect when considered as a whole, Lessee's insolvency (however evidenced) or Lessee's admission of insolvency or bankruptcy, or the commencement by Lessee of a voluntary case under the Federal bankruptcy laws, as now

or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law, or the consent by Lessee to the appointment of or taking possession by a receiver, liquidator, bank, custodian, trustee, sequestrator (or other similar official) of Lessee or of any substantial part of Lessee's property, or the making by Lessee of an assignment for the benefit of creditors, or the failure of Lessee generally to pay their debts as such debts become due, or the taking of corporate action by Lessee in furtherance of any such action; or

- (g) If Lessee shall be criminally indicted or convicted under any law that could lead to a forfeiture of any property of Lessee; or
- (h) There shall occur any change, which would have a Material Adverse Effect on the financial condition or business prospects of Lessee.

15. Remedies of Lessor. Upon the occurrence of any Even of Default by Lessee under this Agreement, then Lessor may, in additions to all other rights or remedies that Lessor may have hereunder, at law or in equity:

- (a) Terminate the lease of Property leased hereunder;
- (b) Whether or not the lease of Property is terminated, take immediate possession of and remove any or all equipment or property of the Lessor in the possession of the Lessee;
- (c) Whether or not any action has been taken under paragraph (a) or (b) above, sell the Property (with or without the concurrence or request of the Lessee) at public or private sale (judicially or non-judicially) pursuant to such notices and procedures as may be required by law, to the extent such requirements are not effectively waived by the Lessee hereunder, provided that the disposition of any Property shall take place in a commercially reasonable manner;
- (d) Hold, use occupy, operate, repair, remove, lease or keep idle the Property as the Lessor in its sole discretion may determine, without any duty to account the Lessee with respect to any such action or inaction or for any proceeds thereof;
- (e) Exercise any other right or remedy which may be available under applicable law and in general proceed by appropriate judicial proceedings, either at law or in equity, to enforce the terms hereof or to recover damages for the breach hereof; and
- (f) Continue this Agreement in full force and effect and collect rent when due and/or enter the Property and relet for the Lessee's account, with the Lessee liable for all costs incurred by the Lessor in reletting the same.

A suit or suits for the recovery of any default in the payment of any sum due hereunder or for damages may be brought by the Lessor from time to time at the Lessor's election, and nothing herein contained shall be deemed to require the Lessor to await the date whereon this Lease or the term hereof would have expired by limitation had there been no such default by the Lessee or no such termination or cancellation.

The receipt of any payments under this Lease by the Lessor with knowledge of any breach of this Agreement by the Lessee or of any default of Event of Default by the Lessee in the performance of any of the terms, covenants or conditions of this Agreement shall not be deemed to be a waiver of any provisions of this Agreement.

No receipt of moneys by the Lessor from the Lessee after the termination or cancellation hereof in any lawful manner shall reinstate, continue or extend the Term, or affect any notice theretofore given to the Lessee, or operate as a waiver of the right of the Lessor to enforce the payment of Base Rent or Additional Rent or other charges payable hereunder, or being agreed that, after the service of notice to

terminate or cancel this Agreement, and the expiration of the time therein specified, if the default has not been cured in the meantime, or after the commencement of any suit, action or summary proceedings or of any other remedy, or after a final order, warrant or judgment for the possession of the Property, the Lessor may demand, receive and collect any moneys payable hereunder, without in any manner affecting such notice, proceedings, suit, action, order, warrant or judgment; and any and all such moneys so collected shall be deemed to be payments on account for the use and operation of the Property, or at the election of the Lessor, on account of the Lessee's liability hereunder. Acceptance of the keys to the Property, or any similar act, by the Lessor, or any agent or employee of the Lessor, during the term hereof, shall not be deemed to be an acceptance of a surrender of the Property unless the Lessor shall consent thereto in writing.

After any Event of Default, the Lessee shall be liable for, and the Lessor may recover from the Lessee (without duplication) (i) all Base Rent accrued to date, (ii) any Additional Rent owing, (iii) all other amounts payable to Lessor hereunder, (iv) all losses, damages, costs and expenses (including without limitation, attorneys' fees and expenses, commissions, filing fees and sales or transfer taxes) sustained by the Lessor by reason of such Event of Default and the exercise of the Lessor's remedies with respect thereto, including without limitation, and in the event of reletting by the Lessor of the property pursuant to this section, all costs and expenses associated with such reletting, and (v) all other amounts owing hereunder. The amounts payable in clauses (i) through (v) above are hereinafter sometimes referred to as the "Accrued Default Obligations".

After an Event of Default the Lessor may, from time to time without terminating this Lease, and without releasing Lessee in whole or in part from Lessee's obligation to pay Base Rental and Additional Rent and to perform any of the covenants, conditions and agreements to be performed by Lessee as provided in this Lease, make such alterations and repairs as may be necessary in order to relet the Property. After making such alterations and repairs, Lessor may, relet the Property or any part thereof for such other terms and conditions as Lessor in its sole discretion may deem advisable or acceptable, provided, however, Lessor shall use reasonable efforts to relet the Property. Upon each reletting all rentals received by the Lessor from such reletting shall be applied: first, to the payment of any indebtedness other than the Base Rental and Additional Rent hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting including brokerage fees and attorney's fees and the costs of such alterations and repairs; third, to the payment of the Base Rental, Additional Rent and other charges due and unpaid hereunder, and the residue, if any, shall be held by Lessor and applied in payments of future Base Rental and Additional Rent or charges as the same may become due and payable hereunder. In no event shall Lessee be entitled to any excess rental received by Lessor over and above that which Lessee is obligated to pay hereunder, including Base Rental, Additional Rent and all other charges. If such rentals received from such reletting during any month be less than that to be paid during the month by Lessee, including Base Rental, Additional Rent and all other charges, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be calculated and paid monthly, Lessee shall also pay Lessor as soon as ascertained and upon demand all costs and expenses incurred by Lessor in connection with such reletting and in making any alterations and repairs which are not covered by the rentals received from such reletting. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach.

No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor at law or in equity, and the exercise in whole or in part by the Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by the Lessor of any or all such other remedies. No waiver by the Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. Lessor's forbearance in pursuing or exercising one or more of its remedies shall not be deemed or construed to constitute a waiver of any event of default or of any remedy. No waiver by Lessor of any right or remedy on one occasion shall be construed as a waiver of that right

or remedy on any subsequent occasion or as a waiver of any other right or remedy then or thereafter existing. No failure of Lessor to pursue or exercise any powers, rights or remedies or to insist upon strict and exact compliance with any term, condition or provision of this Agreement, and no custom or practice at variance with the terms of this Agreement, shall constitute a waiver by Lessor of the right to demand strict and exact compliance with the terms, conditions and provisions of this Agreement. The receipt of any sum paid by Lessee to Lessor after a default under this Agreement shall not be deemed a waiver of such default unless expressly set forth in writing.

With respect to the termination of this Agreement as a result of an Event of Default, the Lessee hereby waives service of any notice of intention to re-enter. The Lessee hereby waives any and all rights to recover or regain possession of the Property or to reinstate this Agreement as permitted or provided by or under any statute, law or decision now or hereafter in force and effect.

16. Loss of or Damage to Property.

- (a) The Lessee hereby assumes all risks of loss of or damage to the Property, however caused. No loss of or damage to the Property shall impair the obligation of the Lessee under this Agreement, which shall continue in full force and effect with respect to any loss or damage to Property.
- (b) In the event of damage of any kind whatsoever to any portion of the Property the Lessee, at its own cost and expense, shall place the same in good operating order, repair, condition and appearance.

17. Condemnation. If the use, occupancy or title to all or substantial portion of the Property is taken, requisitioned or sold in, by or on account of actual or threatened eminent domain proceedings or other action by any person or authority having the power of eminent domain (such events collectively referred to as a "Taking"), then the Lessor or Lessee shall have the right at its option, to terminate the agreement effective as of the date of possession is taken and Lessor, subject to the Security Deed, shall be entitled to any and all income, rent, award and any interest thereon whatsoever which may be paid or made in connection with the Taking. If a part of the Property shall be so taken or appropriated, and neither Lessor nor Lessee elects to terminate this Lease, the Base Rental thereafter to be paid shall be reduced to an amount bearing the same ratio to the total amount of Base Rental as the area of any portion of the improved Property so taken bears to the entire improved portion of the Property.

Nothing in this Section shall be deemed to deny to Lessee its rights to claim from the condemning authority compensation or damages for its trade fixtures and personal property, loss of business, cost of relocation and any other award unique to "Lessee's business, provided the condemning authority make a separate award therefore.

18. Surrender of the Property and Holdover.

- (a) Except to the extent set for the in Section 15(c), upon the expiration or earlier termination of this Agreement, Lessee shall surrender the Property to Lessor in substantially the same condition as existed on the Commencement Date.
- (b) If Lessee does not surrender the Property to Lessor on or prior to the expiration or termination of this Agreement, Lessor may, at its option, charge Lessee an amount equal to two hundred percent (200%) of the amount of the Base Rent per annum charged hereunder immediately prior to termination or expiration for each full and partial month that Lessee remains on the Property. The foregoing provisions shall not serve as permission for Lessee to holdover, nor serve to extend the term of this Agreement, and Lessee shall be a tenant-at-sufferance, although Lessee will remain obligated to comply

with all provisions of this Agreement until Lessee fully vacated the Property in accordance with the terms of this Agreement.

19. Notices. Except as otherwise provided herein, each party agrees to give all notices, requests, demands or other communications required or permitted under this Agreement in writing submitted to the parties' addresses set forth below and given by reputable overnight courier (in which case notice shall be deemed effective on the business day after being sent); or United States certified mail, return receipt requested, postage prepaid (in which case notice shall be deemed effective on the third business day following its placement in the mail). Until notified of a different address, as provided herein, all notice shall be addressed to the parties as follows: [add notice by facsimile?]

Lessee: Savannah College of Art and Design
15 Drayton Street
PO Box 3146
Savannah, GA 31402
Attn: Roger Ross
Attn: Brian Murphy
Fax: (912)-525-6201

Lessor: Urban Campus Environments, LLC
724 20th Avenue North
Saint Petersburgs, FL 33704
Attn: Mike Hambleton
Fax (727)-896-5836

20. Estoppel Certificates. Within ten (10) days following any written request which Lessor may make from time to time, Lessee shall execute and deliver to Lessor, a sworn statement certifying: (a) the date of commencement of this Agreement; (b) the fact that this Agreement is unmodified and in full force and effect (or, if there have been modifications to this Agreement, that his Agreement is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which Base Rent and other sums payable under the Agreement have been paid; (d) the fact that there are no current defaults or Event of Default under this Agreement by either Lessor or Lessee except as specified in Lessee's statement; and (e) such other matters as may be reasonably requested by Lessor. Lessor and Lessee intend that any statement delivered pursuant to this Section may be relied upon by Lessor, any Third Party, or any Holder or purchaser and Lessee shall be liable for all loss, cost or expense resulting from the failure of any sale or funding of any loan caused by any material misstatement contained in such estoppel certificate. Lessee agrees that if Lessee fails to execute and deliver such certificate within such ten (10) day period, Lessor or Lessor's beneficiary or agent may execute and deliver such certificate on Lessee's behalf, after written notification to Lessee, and that such certificate shall be fully binding on Lessee.

21. Non-Disturbance, Attornment, Estoppel and Subordination. This Agreement shall at all times be subordinate to the debt evidenced by the Security Deed, notwithstanding the date hereof. Lessor and Lessee agree to execute the Non-Disturbance, Attornment, Estoppel and Subordination Agreement in the form attached hereto as Exhibit __. Covenant of Quiet Enjoyment. During the Term and so long as no Event of Default shall have occurred and be continuing, the Lessor recognized the Lessee's right to quiet enjoyment of the Property on the terms and conditions provided in this Agreement without any interference from the Lessor or anyone claiming through or under the Lessor.

22. Right to Perform for Lessee.

- (a) If the Lessee fails to perform or comply with any of its covenants or agreement contained in this Agreement, the Lessor may, upon at least ten (10) days' advance written notice to the Lessee or without notice to the Lessee if the Lessor in its sole discretion determines

that any delay in performing or complying with such covenant or agreement could have a material adverse effect on (a) the operation, maintenance, leasing, ownership, use or value of the Property, (b) the ability of the Lessee to observe and perform its obligations under this Agreement in a timely manner, (c) the business, assets, properties, financial conditions, operations or prospects of the Lessee, or (d) the rights or interests of the Lessor under this Agreement but without waiving or releasing any obligations or default, itself perform or comply with such covenant or agreement, and the amount of the reasonable expenses of the Lessor incurred in connection with such performance or compliance, shall be payable by the Lessee, not later than (10) days after written notice by the Lessor.

- (b) Without in any way limiting the obligations of the Lessee hereunder, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney at the time at which the Lessee is obligated to deliver possession of the Property to the Lessor, to demand and take possession of the Property in the name and on behalf of the Lessee from whomsoever shall be at the time in possession thereof.

23. Hazardous Materials.

- (a) Lessee and the Property will remain in compliance with all Environmental Requirements
- (b) Lessee will not permit to occur any unlawful release, generation, manufacture, storage, treatment, transportation, or disposal of any Hazardous Material on, in, under, or from the Property during the Term. Lessee will promptly notify Lessor, in writing, if Lessee has or acquires notice or knowledge that any hazardous material has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under, or from the Property; and if any Hazardous Material is found on the Property, Lessee, at its own cost and expense, will immediately take such action as is necessary to prevent the spread of and remove the hazardous material to the complete satisfaction of Lessor and the appropriate governmental authorities.
- (c) Lessee will immediately notify Lessor and provide true and complete copies upon receipt of all written complaints, claims, citations, demands, inquires, reports, audits, analyses, and notices relating to the condition of the Property or compliance with Environmental Requirements.
- (d) Lessor will have the right at all reasonable times from time to time to conduct environmental audits of the Property, and Lessee will cooperate in the conduct of those audits. The audits will be conducted by a consultant of Lessor's choosing, and if Hazardous Material is detected or if a violation of any of the warranties, representations, or covenants contained in this Section is discovered, the fees and expenses of such consultant will be borne by Lessee and will be paid as Additional Rent under this Agreement on demand by Lessor.
- (e) Notwithstanding anything herein to the contrary, at the expiration or termination of this Agreement, the Property shall be returned to Lessor in conformity and compliance with all applicable Environmental Requirements. If such additional work is required after the expiration or termination of this Agreement, Lessee shall commence the work within thirty (30) days of Lessor's notice of the need therefore, and shall complete the work with reasonable diligence thereafter.
- (f) If Lessee fails to comply with any of the foregoing warranties, representations, and covenants, Lessor may cause the removal (or other cleanup acceptable to Lessor) of any Hazardous Material from the Property. The costs of Hazardous Material removal and any other cleanup (including transportation and storage costs) will be additional rent under

this Agreement, whether or not a court has ordered the cleanup, and those costs will become due and payable on demand by Lessor. Lessee will give Lessor and its agents, employees and contractors access to the Property to remove or otherwise clean up any Hazardous Material. Lessor, however, has no affirmative obligation to remove or otherwise clean up any Hazardous Material, and this Agreement shall not be construed as creating any such obligation.

- (g) Lessee agrees to indemnify, defend (with counsel reasonably acceptable to Lessor and at Lessee's sole cost), and hold Lessor and Lessor's affiliates, shareholders, directors, officers, employees, representatives and agents free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages, (including consequential damages), disbursements, or expense of any kind (including attorneys' fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Lessor or any of them in connection with or arising from or out of; (i) the presence of any Hazardous Material on, in under, or affecting all or any portion of the Property prior to the expiration of the Term; (ii) any misrepresentation, inaccuracy, or breach of any warranty, covenant, or agreement contained or referred to in this Section; (iii) any violation or claim of violation by Lessee of any Environmental Requirement, or (iv) the imposition of any lien for the recovery of any costs for environmental cleanup or other response costs relating to the release or threatened release of Hazardous Material. The foregoing indemnification is the personal obligation of Lessee and shall survive expiration or earlier termination of this Agreement. Lessee, its successors, and assigns waive, release, and agree not to make any claim or bring any cost recovery action against Lessor under any Environmental Requirement, now existing or enacted after this date. To the extent that Lessor is strictly liable under any such law, regulation, ordinance or requirement, Lessee's obligation to Lessor under this indemnity will also be without regard to fault on the part of Lessee with respect to the violation or condition that results in liability to Lessor.
- (h) Upon the expiration or earlier termination of this Agreement, Lessee shall, at its expense and upon request of the Lessor, cause a contamination assessment report to be prepared by a professional reasonably acceptable to Lessor, and in form and substance reasonably acceptable to Lessor, for purposes of determining the environmental condition of the Property at the end of the Term.

24. Lessor's Right of Entry. Lessee shall permit Lessor and Lessor's representatives, agents and employees to enter the Property at all reasonable times for the purposes of inspecting the Property, showing the Property to prospective purchasers and tenants making any repairs or replacements or performing any maintenance, and performing any work on the Property that Lessor may consider necessary to prevent or cure deterioration, waste or unsafe conditions. Nothing in this Section shall imply or impose any duty or obligation upon Lessor to enter upon the Property at any time for any purpose, or to inspect the Property at any time, or to perform, or pay the cost of, any work which Lessee is required to perform under any provisions of this Agreement, and Lessor has no such duty or obligation.

25. Net Lease. The parties acknowledge and agree that Lessor would not enter into this Agreement if the Base Rent, Additional Rent and other sums and charges payable to Lessor described in this Agreement were not absolutely net to Lessor or if Lessor were to incur any liability whatsoever, foreseen or unforeseen, as a result of the construction of any improvements on the Property or Lessee's exercise of any rights under this Agreement. Accordingly, anything herein to the contrary notwithstanding, Lessee expressly covenants and agrees to pay all expenses, costs, fees, and charges of any nature whatsoever arising in connection with or attributable to the Property or this Agreement or arising in any manner

whatsoever as a result of Lessee's exercise of, or Lessor's grant of, the rights described in this Agreement, including, without any limitation whatsoever, all consultant fees, architect fees, appraisal fees, engineering fees, auditing and accounting fees, collection fees and attorney's fees, and all other costs and expenses whatsoever incurred by Lessor, as a result of the granting of this Agreement or the exercise or interpretation of any of the Lessor's rights under, or arising as a result of, this Agreement.

26. Severability. If any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such provision shall be ineffective to the extent of such invalidity only, and the remaining terms and conditions shall be interpreted so as to give the greatest effect possible thereto.

27. Governing Law, etc. This agreement has been executed and delivered in the State of Georgia. The Lessee and the Lessor agree that, to the maximum extent permitted by the law of the State of Georgia, this Agreement, and the rights and duties of the Lessee and the Lessor hereunder, shall be governed by, and construed in accordance with, the internal laws of the State of Georgia in all respects, including without limitation in respect of all matters of construction, validity and performance. The Lessee hereby irrevocably submits, for itself and its property, to the jurisdiction of the United States District Court for the Southern District of Georgia and the Superior Court of the State of Georgia in the County of Georgia in any action, suit or proceeding brought against it and related to or in connection with this Agreement or the transactions contemplated hereby, and to the extent permitted by applicable law, the Lessee hereby waives and agrees not to assert by way of motion, as a defense or otherwise in any such suite action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Agreement or any document or any instrument referred to herein or the subject matter hereof may not be litigated in or by such court to the extent permitted by applicable law, the lessee agrees not to seek and hereby waives the right to any review of the judgment of any such court by any court of any other nation or jurisdiction which may be called upon to grant an enforcement of such judgment. The Lessee agrees that services of process may be made upon it by certified or registered mail to the address for notices set forth in this Agreement or any method authorized by the laws of the State of Georgia. The Lessor and the Lessee expressly waive all right to trial by jury in any action, proceeding or counterclaim related to this Agreement or the transactions contemplated hereby. The Lessor and the Lessee acknowledge that the provisions of this Section have been bargained for and that they have been represented by counsel in connection therewith.

28. Survival of Provisions. All obligations of Lessee hereunder not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term, including (without limitation) all obligations concerning the condition and repair of the Property or any obligation relating to monies owed, and those relating to indemnification and liability.

29. Force Majeure.

- (a) Whenever a period of time is herein prescribed for the taking of action by Lessor or Lessee, Lessor or Lessee shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials (not caused by the party seeking the benefit of this Section), war, governmental laws, regulations or restrictions, or any other cause whatsoever beyond the control of Lessor or Lessee. The provisions of this Section shall not apply to the payment of Rent, Additional Rent, or fees or the payments of other monies to be paid by Lessor or Lessee under this Agreement.
- (b) In order to be entitled to an excuse for any delay or failure to perform under this Agreement pursuant to this Section, the party claiming such excuse shall promptly give written notice to the other party hereto of any event or occurrence which it believes falls within the contemplation of this Section.

30. No Recordation. This Agreement shall not be recorded without the prior written consent of Lessor; provided, however, Lessor agrees that upon request of either Party, the Parties shall execute a short form of this Agreement in form satisfactory to Lessor which shall be recorded in the public records of county in which the Property is located. Lessee covenants and agrees that if such short form lease is recorded, then, at the expiration or earlier termination of this Agreement for any reason, Lessee shall execute an instrument confirming cancellation of this Agreement in recordable form.

31. Usufruct Only. This Agreement creates a usufruct only and Lessee acknowledges that Lessee does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property by virtue of this Agreement or Lessee's use of the Property pursuant hereto.

32. Limitation of Liability. Lessor shall have no personal liability with respect to any of the provisions of this Agreement, and if Lessor is in breach or default with respect to its obligations or otherwise under this Agreement, Lessee shall look solely to the estate of Lessor in the Property for the collection of any judgment recovered against, or liability of, Lessor by reason of Lessor's breach of this Agreement or otherwise, and no other property or assets of Lessor shall be subject to levy, execution, or other enforcement procedures for the satisfaction of Lessee's remedies under or with respect to either this Agreement. It is expressly understood and agreed that Lessor's liability under the terms, covenants, conditions, warranties and obligations of this Agreement shall in no event exceed the loss of its estate in the Property.

Notwithstanding anything herein to the contrary, in the event of any breach or other violation by Lessor of any obligation, warranty, representation or other requirement under this Lease, Lessee shall, in no event, be entitled to terminate its obligations hereunder to pay the rent, lease and other payments required hereunder to Lessor, nor shall Lessee be entitled to off-set or otherwise reduce the amount of any rent, lease or other payment required to be paid by Lessor to Lessee hereunder as a result of any such breach or other violation by Lessor; *provided, however*, that this remedial limitation shall, in no way, obviate Lessor's obligations hereunder owing to Lessee, it being understood that Lessee shall be legally entitled to pursue remedies against Lessor as are otherwise set forth in this Section 31

33. Entire Agreement and Amendment. This Agreement may not be changed orally, but only by an agreement in writing signed by both parties. This Agreement constitutes the entire agreement between the Parties and there are no oral agreements between the Parties affecting this Agreement. This Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings between the Parties with respect to the subject matter thereof, and no such outside or prior agreements shall be used to interpret or to construe this Agreement.

34. Headings. The descriptive heading of the several Sections of this Agreement are inserted for convenience and ease of reference only and do not constitute part of this Agreement.

35. Time of the Essence. Time is of the essence in the performance of Lessee's obligations under this Agreement.

36. Binding Effect. Except as herein otherwise expressly provided, the terms and provisions hereof shall be binding upon and shall inure to the benefit of the respective legal representative, successors and assigns of Lessor and Lessee. Each term and each provision of this Agreement to be performed by Lessee shall be construed to be both an independent covenant and a condition. The reference to "successors and assigns" of Lessee is not intended to be a consent to any assignment by Lessee, but has reference only to those instances which Lessor may give written consent as required herein to a particular assignment. **Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY, TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.**

37. Maximum Permissible Interest Rate. It is the intent of the Parties to conform to and contract in strict compliance with applicable usury law from time to time in effect. To the extent any Rent or payments hereunder are hereinafter characterized by any court of competent jurisdiction as the repayment of principal and interest thereon, this Section shall apply. Any such Rent or payments so characterized as interest may be referred to herein as "interest". All Agreements among the Parties are hereby limited by the provisions of this Section which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including without limitation prepayment or acceleration of the maturity of any obligation), shall any interest taken, reserved, contracted for, charged, or received under this Agreement or otherwise, exceed the maximum nonusurious amount permissible under applicable law. If, from any possible construction of any of the related documents or any other document or agreement, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this Section and such amounts under such documents or agreements shall be automatically reduced to the maximum nonusurious amount permitted under applicable law, without the necessity of execution of any amendment or new document or agreement. If Lessor shall ever receive anything of value which is characterized as interest with respect to the obligations owed hereunder or under applicable law and which would, apart from this provision, be in excess of the maximum lawful amount, an amount an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the component of payments deemed to be principal and not to the payment of interest, or refunded to Lessee or any other payor thereof, if and to the extent, such amount which would have been excessive exceeds the component of payments deemed to be principal. The right to demand payment of any amounts evidenced by any of the related documents does not include the right to receive any interest which has not otherwise accrued on the date of such demand, and Lessor does not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to Lessor shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including without limitation any renewal or extension) of this Agreement so that the amount of interest on account of such payments does not exceed maximum nonusurious amount permitted by applicable law.


38. No Merger. There shall be no merger of this Agreement or of the leasehold estate hereby created with the fee estate in the Property by reason of the fact that the same person acquires or holds, directly or indirectly, this Agreement or the leasehold estate hereby created or any interest herein or in such leasehold estate as well as the fee estate in the Property or any interest in such fee estate.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

LESSOR:

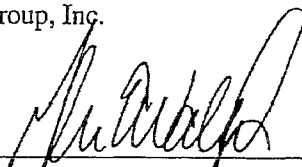
URBAN CAMPUS ENVIRONMENTS, LLC

By: 
Mike Hambleton

Title: President

LESSEE:

SCAD Group, Inc.

By: 

Title: Senior Vice President

EXHIBIT A

ALL THAT TRACT OR PARCEL of Land lying and being in Land Lot 108 of the 17th District, City of Atlanta, Fulton County, Georgia and being more particularly described as follows:

Beginning at a concrete monument found at the intersection of the westerly right-of-way of Spring Street (R/W varies) and the southerly right-of-way of Spring Street and West Peachtree Connector (R/W varies); thence along the westerly right-of-way of Spring Street, along a curve to the right an arc distance of 50.50 feet (said arc being subtended by a chord bearing South 11 degrees 20 minutes 22 seconds East a distance of 49.98 feet and a radius of 101.25 feet) to a concrete monument found; thence along the westerly right-of-way of Spring Street South 01 degree 49 minutes 01 second West a distance of 251.03 feet to a ½ inch rebar found; thence North 89 degrees 39 minutes 07 seconds West a distance of 324.03 feet to a point; thence North 00 degrees 25 minutes 14 seconds East a distance of 25.00 feet to a point; thence North 89 degrees 39 minutes 07 seconds West a distance of 35.00 feet to a point; thence North 00 degrees 25 minutes 15 seconds East a distance of 274.78 feet to a concrete monument with brass cap found on the southerly right-of-way of Spring Street and West Peachtree Connector; thence along said right-of-way South 89 degrees 40 minutes 13 seconds East a distance of 354.96 feet to a concrete monument found and the point of the beginning.

Said tract is depicted as "Hotel Parcel" and contains 2.4724 acres of land, or 107,696.5 square feet, as disclosed on that Boundary and Above Ground As-Built Survey For SCAD Group, Inc., Wachovia Bank, National Association, Urban Campus Environments, LLC and First American Title Insurance Company prepared by Pearson & Associates, Inc., dated December 21, 1993, last revised March 2, 2005, bearing the stamp and seal of William W. DeLoach, GRLS No. 1711, said survey being incorporated herein by reference.

**TOGETHER WITH SUCH APPURTENANT ACCESS, EASEMENT AND OTHER RIGHTS,
WHICH ARISE UNDER AND PURSUANT TO THE FOLLOWING INSTRUMENT:**

Easement Agreement between 1600 Peachtree, LLC and Urban Campus Environments, LLC, dated March __, 2005, recorded in Deed Book ____, page ____, Fulton County, Georgia Records.

Exhibit "B"

This exhibit is not used.

EXHIBIT B

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made this 25th day February, 2013, by and among URBAN CAMPUS ENVIRONMENTS, LLC, a Florida limited liability company ("Lessor"), SCAD GROUP, INC., a Delaware corporation ("SGI"), and SAVANNAH COLLEGE OF ART AND DESIGN, INC., a Georgia nonprofit corporation ("SCAD" and together with Lessor and SGI, collectively, the "Parties").

WITNESSETH

WHEREAS, Lessor and SGI are all the parties to that certain 2005 Master Lease Agreement (as the same may have been amended, the "Lease"), which relates to the building known as the Spring House located at 1470 Spring Street, Atlanta, Georgia;

WHEREAS, SGI desires to assign to SCAD all of its rights, entitlements and interests in, to and under the Lease (the "Assigned Rights"), SCAD desires to accept the assignment of the Assigned Rights and to assume all of SGI's duties, obligations and responsibilities under the Lease (the "Assumed Obligations");

WHEREAS, in connection with the aforementioned assignment and assumption, the Parties desire to amend and modify the Lease as set forth herein; and

WHEREAS, Lessor desires to acknowledge, consent and agree to the transactions and amendments contemplated herein.

NOW THEREFORE, in consideration of the foregoing, of the mutual promises of the Parties, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. As of the date hereof, SGI does hereby assign, transfer, release and set over unto SCAD all of the Assigned Rights and delegates to SCAD all of the Assumed Obligations, and SCAD hereby accepts the foregoing assignment and assumes all of the Assumed Obligations.
2. From and after the date hereof, all references to "Lessee" in the Lease shall be deemed to refer to SCAD and, accordingly, all references to "SCAD Group, Inc." or "SCAD Group, Inc., a Delaware corporation" in the Lease are hereby deleted and replaced with "Savannah College of Art and Design, Inc." or "Savannah College of Art and Design, Inc., a Georgia nonprofit corporation", respectively.
3. Each Party represents and warrants that the execution and delivery of this Agreement has been duly authorized, and this Agreement constitutes the legal, valid and binding obligation of said Party and is enforceable against said Party in accordance with its terms. Except to the extent modified or amended by this Agreement, the terms and provisions set forth in the Lease shall continue in full force and effect. This Agreement shall be binding upon the Parties and their respective successors and assigns.
4. If any term or provision of this Agreement is held to be invalid or unenforceable in any respect, this Agreement shall be construed without such term or provision. In the event of any conflict, inconsistency and/or ambiguity between the provisions of this Agreement and the Lease, the provisions of this Agreement shall control.

[Spring House]

5. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and together shall be deemed one in the same document. Executed signature pages transmitted by facsimile or electronic mail shall have the same legal effect as an original.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

LESSOR:

URBAN CAMPUS ENVIRONMENTS, LLC, a
Florida limited liability company

By: 

Mike Hambleton
President

SGI:

SCAD GROUP, INC., a Delaware corporation

By: 

Joseph Manory
Chief Financial Officer

SCAD:

SAVANNAH COLLEGE OF ART AND
DESIGN, INC., a Georgia nonprofit corporation

By: 

Glenn Wallace
Senior Vice President

EXHIBIT C

May 1, 2014

Urban Campus Environments, LLC
746 14th Avenue NE
St. Petersburg, FL 33701
Attn: Mike Hambelton

Re: Master Lease Agreement (the "Lease") between Urban Campus Environments, LLC, as lessor

Dear Mike:

Pursuant to Section 4(a) of the Master Lease Agreement (the "Lease") between Urban Campus Environments, LLC, as lessor ("Landlord") and Savannah College of Art & Design, Inc., as lessee ("SCAD") for the 1470 Spring Street property located in Atlanta, GA ("Spring House"), this letter serves as formal 90 days written notice that SCAD is exercising the purchase option in the Lease to purchase Spring House on July 31, 2014.

Based on preliminary information we have access to the original gross purchase price and the above referenced closing date, the calculated purchase option price is \$6,619,008. A detailed calculation is attached.

We understand that our original gross purchase price estimate may be incomplete and the Landlord may have additional information on additional costs associated with the original purchase of the property. Per the Lease terms, these additional costs associated with the original purchase should be included in the original purchase price to calculate the purchase option price and we will work with you to update and validate the final purchase option price.

Davis, Pickren, Seydel & Sneed will be representing SCAD on the purchase of Spring House. We look forward to working with you on this transaction.

Sincerely,



J.J. Waller
Vice President for Financial Growth

Purchase Option Calculation

The following is our calculation of the purchase price per the terms of the Lease:

Original Gross Price: ⁽¹⁾	\$5,800,000
Commencement Date:	March 1, 2005
Years: ⁽²⁾	9.41
Annual Escalator:	1.5%
Option Rate:	14.12%
Option Purchase Price:	\$6,619,008
(1) <i>Costs incurred by Lessor associated with original purchase should be added to this amount</i>	
(2) <i>Calculated based on purchase date of July 31, 2014. Prorated for partial year per the Lease terms.</i>	

EXHIBIT D



May 19, 2014

Mr. J.J. Waller
Vice President for Financial Growth
The Savannah College of Art and Design
1600 Peachtree Road NE
Atlanta, GA 30309

RE: Spring House Purchase Option
SUBJECT: Purchase Option Punchlist Letter

Dear J.J.:

We have received SCAD's letter dated 5-12-14 and hereby respond to your requests:

- 1) Attached to this letter are the documents that support the "base option price", along with revised calculations based on auditing the transaction costs pursuant to our initial conversation on the subject of SCAD exercising the purchase option.
- 2) There have been no amendments or modifications to the lease. The term has been extended as per section 3(b) of the master lease. As you correctly pointed out, SCAD assumed the lease from SCAD Group, Inc. 1 February of 2013.
- 3) In order to get Spring House released from the collateral pool, the following steps will need to be taken:
 - a) **Appraisals:** The Bond Indenture and Reimbursement Agreement do not have a mechanism in the documents that address the sale of one of the properties within the collateral pool. The sale of one of the properties, along with a subsequent pay down of the bond, would constitute a modification of the loan. Therefore, federal law requires the bank to re-appraise the remaining properties in the collateral pool to confirm the current value and the loan-to-value on the remaining assets.
 - b) **Timing and cost of appraisals :** Prices would range between \$3,100-\$3,800 per appraisal depending on how quickly they need to be done. At

the minimum, the four remaining properties must be appraised to confirm their current values. Once this is done, UCE will need to work with the bank to re-calculate the remaining debt service schedule.

- c) **Bond pay down notice of redemption period** – The credit facility is set up as Variable Rate Demand Bonds that are backed by a Wells Fargo Letter of Credit. In order to make a pay down on the bonds, the bondholders need to be notified of the upcoming bond redemption. The timeline for a redemption is as follows: 1) UCE notifies the trustee, US Bank, that they would like to make a pay down; 2) US Bank asks for four days lead time in order to send out notices to the bondholders of an upcoming redemption; 3) notices are sent to bondholders addressing the redemption; 4) there is a 30-day period between when US Bank sends out the notices and when the redemption takes place and 5) US Bank draws on the Wells Fargo Letter of Credit prior to the redemption date and uses those funds to make the pay down on the bonds. An important item to note is that redemptions can only occur on an interest payment date, which occurs on the first business day of each month.

The reimbursement and disbursement agreements are #38 and 46, respectively, in volume 2 of 3 and were included in the CD that was previously sent you. Please let me know if you have an issue accessing the material on the disk.

We can discuss all these topics today on our conference call. If you'd like to speak before then, feel free to call.

Very Truly Yours,



Mike Hambleton
President

Spring House Purchase Option Calculations

Boundary Village Phase I Turner Annex	10,200,000	10,329,687	24.61%
Spring House	6,500,000	6,582,643	15.68%
Boundary Village Phase II	6,492,000	6,574,542	15.67%
Barnard Village	4,750,000	4,810,393	11.46%
	13,500,000	13,671,644	32.58%

original cost basis: 41,442,000 41,968,910 100.00%

2006 permanent finance cost of issuance:
Total Cost basis permanent finance: 526,910
41,968,910

Spring House Loan Amount
Actual Spring House Costs:
Asset costs
non-asset costs
capitalized interest thru 9/30/05
total actual cost 2005 closing
Premium through July 31 at 14.13%:
Pro-rate share of permanent finance cost:
Pro-rata share of fixed rate swap termination:
Appraisals:
Total Purchase Option: 6,500,000
5,969,029
142,465
206,634
6,318,128
903,492
82,542
1,214,000
10,000
8,528,162

Notes:

- 1) The \$6,492,000 comes from my budget on the original deal, which is why the loan amount was \$6,500,000
- 2) The capitalized interest fund of \$388,506.10 was not completely utilized
- 3) Pro-rata fixed-rate swap termination cost is estimated, subject to market fluctuations

LOAN CLOSING STATEMENT

LENDER: WACHOVIA BANK, NATIONAL ASSOCIATION

BORROWER: URBAN CAMPUS ENVIRONMENTS, LLC

PROJECT: Acquisition of Fairfield Inn hotel located in Fulton County, Georgia

DATE: March 14, 2005

AGG File No. 13492.842

LOAN AMOUNT: \$6,500,000.00

DISBURSEMENTS:

- | | | |
|------|---|----------------|
| (1) | Arnall Golden Gregory, LLP -
Lender Attorneys' Fees and Expenses | \$ 24,500.00 |
| (2) | Wachovia Bank, National Association -
Flood Plain Certification | \$ 14.00 |
| (3) | Wachovia Bank, National Association -
Appraisal Reimbursement and Review Fee | \$ 5,351.00 |
| (4) | Wachovia Bank, National Association -
Loan Fee | \$ 32,500.00 |
| (5) | Wachovia Bank, National Association -
Phase I Environmental Review Fee | \$ 400.00 |
| (6) | Fulton County Clerk of Court -
Intangibles Tax
(Per Wire Instructions set forth in Exhibit B) | \$ 19,500.00 |
| (7) | Michael L. Schaaf, Attorney at Law -
Estimated recording costs
(Per Wire Instructions set forth in Exhibit B) | \$ 200.00 |
| (8) | Hartman, Simons Spielman & Wood, LLP -
Borrower Attorneys' Fees and Expenses | \$ 20,000.00 |
| (9) | Urban Campus Environments, LLC -
Expense Reimbursement
(Per Wire Instructions set forth in Exhibit A) | \$ 40,000.00 |
| (10) | Urban Campus Environments, LLC -
Acquisition Proceeds
(Per Wire Instructions set forth in Exhibit B) | \$5,969,028.90 |

↑
from real estate
contract closing
statement

BALANCE OF LOAN PROCEEDS AVAILABLE
FOR DISBURSEMENT PURSUANT
TO TERMS AND LIMITATIONS OF COMMERCIAL
CONSTRUCTION LOAN AGREEMENT DATED
AS OF EVEN DATE HEREOF:

for capitalized interest
thru 9/30/05

\$388,506.10

TOTAL:

\$6,500,000.00 \$6,500,000.00

NOTES:

Lender has deposited certified funds, representing initial loan proceeds, in the sum of \$142,465.00, in the Escrow Account of Arnall Golden Gregory, LLP ("Closing Attorney"), for disbursement of items 1 - 9. Closing Attorney's Escrow Account wiring instructions are as follows:

Arnall Golden Gregory IOLTA Account
Wachovia Bank, National Association
171 17th Street
Atlanta, Georgia 30363
Account No. 78315825
ABA #: 061-0002-56

Borrower hereby instructs Closing Attorney to disburse said monies in accordance with the disbursement items 1 - 9 as more specifically set forth above.

Borrower hereby instructs Lender to directly wire disbursement item 10 pursuant to the wire instructions more specifically described in Exhibit B attached hereto.

Legal fees and expenses of Lender's counsel include estimated fees and expenses through March 14, 2005. Subsequent fees and expenses of Lender's counsel accruing after such date (including the date hereof) in excess of the amount set forth in Disbursement Item 1 shall be billed directly to Lender, and paid by Borrower after closing via disbursement by Lender of construction loan proceeds.

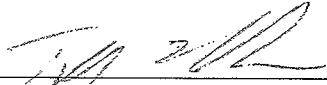
[Signatures on Following Page]

[Signature Page to Loan Closing Statement]

Lender, Borrower and Closing Attorney have executed this Closing Statement under seal as of the day and year first above written.

LENDER:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: 
Terry Herron, Vice President

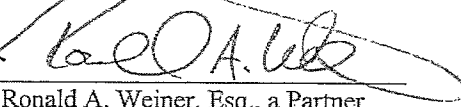
BORROWER:

URBAN CAMPUS ENVIRONMENTS, LLC, a
Florida limited liability company

By:  [SEAL]
Title: Pres. UEM

CLOSING ATTORNEY:

ARNALL GOLDEN GREGORY, LLP

By: 
Ronald A. Weiner, Esq., a Partner

ACQUISITION CLOSING STATEMENT

SELLER: SPRING STREET HOTEL LLC
PURCHASER: URBAN CAMPUS ENVIRONMENTS, LLC
ESCROW AGENT: FIRST AMERICAN TITLE INSURANCE COMPANY
TRANSACTION: \$5,800,000.00 Purchase and Sale
PROPERTY: FAIRFIELD INN
DATE CLOSED: March 14, 2005
CLIENT/MATTER NO: 049722/285843

PURCHASE PRICE: \$5,800,000.00

A. ADJUSTMENTS INCREASING PURCHASE PRICE:

1. Purchaser's Share of Operating Expenses \$3,116.70
paid by Seller as set forth on Appendix A
attached hereto and incorporated herein
(Section 7.1G)

TOTAL ADJUSTMENTS INCREASING PURCHASE PRICE \$3,116.70

B. ADJUSTMENTS DECREASING PURCHASE PRICE:

1. Seller's share of 2005 State and County (\$2,957.04)
taxes (Reference No. 17-0108-0001-059-1)
to be paid by Purchaser (based on 2004 tax
bill totaling \$14,990.22/365 = per diem of
\$41.07, x 72 days)
2. Seller's share of 2005 City of Atlanta taxes (\$8,946.72)
(Reference No. 17-0108-0001-059-1) to be
paid by Purchaser (based on 2004 tax bill
totaling \$45,354.96/365 = per diem of
\$124.26, x 72 days)

TOTAL DECREASE ADJUSTMENTS (\$11,903.76)

ADJUSTED PURCHASE PRICE: \$5,791,212.94

CALCULATION OF AMOUNT DUE SELLER:

ADJUSTED PURCHASE PRICE: **\$5,791,212.94**

LESS DISBURSEMENTS ON BEHALF OF SELLER:

1. To Archon Group, as Servicer for \$5,282,813.44
MLQ-MLL, LLC for payoff of existing
loan (payoff as of March 14, 2005; per
diem equal to \$1,100.82 per day)

2. To Bruce Williams Properties for Real \$POC
Estate Commission

3. To Clerk of the Superior Court of \$14.00
Fulton County, Georgia for recording
Release

TOTAL SELLER'S DISBURSEMENTS **(\$5,282,827.44)**

MINUS DEPOSIT HELD BY SELLER **\$50,000.00**

BALANCE CASH DUE SELLER AT CLOSING **\$458,385.50**

CALCULATION OF AMOUNTS DUE FROM PURCHASER:

ADJUSTED PURCHASE PRICE: **\$5,791,212.94**

PLUS DISBURSEMENTS ON BEHALF OF PURCHASER:

1. To Clerk of the Superior Court of \$5,800.00
Fulton County, Georgia for Transfer Tax
for Hotel Parcel (based on value of
\$5,600,00)

2. To Michael L. Schaaf, Attorney At Law \$11,199.63
for:
-- Attorney Fees \$210.00
-- Costs and Disbursements \$262.08
-- Balance from 2-25-05 statement
\$10,727.55
(includes Title Insurance Premium)

3. To Pearson & Associates for Survey Costs	\$2,730.00
4. To Archon Group, as Servicer for MLQ-MLL, LLC for pre-payment payoff penalty of Seller's existing loan	\$158,056.33
5. To Clerk of the Superior Court of Fulton County, Georgia for:	\$30.00
■ Recording Deed (Hotel)	\$16.00
■ Recording QCD	\$14.00
6. To SCAD Group, Inc. for reimbursement of earnest money Deposit	\$50,000.00
TOTAL PURCHASER'S DISBURSEMENTS	\$227,815.96
TOTAL CASH DUE FROM PURCHASER AT CLOSING (ADJUSTED PURCHASE PRICE PLUS TOTAL PURCHASER'S DISBURSEMENTS)	\$6,019,028.90
<u>LESS</u> EARNEST MONEY DEPOSITED WITH SELLER	(\$50,000.00)
BALANCE CASH DUE FROM PURCHASER AT CLOSING (CERTIFIED FUNDS)	\$5,969,028.90

This goes to the financing closing statement

EXHIBIT E

May 31, 2014

Via Federal Express

Urban Campus Environments, LLC
724 20th Avenue North
Saint Petersburg, Florida 33704
Attn: Mr. Michael Hambleton

Urban Campus Environments, LLC
746 14th Avenue NE
Saint Petersburg, Florida 33701
Attn: Mr. Michael Hambleton

Re: Master Lease Agreement ("Lease") by and between Urban Campus Environments, LLC ("Landlord") and SCAD Group, Inc. ("Tenant" or "SCAD"; successor by merger to Savannah College of Art and Design, Inc.) demising the Property (as such term is defined in the Lease and which may also be referred to as "Spring House")

Dear Mr. Hambleton:

SCAD has completed a thorough analysis of Landlord's request to consider purchasing the equity interests of Landlord relative to alternative plans under development. SCAD has no interest in acquiring the equity interests of Landlord at a valuation above what SCAD has already communicated. Based on your feedback, SCAD has determined that the price and assumption of liabilities with respect to the acquisition of equity interests of Landlord is not acceptable to SCAD. This direction has been confirmed by SCAD's leadership and board.

During the discussions with respect to the potential acquisition of the equity interests of Landlord, SCAD has made it clear that the potential acquisition of equity interests of Landlord was a parallel activity to the fee simple acquisition of Spring House pursuant to the purchase option ("Purchase Option") in the Lease. Notice of the exercise of the Purchase Option was provided to Landlord pursuant to a letter from SCAD dated May 1, 2014 and the receipt of such notice was acknowledged by Landlord. Said Purchase Option letter confirmed a closing date of July 31, 2014.

For the past several weeks, SCAD has attempted to come to terms with Landlord on the calculation of the original gross purchase price contemplated by the Purchase Option. Landlord has taken a position that certain fees and expenses of Landlord's lender (including, without limitation, the swap termination charges, collectively, "Lender Fees") need to be added as a part of the original gross purchase price of Spring House. SCAD contends that the inclusion of the Lender Fees as a part of the original gross purchase price is inappropriate and is wholly inconsistent with the terms of the Purchase Option. The fact that Landlord entered into certain obligations with its lender (approximately 18 months after the Landlord's acquisition of Spring

House and after the effective date of the Lease) and agreed to pay Lender Fees should not and cannot affect SCAD's purchase price of Spring House.


Landlord's calculation of the original gross purchase price totals \$8,528,162. Of that amount, \$6,808,944 is undisputed (the "Undisputed Amount") and \$1,719,218, consisting of Lender Fees and other inappropriate additions to the original gross purchase price, is disputed (the "Disputed Amount").

If Landlord will agree to binding arbitration with respect to Landlord's entitlement to any portion of the Disputed Amount and agree to convey its interest in Spring House in advance of the arbitration, SCAD will agree to pay the Undisputed Amount as the purchase price for Spring House at closing and tender the Disputed Amount to a mutually agreeable escrow agent to be held and disbursed consistent with a final arbitration award. This offer is contingent upon Landlord signing and returning the enclosed Agreement to Arbitrate to SCAD by or before June 4, 2014. If Landlord fails to return the Agreement to Arbitrate to SCAD by or before June 4, 2014, SCAD will assume that the Undisputed Amount is an acceptable purchase price for Spring House and SCAD will attend the closing of Spring House, being ready, willing and able to perform its obligations under the Purchase Option, on July 31, 2014 at 2:00 p.m. EDT at the offices of Davis, Pickren, Seydel and Sneed located at 285 Peachtree Center Avenue, Suite 2300, Atlanta, Georgia 30303.

SCAD believes it has proposed a very fair resolution to the disputed original gross purchase price for Spring House. We look forward to hearing from you by or before June 4, 2014.

Sincerely,

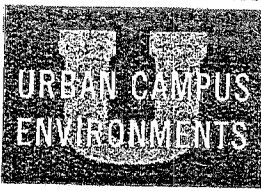
Savannah College of Art & Design, Inc.

By: 

Name: J.J. Waller

Title: Vice President For Financial Growth

EXHIBIT F



June 3, 2014

Via Federal Express and Email

Mr. J.J. Waller
Vice President for Financial Growth
The Savannah College of Art and Design
1600 Peachtree Road NE
Atlanta, GA 30309

RE: Spring House Purchase Option and Request for Arbitration

Dear J.J.:

I have received your letter dated May 21, 2014, detailing SCAD's proposed purchase price calculation and your letter dated May 31, 2014, requesting that Urban Campus Environments, LLC agree to close on the sale of the Spring House property in exchange for the payment of \$6,808,944 and agree to binding arbitration as to the "Disputed Amount" (representing the difference between the parties current purchase price calculations for the purchase option pursuant to Section 4 of the Master Lease Agreement).

Urban Campus Environments, LLC is not in agreement with SCAD's proposed purchase price calculation and reconfirms its position that the proper purchase price is \$8,528,162. Additionally, Urban Campus Environments, LLC will not close on the sale of the Spring House property until the proper purchase price has been paid in full and will not agree to binding arbitration as to the "Disputed Amount."

Urban Campus Environments, LLC remains committed to continuing good faith discussions in an effort to agree upon the proper purchase price figure and will promptly proceed to closing once this purchase price has been mutually agreed upon.

Please let me know if there are any comments or questions.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Mike Hambleton". The signature is written in a cursive style and is positioned above the typed name and title.

Mike Hambleton
President

**IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA**

THE SAVANNAH COLLEGE OF ART AND)
DESIGN, INC.,)

Petitioner,)

v.)

URBAN CAMPUS ENVIRONMENTS,)
LLC,)

Respondent.)

CIVIL ACTION NO.

2014-CV-247494

PETITIONER'S FIRST INTERROGATORIES TO RESPONDENT

NOW COMES Petitioner, The Savannah College of Art and Design, Inc. ("SCAD"), pursuant to O.C.G.A. § 9-11-33, and hereby requests that Respondent, Urban Campus Environments, LLC ("*UCE*") answer the following Interrogatories separately and fully in writing under oath within forty-five (45) days after service of the summons and complaint upon you and deliver them to: Christopher P. Galanek, Bryan Cave LLP, 1201 West Peachtree Street, N.W., 14th Floor, Atlanta, Georgia 30309,

DEFINITIONS AND INSTRUCTIONS

As used herein, the following terms are intended to have the meanings indicated.

1. The term "SCAD" shall refer to The Savannah College of Art and Design, Inc., including its attorneys, agents, employees, and representatives acting on its behalf.
2. The term "UCE" shall refer to Urban Campus Environments, LLC, including its attorneys, agents, employees, and representatives acting on its behalf.
3. The term "Petition" shall refer to SCAD's Petition for Declaratory Judgment filed against UCE, initiating this action.
4. The terms "any" or "each" should be understood to include and encompass "all."

5. The connectives “and” and “or” shall be construed either in the conjunctive or in the disjunctive as necessary to make the scope of the Requests, definition or instruction inclusive rather than exclusive.

6. The term “document” shall be construed in the most comprehensive and inclusive sense permitted by the Georgia Civil Practice Act and shall mean the full scope of every written, typed, printed, recorded, graphic or photographic matter, however produced or reproduced, of any kind and description, and whether an original, master, duplicate, or copy, that is in your possession, custody, or control.

7. As used herein, the terms “identify” and “identity” mean:

(a) with regard to a person, to state such person’s full name, present or last known (designating which) residence address and telephone number, present or last known (designating which) place of employment and job title, and relationship (familial, business, or otherwise) with you, if any;

(b) with regard to a document, to state its title, its date, a description of it, when it was prepared, the substance of its contents, and the present location of the original and all copies; and to identify the person by whom it was prepared and the person presently having possession or control of said document – and if any such document was, but no longer is, in your possession, subject to your control, or in existence, the terms “identify” and “identity” further require you to state whether said document is missing, lost, destroyed or transmitted or transferred to others and, if transferred to others, to identify the persons to whom said document was transmitted or transferred; whether said transmission or transferal was voluntary or involuntary; and the circumstances of said transmission or transferal; and

(c) with regard to a financial account, to state the account number, the name in which the account was opened, the identity of the bank or other institution where the account was opened, and the date or dates upon which the account was opened and/or closed.

8. These interrogatories are continuing in nature, and you are required to supplement your responses as additional information may become available to you and in accordance with O.C.G.A. § 9-11-26. Such supplemental responses shall be served within a reasonable time after the occurrence of the events necessitating the supplemental response but in no event later than sixty (60) days prior to trial.

9. You are under a duty to amend any response to these interrogatories if you obtain information or documents which indicate that your prior response was incorrect when made or that the response, though correct or complete when made, is no longer correct or complete.

10. If any Interrogatory is unclear, please contact the undersigned counsel and, if possible, the documents and things sought in the Request will be clarified in a reply letter. Any such reply letter may be treated as a modification of the particular Request.

11. These Requests are to be construed reasonably, in good faith, and according to the meaning that the plain language of each Request naturally imports.

12. **Any other capitalized terms not otherwise defined herein shall have the same meaning as prescribed in the Petition.**

INTERROGATORIES

Interrogatory No. 1: If you responded to any allegation in the Petition with anything other than an unequivocal admission, describe with specificity the basis for such response and identify all witnesses, documentation, facts, and evidence related to any such denial or response.

Interrogatory No. 2: If you asserted any affirmative defense(s) to the Petition, state with reasonable particularity the basis for any such affirmative defense(s) and identify all witnesses, documentation, facts, and evidence related to any such defense(s).

Interrogatory No. 3: Identify all persons whom you believe have knowledge of relevant facts concerning the averments in the Complaint and identify the facts upon which you believe they have knowledge.

Interrogatory No. 4: Identify any expert witnesses you expect to call at the trial of this matter and as to each state the subject matter on which the expert is expected to testify and state the substance of the facts and opinions to which the expert is expected to testify and a summary of the grounds for each opinion. Please further identify any report prepared by any such expert(s).

Interrogatory No. 5: For any expert witness or witnesses identified in response to the Interrogatory above, please provide any and all information and materials required by O.C.G.A. § 9-11-26(b)(4).

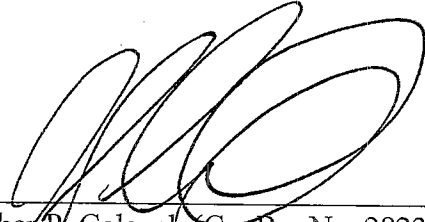
Interrogatory No. 6: Identify any mortgage(s), loan(s), financing, note(s), or other funding you have obtained for the Spring House Property, whether currently outstanding or previously paid.

Interrogatory No. 7: Describe in detail the basis for your contention as to the calculation of the gross purchase price required under the Purchase Option, and identify all witnesses, documents, facts, and evidence in support.

Interrogatory No. 8: Describe in detail the basis for and calculation of the purchase price you proposed for the Spring House Property in your May 19, 2014, letter (attached as Exhibit D to the Petition) and elsewhere, and identify all witnesses, documents, facts, and evidence in support of this calculation and price.

Interrogatory No. 9: Describe in detail the basis for your contention that SCAD is required to pay the Termination Fees in order to exercise the Purchase Option, and identify all witnesses, documents, facts, and evidence in support.

This 10th day of June 2014.



Christopher P. Galanek (Ga. Bar No. 282390)
Chris.Galanek@bryancave.com
Jacquelyn N. Schell (Ga. Bar No. 111002)
Jacquelyn.Schell@bryancave.com

BRYAN CAVE LLP

One Atlantic Center, Fourteenth Floor
1201 West Peachtree Street, N.W.
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Telephone: 404-572-6600
Facsimile: 404-572-6999

*Counsel for The Savannah College of Art and Design,
Inc.*

**IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA**

THE SAVANNAH COLLEGE OF ART AND)
DESIGN, INC.,)

Petitioner,)

v.)

URBAN CAMPUS ENVIRONMENTS,)
LLC,)

Respondent.)

CIVIL ACTION NO.

2014-CV-247494

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Petitioner's First Interrogatories to Respondent** have been delivered for service with the Summons and Complaint to the above-captioned Defendant.

Respectfully submitted, this 10th day of June 2014.



Christopher F. Galanek (Ga. Bar No. 282390)
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**PETITIONER'S FIRST REQUESTS FOR PRODUCTION OF DOCUMENTS
TO RESPONDENT**

NOW COMES Petitioner, The Savannah College of Art and Design, Inc. ("SCAD"), pursuant to O.C.G.A. § 9-11-34, and hereby serves its First Requests for Production of Documents to Respondent, Urban Campus Environments, LLC ("*UCE*"), and requests that within forty-five (45) days after their service upon you, you produce the documents and things requested herein for copying and inspection by mailing copies of the requested document to: Christopher P. Galanek, Bryan Cave LLP, 1201 West Peachtree Street, N.W., 14th Floor, Atlanta, Georgia 30309.

GENERAL INSTRUCTIONS

As used herein, the following terms are intended to have the meanings indicated.

1. The term "Interrogatories" shall refer, without limitation, to SCAD's First Continuing Interrogatories served contemporaneously herewith.
2. The term "SCAD" shall refer to The Savannah College of Art and Design, Inc., including its attorneys, agents, employees, and representatives acting on its behalf.
3. The term "UCE" shall refer to Urban Campus Environments, LLC, including its attorneys, agents, employees, and representatives acting on its behalf.

4. The term “Petition” shall refer to SCAD’s Petition for Declaratory Judgment filed against UCE, initiating this action.

5. The terms “any” or “each” should be understood to include and encompass “all.”

6. The connectives “and” and “or” shall be construed either in the conjunctive or in the disjunctive as necessary to make the scope of the Requests, definition or instruction inclusive rather than exclusive.

7. The term “document” shall be construed in the most comprehensive and inclusive sense permitted by the Georgia Civil Practice Act and shall mean the full scope of every written, typed, printed, recorded, graphic or photographic matter, however produced or reproduced, of any kind and description, and whether an original, master, duplicate, or copy, that is in your possession, custody, or control.

8. The term “identify” means, with regard to a document, to state its title, its date, a description of it, when it was prepared, the substance of its contents, and the present location of the original and all copies; and to identify the person by whom it was prepared and the person presently having possession or control of said document – and if any such document was, but no longer is, in your possession, subject to your control, or in existence, the terms “identify” and “identity” further require you to state whether said document is missing, lost, destroyed, or transmitted or transferred to others and, if transferred to others, to identify the persons to whom said document was transmitted or transferred; whether said transmission or transferal was voluntary or involuntary; and the circumstances of said transmission or transferal.

9. In the event that the attorney-client privilege, work product privilege, or any other claim of privilege is asserted with respect to any document requested herein, then, as to each document subject to such assertion, state the specific basis for the assertion of privilege and, as to

each document, identify: the title or other means of identification; the date; the author(s) or creator(s); the recipient(s); and the present location of any and all copies of the document.

10. If you object to part of a Request and refuse to produce documents in response to that part, state your objection and produce all documents responsive to the remainder of the Request.

11. If any of the following Requests cannot be answered in full after exercising due diligence to secure the information, please so state and answer to the extent possible, specifying your inability to answer the remainder, and stating whatever information you have concerning the unanswered portions. If your answer is qualified in any particular way, please set forth the details of such qualification.

12. These Requests are to be construed reasonably, in good faith, and according to the meaning that the plain language of each Request naturally imports.

13. If any Request is unclear, please contact the undersigned counsel and, if possible, the documents and things sought in the Request will be clarified in a reply letter. Any such reply letter may be treated as a modification of the particular Request.

14. You are under a duty to supplement your responses to these Requests in accordance with O.C.G.A. § 9-11-26(e).

15. **Any other capitalized terms not otherwise defined herein shall have the same meaning as prescribed in the Petition.**

REQUESTS FOR PRODUCTION OF DOCUMENTS

Document Request No. 1: If you denied any averment of the Petition in your Response, produce all documents supporting or relating to any such denial(s).

Document Request No. 2: Produce all documents supporting or relating to any affirmative defense asserted in your Response to the Petition.

Document Request No. 3: Produce all correspondence with SCAD regarding or relating in any way to the Petition, the Spring House Property, the Lease, or the other documents attached to the Petition.

Document Request No. 4: Produce all internal correspondence and all correspondence with any third party regarding or relating in any way to the Petition, the Spring House Property, the Lease, or the other documents attached to the Petition.

Document Request No. 5: Produce all correspondence with Wachovia Bank, N.A. or any successor to Wachovia including, but not limited to, Wells Fargo, regarding or relating in any way to the Spring House Property, the original mortgage and gross purchase price for the Spring House Property, or any subsequent financing or mortgages related to the Spring House Property.

Document Request No. 6: Produce all correspondence with any third party regarding or relating in any way to the Petition, the Spring House Property, the Lease, or the other documents attached to the Petition.

Document Request No. 7: Produce all documents in your possession, custody, or control evidencing or relating to any mortgage(s), loan(s), financing, note(s), or other funding for the Spring House Property.

Document Request No. 8: Produce all documents in your possession, custody, or control evidencing or relating to the Termination Fees.

Document Request No. 9: Produce all documents in your possession, custody, or control evidencing or relating to the purchase price you proposed for the Spring House Property in your May 19, 2014, letter (attached as Exhibit D to the Petition) and elsewhere.

Document Request No. 10: Produce all documents in your possession, custody, or control evidencing or relating to the gross purchase price you paid for the Spring House Property.

Document Request No. 11: Produce all documents in your possession, custody, or control evidencing or relating to your contention(s) as to the amounts SCAD is required to pay in order to exercise the Purchase Option.

Document Request No. 12: Produce all documents identified in response to the Interrogatories or requested to be identified therein.

Document Request No. 13: Produce all documents referred to by you during the preparation of your responses to the Interrogatories that are not privileged.

Document Request No. 14: Produce all resumes, curriculum vitae, and all other documents in your possession, custody, or control containing educational and/or work history of all experts retained by you in this action.

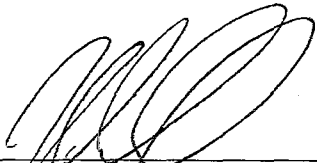
Document Request No. 15: Produce all documents provided by you to any experts retained by you in this action, including, without limitation, all correspondence.

Document Request No. 16: Produce all documents provided to you by all experts retained by you in this action, including, without limitation, all expert reports, rough drafts of reports, correspondence, notes, diagrams, faxes, and invoices.

Document Request No. 17: Produce all documents created or produced by you or any third party setting forth the calculation of the gross purchase price referenced in the Lease.

Document Request No. 18: Produce all documents you contend evidence any agreement by SCAD to modify the Lease with respect to how the gross purchase price for the Purchase Option is to be calculated.

This 10th day of June 2014.



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Respectfully submitted, this 10th day of June 2014.



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