

THE STATE OF TEXAS §  
COUNTY OF HIDALGO § LEASE

THIS LEASE is made and entered into by and between Rolando Cantu, and wife Laura E. Cantu, referred to in this Lease as "Lessor", and COUNTY OF HIDALGO, referred to in this Lease as "Lessee."

In consideration of the mutual covenants and agreements set forth in this Lease, and other good and valuable consideration, Lessor demises and leases to Lessee, and Lessee leases from Lessor, that certain premises described on Exhibit A attached hereto certain office furniture described on Exhibit A-1 attached hereto and all parking spaces located on that certain real property described on Exhibit "A", attached hereto. The premises leased hereunder are referred to in this Lease as "the Premises" or "the Leased Premises."

## ARTICLE 1. TERM

### Term of Lease

1.1 Except as otherwise herein provided, the term of this Lease shall be for one (1) year term commencing on September 24, 2012 (the "Commencement Date") and terminating on September 23, 2013, unless sooner terminated or unless renewed and extended in accordance with Paragraph 1.2, hereof. If the Premises are sold to an unrelated third party (not affiliated by common ownership with Lessor) at a time when more than three (3) months remains on the unexpired portion of the term of this Lease, then the unexpired portion of this Lease may, at Lessee's option, be shortened to two (2) months from the date of such sale.

### **Holdover**

1.2 If Lessee holds over and continues in possession of the Leased Premises after expiration of the term of this Lease, Lessee will be deemed to be occupying the Premises on the basis of a month to month tenancy, subject to all of the terms and conditions of this Lease. The inclusion of this Article 1.2 shall not be construed as Lessor's consent for Lessee to hold over.

### **Termination**

1.3 Lessee may declare this Lease, and all rights and interest created by it, to be terminated without cause on or after December 31, 2012 upon giving the Lessor sixty (60) days written notice. Upon Lessee's electing to terminate, this Lease shall cease and come to an end as if the day of the termination party's election were the day originally fixed in the Lease for its expiration.

### **Lessor's Warranty of Quiet Enjoyment**

1.4. Lessor covenants and agrees that Lessee on paying the rent and other charges herein provided for and observing and keeping the covenants, conditions, and terms of this Lease on Lessee's part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Leased Premises during the term of this Lease without hindrance or molestation by Lessor or any person claiming under Lessor except such portion of the Leased Premises, if any, as shall be taken under the power of eminent domain.

### **ARTICLE 2. RENT**

2.1 Lessee agrees to pay to Lessor, during the term hereof, a monthly rental equal to the sum of Five Thousand and no/100ths (\$5,000.00) Dollars per month (the "Base

Rent"). Lessee agrees to pay as additional rent (against receipt of copy of a utility bill until such time as Lessee is successful in having utility providers bill Lessee directly) with a copy of billing from the utility providing services for the use and occupancy of the Leased Premises during the Term of this Lease Agreement all utilities that become due for use of the Leased Premises including but not limited to water and sewage and electricity. Additionally, Lessee agrees to pay as additional rent \$2,274.40 per month for ad valorem taxes and \$ \_\_\_\_\_ per month for casualty insurance for the term hereof. In the event the Commencement Date is a day other than first day of the month, the rent and additional rental for the period from the Commencement Date to the last day of the month shall be prorated by dividing the monthly rental and additional rent by thirty (30) days, and multiplying the result by the number of days remaining in the month that includes the Commencement Date.

#### **Time and Manner of Payment**

2.2 All rent due under this article shall be paid by Lessee on a monthly basis and in advance, on the first business day of each month commencing on the Commencement Date. All installments of rent shall be paid in lawful money of the United States to the Lessor at the address of Lessor specified in Article 15.1 or such other location or locations as Lessor shall from time to time designate by written notice to Lessee. Any rent due for any partial month at the beginning or the end of the term hereof shall be prorated on the basis of a thirty (30) day month.

#### **Taxes**

2.4 Lessor shall pay all taxes, special assessments, and government charges of every character imposed during the Term of this Lease Agreement upon the Leased

Premises. Lessee waives all rights to protest the appraised value of the Leased Premises or to appeal the same and all rights to receive notices of reappraisal as set forth in sections 41.413 and 42.015 of the Texas Tax Code. If there is presently in effect or hereafter adopted any nature of sales tax or use tax or other tax on rents or other sums received by Lessor under this Lease Agreement (herein referred to as "Rent Sales Tax"), then in addition to all rent and other payments to be made by Lessee as provided above, Lessee will also pay Lessor a sum equal to the amount of such Rent Sales Tax. The term "Rent Sales Tax" shall not include any income taxes applicable to Lessor.

### **ARTICLE 3. USE OF PREMISES**

#### **Permitted Use**

3.1 Lessee may use the premises for office space and for any other lawful purpose.

#### **Waste, Nuisance, or Illegal Use**

3.2 Lessee shall not use, or permit the use of, the Premises in any manner that results in waste of the Premises or constitutes a nuisance or violates any statute, ordinance, rule or regulation applicable to the premises or for any illegal purpose.

### **ARTICLE 4. REPAIRS AND MAINTENANCE**

4.1 Lessee shall be responsible for providing general janitorial service and routine minor repairs (minor repairs as used herein shall be repairs less than \$200.00 per month) for plumbing, electrical and HVAC repair. Lessee shall be responsible for all repairs and maintenance in connection with damage to the Premises caused by Lessee's negligent used of Premises, and damage to fixtures and improvements resulting from negligent or willful acts of the Lessee, or the Lessee's employees, agents,

licenses or invitees. In addition, Lessee shall repair all injury caused by the installation or removal of furniture, fixtures or property permitted under this Lease to be removed from the Leased Premises. All such repairs shall be made in a good, workmanlike manner using high quality materials.

#### **LESSOR'S AND LESSEE'S DUTIES TO REPAIR**

4.2 Lessor shall maintain the foundation, roof, plumbing, heating, ventilation and air conditioning systems (HVAC) and structural integrity of the Leased Premises and shall make all such necessary repairs to the foundation, roof plumbing, HVAC and structural integrity of the Leased Premises, except that Lessee shall make those repairs occasioned by Lessee's negligent use of the Leased Premises.

#### **LESSOR'S DUTY**

4.3 Lessor shall construct, repair and maintain the Leased Premises so that the Premises will have:

- (1) Effective waterproofing and weather protection of the contents of the Leased Premises by watertight roof, exterior walls, windows, and doors. Lessee acknowledges that Lessor has disclosed the existence of the condition of the roof and potential for leaks during severe weather conditions. In the event of the occurrence of such leaks, Lessor will take such action as may be necessary in order to repair or remediate the roof to the extent necessary to prevent further leakage.
- (2) Plumbing facilities that conform to applicable law, maintained in good working order.
- (3) A water supply approved under applicable law that is under the control of Lessee, capable of producing hot and cold running water, or a system that is under the control of Lessor that produces hot

and cold running water furnished to Lessee and connected to a sewage disposal system conforming to applicable law.

(4) Heating, ventilation and air conditioning facilities conforming to applicable law which are more than adequate to heat, ventilate and air condition the improvements on the Leased Premises, and are maintained in good-working order.

(5) Electrical lighting, with wiring and electrical equipment that conform to applicable law, maintained in good working order.

(6) Building, grounds, and appurtenances in every part clean, sanitary, and free from all accumulations of debris, and all areas under control of Lessor kept in every part clean, sanitary, and free from all accumulations of debris.

(7) Floor, stairways, and railings maintained in good repair.

(8) Landscaping (all greenery, watering, and maintenance).

(9) Parking Lot (including painting, striping, paving, etc.).

**Lessee's Right to Repair for Lessor or Vacate**

4.4 If after Lessee's notice to Lessor of repairs or maintenance which Lessor has a duty to undertake, Lessor neglects to make such repairs within thirty (30) days following written notice from Lessee, Lessee may make the repairs itself. In such a case, Lessee may deduct the expenses of the repairs from further payment of rent, terminate this Lease Agreement as of the date Lessee vacates the Premises and any rental shall be abated for the unexpired term of this Lease. For purposes of this Section 4.4, if Lessor make repairs at least fifteen (15) days following the date of Lessee's notice to Lessor, it will be presumed to have act in a reasonable time.

**ARTICLE 5. UTILITIES  
Utility Charges**

Lessee shall reimburse Lessor in accordance with the provisions of Article 2.1 the utility charges specified in Article 2.1 (following presentment by Lessor of the utility's

charges for each such month during the Term hereof) including but not limited to, electricity and water, used in and about the Leased Premises during the term of the Lease.

**ARTICLE 6. LESSOR'S RENOVATIONS**  
**Consent of Lessor**

6.1 Lessee shall not make any alterations, additions, or improvements to the Leased Premises without the prior written consent of Lessor. Consent for nonstructural alterations, additions, or improvements shall not be unreasonably withheld by Lessor.

**Property of Lessor**

6.2 All alterations, additions, or improvements made by Lessee shall become the property of Lessor at the termination of this Lease. Lessor may, however, require that Lessee remove any or all alterations, additions, and improvements installed or made by Lessee, and any other property placed on the Premises by Lessee, upon termination of the Lease. In the event that Lessor requires Lessee to remove such alterations, additions, or improvements, Lessee shall repair any damage to the Premises caused by such removal.

**ARTICLE 7. SIGNS**  
**Signs**

7.1 Subject to the written approval of Lessor, and further subject to applicable laws, ordinances and regulations, Lessee shall have the right to install signs on the Leased Premises. Lessee must remove all signs at the termination of this Lease and repair any damage resulting from the erection or removal of the signs.

**ARTICLE 8. MECHANIC'S LIEN**

Lessee will not permit any mechanic's lien or liens to be placed upon the Leased Premises or improvements on the Premises, and if such lien is claimed as a result of

the acts of Lessee, Lessee will promptly pay the lien. If default in payment of the lien continues for twenty (20) days after written notice from Lessor, Lessor may, at its option, pay the lien or any portion of it without inquiry as to its validity. Any amounts paid by the Lessor to remove a mechanic's lien caused to be filed against the Premises or improvements on the Premises by Lessee, including expenses and interest, shall be due from Lessee to Lessor and shall be repaid to Lessor immediately on rendition of notice, together with interest at ten percent (10%) per annum until repaid.

**ARTICLE 9. INSURANCE AND INDEMNITY**  
**Property Insurance**

9.1 At all times during the Term of the Lease Agreement, Lessee shall keep the Leased Premises insured against loss or damage by fire, vandalism and malicious mischief, with extended coverage endorsement or its equivalent with an insurer acceptable to Lessor. Such property insurance shall be in amounts not less than one hundred percent (100%) of the full replacement value of the Leased Premises, which may be provided under a blanket policy. Such policy or policies of insurance shall name both Lessor and Lessee as a named insured and all proceeds payable thereunder shall be paid to Lessor and held by Lessor in trust, and shall be made available for reconstruction on repair, as the case may be, of any damage to or destructions of the Leased Premises, or any portion thereof, and shall be paid out by Lessor from time-to-time subject to the provisions hereof for the reasonable cost of such reconstruction or repair. Any excess proceeds of insurance remaining after the completion of the restoration or reconstruction of the Leased Premises (or in the event neither Lessor nor Lessee is required or elects to repair or restore, all such insurance proceeds) shall be retained by Lessee free and clear upon completion of any such repair and restoration.

All salvage resulting from any risk covered by such insurance shall belong to Lessor except that any salvage relating to Lessee's personal property shall belong to Lessee.

#### **General Liability Insurance**

9.2 Lessee, at its own expense, shall provide and maintain in force during the term of this Lease, liability insurance with limits of at least Two Million Dollars and no one hundredths (\$2,000,000.00), naming Lessor as additional insured. Prior to occupancy of the Premises, Lessee shall provide Lessor with evidence of such insurance.

#### **Remedy for Failure to Provide Insurance**

9.3 Lessor and Lessee shall furnish the other with the copies of all insurance policies required by this Article. If either Lessee or Lessor does not provide such policies or proof of such insurance within ten (10) days of the execution of this Lease, or if Lessor or Lessee allows any insurance required under this Article to lapse after receipt of notice of cancellation or of non-renewal, or if Lessor or Lessee fails to deliver proof of insurance showing coverages to the other prior to the effective date of such insurance and the original insurance policy within thirty (30) days thereafter, such failure shall be a default of the non furnishing party under this Lease; the other party may, but shall not be required, to take out such insurance and pay the premiums on the necessary insurance to comply with the non furnishing party's obligations under the provisions of this Article. The non furnishing party agrees to reimburse the other party all amounts spent by the party to procure and maintain such insurance within fifteen (15) days after demand from the party. Failure to pay such amount when due shall be a default of the non furnishing party under this Lease.

**ARTICLE 10. DAMAGE OR DESTRUCTION OF PREMISES**  
**Notice to Lessor**

10.1 If the Leased Premises, or any structures or improvements on the Leased Premises, should be damaged or destroyed by fire, tornado, or other casualty, Lessee shall give immediate written notice of the damage or destruction to Lessor, including a description of the damage and, as far as known to Lessee, the cause of the damage.

10.2 If the building on the Leased Premises should be totally destroyed by fire, tornado, or other casualty, or if it should be so damaged that rebuilding is necessary, this Lease Agreement, at the option of the Lessee, shall terminate and rent shall be abated for the unexpired portion of this Lease, effective as of the date of said occurrence.

10.3 If the Leased Premises should be damaged by fire, tornado, or other casualty, but not to such an extent that rebuilding or repairs can reasonably be completed with thirty (30) working days from the date of the occurrence of the damage, this Lease shall not terminate, but Lessor shall, if the casualty has occurred prior to the final six (6) months of the lease term, at Lessor's to the extent of insurance proceeds received by Lessor to rebuild or repair the Leased Premises to substantially the condition in which they existed prior to such damage. If the casualty occurs during the final three (3) months of the lease term, Lessor shall not be required to rebuild or repair such damage. ~~If the Leased Premises are to be rebuilt or repaired and are untenable in whole or in part following such damage, the rent payable hereunder during the period in which they are untenable shall be adjusted equitably. On or after the date of the occurrence of the damage, Lessee may at its option terminate this~~

Lease by written notification at such time to Lessor, whereon all rights and obligations of Lessee hereunder shall cease.

**ARTICLE 11. CONDEMNATION**  
**Total Condemnation**

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

**Partial Condemnation**

11.2 If less than all, but more than ten percent (10%) of the Leased Premises is taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, Lessee may terminate the Lease by giving written notice to Lessor within thirty (30) days after possession of the condemned portion is taken by the entity exercising the power of condemnation.

If the Leased Premises are partially condemned and Lessee fails to exercise the option to terminate the Lease under this section, or if less than ten percent (10%) of the Leased Premises are condemned, this Lease shall not terminate, but Lessor may, at its sole expense, restore and reconstruct the building and other improvements situated on the Leased Premises to make them reasonably tenantable and suitable for the uses for which the Premises are Leased. The rent payable under Sections 2.1 of this Lease shall be decreased equitably during the period of such restoration or reconstruction.

### **Condemnation Award**

11.3 Lessor and Lessee shall each be entitled to receive and retain such separate awards, and portions of lump sum awards, as may be allocated to their respective interest in any condemnation proceedings. The termination of this Lease shall not affect the rights of the respective parties to such awards.

### **ARTICLE 12. DEFAULT Default by Lessee**

12.1 If Lessee shall allow the rent to be in arrears more than ten (10) days after written notice of such delinquency, or shall remain in default under any other condition of this Lease for a period of fifteen (15) days after written notice from Lessor, Lessor may at its option, without notice to Lessee, terminate this Lease or, in the alternative, Lessor may re-enter and take possession of the Premises and remove all persons and property without being deemed guilty of any manner of trespass and re-let the Premises, or any part of the Premises, for all or any part of the remainder of the Lease term, to a party satisfactory to Lessor and at such monthly rental as Lessor may with reasonable diligence be able to secure. Should Lessor be unable to relet after reasonable efforts to do so, or should such monthly rental be less than the rental Lessee was obligated to pay under this Lease, or any renewal of this Lease, plus the expense of reletting, then Lessee shall pay the amount of such deficiency plus reasonable attorney's fees to Lessor.

### **Default by Lessor**

12.2 If Lessor defaults in the performance of any terms, covenants, or conditions required to be performed by it under this Lease, in addition to other remedies afforded Lessee under this Lease or at law, Lessee may elect that: Upon Lessee's

notice to Lessor of repairs or maintenance which Lessor has a duty to undertake, Lessor neglects to make such repairs within thirty (30) days following written notice from Lessee, Lessee may within sixty (60) days vacate the Premises, in which case it shall be discharged from further payment of rent, the performance of all other terms and conditions of this Lease, and this Lease shall terminate as of the date Lessee vacates the Premises and any rental shall be abated for the unexpired term of this Lease. Notwithstanding any term to the contrary contained in this lease, Lessor's liability to Lessee for all claims, demands, or causes of action under this lease shall extend only to the property constituting the Leased Premises and no further. Lessee shall have no recourse on any other property or assets of Lessor for any such claims, demands, or causes of action.

#### **Cumulative Remedies**

12.3 All rights and remedies of Lessor and Lessee under this Article shall be cumulative, and none shall exclude any other right or remedy provided by law or by any other provision of this Lease. All such rights and remedies may be exercised and enforced concurrently and whenever, and as often, as occasion for their exercise arises.

#### **Waiver of Breach**

12.4 A waiver by either Lessor or Lessee of a breach of this Lease by the other party does not constitute a continuing waiver or a waiver of any subsequent breach of the Lease.

### **ARTICLE 13. ASSIGNMENT AND SUBLETTING Assignment and Subletting by Lessee**

13.1 Lessee may sublet, assign, encumber, or otherwise transfer this Lease, or any right or interest in this Lease or in the Leased Premises or the improvements on the

Leased Premises, with the written consent of Lessor. If Lessee sublets, assigns, encumbers, or otherwise transfers its rights or interest in this Lease or in the Leased Premises or the improvements on the Leased Premises, other than as specified herein, without the written consent of Lessor, Lessor may, at its option, declare this Lease terminated and Lessee and Lessor shall have no further obligation to each other under this Lease. In the event Lessor consents in writing to an assignment, sublease or other transfer of all or any of Lessee's rights under this Lease, the assignee or sublessee, must assume all of Lessee's obligations under this Lease, and Lessee shall remain liable for every obligation under the Lease. Lessor's consent under this section will not be arbitrarily or unreasonably withheld.

#### **Assignment by Lessor**

13.2 Lessor may assign or transfer any or all of its interests under the terms of this Lease.

#### **ARTICLE 14. OPTION TO PURCHASE**

14.1 Provided Lessee is not in default under any provisions of this lease agreement, Lessee shall have the option to purchase the property by executing the Earnest Money Contract, attached hereto as Exhibit B (the "Earnest Money Contract") and delivering same to Lessor. All Base Rent paid under this Lease by Lessee through the date of closing (as defined in the Earnest Money Contract a copy of which is attached hereto as Exhibit B), if any, in accordance with this Lease shall be credited toward, the Purchase Price (as defined in such Earnest Money Contract).

**ARTICLE 15. MISCELLANEOUS  
Notices and Addresses**

15.1 All notices required under this Lease will be deemed delivered when deposited in certified or registered mail, addressed to the proper party, at the following addresses:

Lessor:  
Rolando Cantu  
Laura E. Cantu  
505 Shasta  
McAllen, Texas 78504

Lessee:  
County of Hidalgo  
Attn: County Judge  
P.O. Box 1356  
Edinburg, Texas 78540

Either party may change the address to which notices are to be sent it by giving the other party written notice of the new address in the manner provided in this section.

**Parties Bound**

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

**Texas Law to Apply**

15.3 This Lease Agreement shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Lease are performable in Hidalgo County, Texas.

**Legal Construction**

15.4 In case any one or more of the provisions contained in this Lease Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of the Lease Agreement, and this

Lease Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been included in the Lease Agreement.

#### **Prior Agreements Superseded**

15.5 This Lease Agreement constitutes the sole and only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this Lease Agreement.

#### **Amendment**

15.6 No amendment, modification, or alteration of the terms of this Lease Agreement shall be binding unless it is in writing, dated subsequent to the date of this Lease Agreement, and duly executed by the parties to this Lease Agreement.

#### **Rights and Remedies Cumulative**

15.7 The rights and remedies provided by this Lease Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive that party's right to use any or all other remedies. The rights and remedies provided in this Lease are in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

#### **Attorneys' Fees and Costs**

15.8 If, as a result of a breach of this Lease Agreement by either party, the other party employs an attorney or attorneys to enforce its rights under this Lease, then the breaching or defaulting party agrees to pay the other party the attorneys' fees as may be awarded by a court of competent jurisdiction and costs incurred to enforce the Lease.

### **Force Majeure**

15.9 Neither Lessor nor Lessee shall be required to perform any term, condition, or covenant in this Lease so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, floods, and any other cause not reasonably within the control of Lessor or Lessee and which by the exercise of due diligence Lessor or Lessee is unable, wholly or in part, to prevent or overcome.

### **Real Estate Commission and Finder's Fees**

15.10 Neither Lessor nor Lessee has entered into any real estate commission or finder's fee agreements with any broker, agent or finder in respect of this transaction, and Lessor and Lessee each agree to indemnify and hold harmless the other from and against any and all claims, losses, damages, costs or expenses of any kind, or arrangement or understanding alleged to have been made by the indemnifying party or on its behalf with any broker, salesman or finder in connection with this Lease or the transactions contemplated hereby.

### **Estoppel Information**

15.11 Lessee shall, at the request of Lessor, provide any and all information with respect to this Lease to any person designated by Lessor.

### **Time of Essence**

15.12 Time is of the essence of this Lease Agreement.

THE UNDERSIGNED Lessor and Lessee execute this Lease Agreement on the day of \_\_\_\_\_ 2012.

**LESSEE:**

**HIDALGO COUNTY**

**LESSOR:**

Rolando Cantu

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

Ramon Garcia, County Judge

Laura E. Cantu

ATTEST:

Arturo Guajardo Jr., County Clerk

**APPROVED AS TO FORM:**

**ATLAS, HALL & RODRIGUEZ, LLP**

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

Stephen L. Crain

## **EXHIBIT A**

Approximately 4200 square feet as shown on Exhibit -1 attached hereto of the Building located on the real property described as:

All of Lot 1 Ebony Plaza Subdivision an addition to the City of McAllen, Hidalgo County, Texas according to the map recorded in Volume 45, Page 76 Map Records in the Office of the County Clerk of Hidalgo County, Texas reference to which is here made for all purposes.