

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
23RD Navajo Nation Council --- Third Year, 2017

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; RESCINDING RDCD-91-14 AND APPROVING A RESIDENTIAL SUB-LEASE OF NAVAJO TRUST LAND UNDER THE MASTER LEASE BETWEEN THE NAVAJO NATION AND SOUTH SHIPROCK HOUSES, INC. (LEASE NO. SL-SR-10-211) FROM SOUTH SHIPROCK HOUSES, INC TO SHIPROCK HOMES SOUTH (LP) AND FURTHER APPROVING SUB-SUB LEASES FROM SHIPROCK HOMES SOUTH (LP) TO SHIPROCK COMMUNITY "A", (LP) AND SHIPROCK COMMUNITY "B", (LP), RESPECTIVELY, FOR THE PURPOSE OF FACILITATING THE FINANCING, CONSTRUCTION AND REHABILITATION OF AFFORDABLE HOUSING AT SHIPROCK, NAVAJO NATION

BE IT ENACTED:

Section One. Authority

The Resources and Development Committee has oversight authority over land and the authority to grant final approval for non-mineral leases within the Navajo Nation. 2 N.N.C. §§ 500(C), 501(B) (2) (a).

Section Two. Findings

- A. The Navajo Nation and South Shiprock Houses, Inc. (SSHI) entered into a Housing Project Master Lease No. SL-SR-10-211, dated July 26, 2010 ("Master Lease") with a term of 65 years covering approximately 150 acres of Navajo Nation lands for the purposes of providing affordable housing to low-income Navajo families. See Exhibit "A".
- B. The Resources and Development Committee approved Resolution RDCD-91-14 on December 16, 2014, "Approving the Assignment From South Shiprock Houses, Inc. to Shiprock Homes South, LP of Portions of the Original Master Lease Approved Pursuant to Advisory Committee Resolution No. ACJN-149-70 for Housing Improvement Purposes at Shiprock, San Juan County, New Mexico." See Exhibit "B".
- C. The lease assignment of the Master Lease authorized by RDCD-91-14 was never submitted by the parties to the Secretary of the Interior, Bureau of Indian Affairs for required final approval and therefore the assignment was without effect and never executed by the parties. See Exhibit "C".
- D. The Master Lease provides for SSHI to sublease its Leased Premises, subject to the prior written approval of the Navajo Nation, but without further approval of the Secretary of the Interior. See Exhibit "A" Sections 11 (A) (B).

- E. The Master Lease may be mortgaged or encumbered for purposes of financing construction, rehabilitation and/or operation of affordable housing, provided the mortgage or encumbrance instrument is approved by the Secretary of the Interior, Bureau of Indian Affairs. See Exhibit "A" Section 13 (A).
- F. The Master Lease, for the purposes of obtaining financing for improvements, may be subjected to land use restriction requiring that housing be reserved housing for low-income families without the approval of the Secretary of the Interior or the Navajo Nation. See Exhibit "A" Section 13 (E).
- G. South Shiprock Houses, Inc. (SSHI) proposes to retain a portion of the Master Leasehold for future development while constructing improvements on a portion of the Master Leasehold, as follows:
1. SSHI will sublease 54.11 acres, more or less, of the Master Leasehold, more particularly described in the survey map attached to Exhibit D, to Shiprock Homes South (SHS), which will apply for multifamily housing bonds and low income housing tax credits ("LIHTC") to finance improvements; Agreements associated with the LIHTC and multifamily housing bonds include:
 - a. A sublease from SSHI to SHS, the proposed form of which with a legal description and map, is attached as Exhibit "D";
 - b. One or more recorded land use restrictions and/or regulatory agreements by which SHS agrees to restrict occupancy to income-qualified families and otherwise comply with program requirements;
 - c. Multifamily Housing Bonds issued by SHS documenting SHS's borrowing of funds for construction financing and a Subleasehold mortgage to secure repayment of the multifamily housing bonds;
 - d. Bond Regulatory Agreements;
 - e. Bond Mortgage; and
 - f. Seller's note documenting SSHI's loan to SHS to finance SHS acquisition of the Project and a Subleasehold mortgage to secure the seller's note.
 2. SHS will sub-sub-lease 2.69 acres, more or less, of the Master Leasehold, more particularly described in the survey map attached to Exhibit E, to a new entity, Shiprock Community A, LP, which will carry out development of nine new units of affordable housing and a community center/management office ("Community A Project") financed by multifamily housing bonds, LIHTCs and a

sellers note. Agreements associated with Community A Project include:

- a. Sub-sublease from SHS to Shiprock Community A, LP (See Exhibit "E");
- b. Assignment of the bond proceeds and related documents;
- c. Assignment of the seller's note referenced at paragraph G (1) (f) and related documents; and
- d. Payment/performance bonds, notice of contract and such other instruments as may be necessary or appropriate to protect against mechanics liens.

3. SHS will sub-sublease 51.42 acres, more or less, more particularly described in the survey map attached to Exhibit F, to Shiprock Community B, LP, which will carry out the rehabilitation of approximately two-hundred and forty six (246) affordable housing units ("Community B Project") financed by multifamily housing bonds issued by the New Mexico Mortgage Finance Authority, LIHTCs, seller's note and a loan insured by the United States Department of Housing and Urban Development (HUD) under Sections 207/223(f) of the National Housing Act. Agreements associated with the Community B Project include:

- a. Sub-sublease from SHS to Shiprock Community B, LP. See Exhibit "F";
- b. Assignment of the bond proceeds and related documents;
- c. Assignment of the seller's note referenced at G (1) (f) and related documents;
- d. Sub-sublease Addendum (HUD Form 92070M);
- e. HUD Security Instrument
- f. HUD Regulatory Agreement; and
- g. HUD Fixture Filing; and
- h. Payment/performance bonds, notice of contract and such other instruments as may be necessary or appropriate to protect against mechanics liens.

H. After reasonable public notice was given by hand distribution to the public and publication of a notice in the Daily Times on March 16, 2017, a public hearing was convened at 9:00 am on March 30, 2017, at South Shiprock Homes Inc. Housing Office, South Shiprock, New Mexico, for the purpose of satisfying the requirements of Section

147(f) of the Internal Revenue Code of 1986, as amended (the "Code") in connection with the issuance of the multifamily housing bonds by the New Mexico Mortgage Finance Authority. Copies of the publication notices, minutes summary and comments are attached hereto as Exhibit "G."


- I. All environmental and archaeological surveys and studies have been completed and received appropriate clearances when Advisory Committee Resolution No. ACJN-149-70 was previously approved and as supplemented by additional submittals.

Section Three. Approvals

- A. The Resources and Development Committee hereby approves the following sub-leasings:
1. The Residential Sub-Lease Of Navajo Nation Trust Land From South Shiprock Houses, Inc. to Shiprock Homes South, a Limited Partnership, substantially in the form of Exhibit "D";
 2. The Residential Sub-Sublease of Navajo Nation Trust Land From Shiprock Homes South, a Limited Partnership, to Shiprock Community A, substantially in the form of Exhibit "E;"
 3. The Residential Sub-Sublease of Navajo Nation Trust Land From Shiprock Homes South, a Limited Partnership To Shiprock Community B, a Limited Partnership, substantially in the form of Exhibit "F".
- B. Subject to paragraphs D and E, below, the Resources and Development Committee hereby approves any and all mortgages, deed restrictions, security agreements, regulatory agreements or other agreements required to secure financing for the Community A and Community B Projects, as negotiated and agreed upon by the parties to such agreements.
- C. Subject to paragraphs D and E, below, the Resources and Development Committee, as the applicable elected representative of the governmental unit having jurisdiction over the area in which the Community A and the Community B Projects are located, hereby approves the issuance of the multifamily housing bonds by the New Mexico Mortgage Finance Authority for purposes of Section 147(f) of the Code.
- D. All terms and conditions of the Master Lease remain unchanged insofar as they apply to the responsibilities of South Shiprock Houses, Inc.
- E. The Navajo Nation assumes no legal, financial or other liability in connection with any of the Project financing agreements referred to in this resolution.

CERTIFICATION

I, hereby, certify that the following resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at NDOT Administrative Complex, Tse Bonito (Navajo nation) New Mexico, at which quorum was present and that same was passed by a vote of 4 in favor, 0 opposed, 1 abstained this 4th of April, 2017.



Benjamin Bennett, Vice Chairperson
Resources and Development Committee
Of the 23rd Navajo Nation Council

Motion: **Honorable Leonard H. Pete**
Second: **Honorable Davis Filfred**



United States Department of the Interior
Bureau of Indian Affairs
Navajo Region
P. O. Box 1060
Gallup, New Mexico 87305



IN REPLY REFER TO:

Real Estate Services/2N420

JUL 26 2010

Nick Tinnin
South Shiprock Houses, Inc.
P. O. Box 1379
Shiprock, New Mexico 87420

Dear Mr. Tinnin:

Enclosed is approved Housing Project Master Lease between the Navajo Nation and South Shiprock Houses, Inc.

Resolution No. RCS-45-08 of the Resources Committee of the Navajo Nation Council authorizes termination of existing leases with South Shiprock Houses, Inc. and South Shiprock Apartments, Inc. Lease Nos. SR-71-60B and SR-71-60C are hereby terminated.

Said resolution also authorizes approval the Housing Project Master Lease. The lease contains 150.44 acres, more or less, excepting the 1.00 acre homesites situated within the described lease area.

- 60.44 acre parcel, exceptions: Harvey Lease, Blackhorse Lease and Duncan Lease as described in the survey plat issued December 24, 2007.
- 90.00 acre parcel, exceptions: Redshirt Lease and Curley Lease as described in the document title Description - Plot Number Two.

If you have any questions, please contact Mary Lujan, Shiprock Agency Division of Real Estate Services at 505.368.3374.

Sincerely,

Acting Regional Director

Enclosures

LEASE NO. SL-SR-10-211

**THE NAVAJO NATION
and
SOUTH SHIPROCK HOUSES, INC.**

**HOUSING PROJECT MASTER LEASE
(Trust or Restricted Land Only)**

Shiprock, Navajo Nation (New Mexico)

THIS LEASE is made and entered into by and between **THE NAVAJO NATION**, hereinafter called the "Lessor," whose address is P.O. Box 9000, Window Rock, Navajo Nation (Arizona) 86515, and **SOUTH SHIPROCK HOUSES, INC.**, a nonprofit corporation chartered under the laws of New Mexico, hereinafter called the "Lessee," whose address is P.O. Box 1379, Shiprock, Navajo Nation (New Mexico) 87420, in accordance with the provisions of 2 N.N.C. § 695(B)(2) and (4); and 25 U.S.C. § 415, as implemented by the regulations contained in 25 C.F.R. Part 162; and all amendments or successors thereto, which by this reference are made a part hereof.

1. DEFINITIONS.

(A) "Approved Encumbrance" means an encumbrance approved in writing by Lessor and the Secretary in accordance with the terms and conditions of this Lease.

(B) "Encumbrancer" means the owner and holder of an Approved Encumbrance, including all successors and assigns.

(C) "Hazardous Substance" means any "hazardous substance" as defined under the provisions of section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601(14), including all amendments or successors thereto, and "petroleum" as defined under the provisions of section 9001(8) of the Resource Conservation and Recovery Act, 42 U.S.C. § 6991(8).

(D) "Secretary" means the Secretary of the United States Department of the Interior or his duly authorized representative or successor.

2. LEASED PREMISES.

For and in consideration of the rents, covenants, agreements, terms and conditions contained herein, Lessor hereby leases to Lessee all that tract or parcel of land situated within the Shiprock Chapter of the Navajo Nation, (County of San Juan, State of New Mexico), within Section 1 and 2, Township 29 N, Range 18 W, Sections 35 and 36, Township 30 N, Range 18 W, County of San Juan, State of New Mexico Meridian, more particularly described in Exhibit "A"

and "B," attached hereto and by this reference made a part hereof, containing approximately 150.44 acres, more or less, together with the right of reasonable ingress and egress, subject to any prior, valid, existing rights-of-way, hereinafter called the "Leased Premises." There is hereby reserved and excepted from the Leased Premises rights-of-way for utilities constructed by or on authority of Lessor, provided that such rights-of-way do not unreasonably interfere with Lessee's use of the Leased Premises.

3. USE OF PREMISES; GENERAL PLAN.

(A) Lessee shall develop, use and occupy the Leased Premises for the purpose of constructing and/or rehabilitating, and operating a housing project consisting of 400 homes, more or less. ("Project")

(B) The Leased Premises shall not be used by Lessee for any purpose other than as provided in paragraph (A) except with the prior written consent of Lessor and the Secretary. The consent of Lessor may be withheld, granted or granted upon conditions, in the sole discretion of Lessor.

(C) Lessee agrees not to use or permit to be used any part of the Leased Premises for any unlawful conduct or purpose.

4. TERM.

The term of this Lease shall be sixty-five (65) years, beginning on the date this Lease is approved by the Secretary.

5. RENTAL.

In consideration of the foregoing and the covenants, agreements, terms and conditions of this Lease, Lessee hereby covenants and agrees to pay Lessor, in lawful money of the United States, an annual rental of: none. In accordance with the provisions of 25 C.F.R. § 162.5(b)(2), only nominal rental is provided for herein because this Lease is for a public purpose to an agency of local government, is for the purpose of subsidization or the benefit of the Navajo Nation, and/or is for purposes of providing affordable housing to Tribal members and the Leased Premises are not commercial or industrial in character.

6. CONDITION OF LEASED PREMISES.

Lessee has examined and knows the Leased Premises and improvements thereon and accepts the same as-is. No representations as to the condition of the Leased Premises have been made by Lessor, any agent of Lessor or the United States prior to or at the time of execution of this Lease. Lessee warrants that it has not relied on any warranty or representation made by or on behalf of Lessor or the United States, but solely upon Lessee's independent investigation.

7. IMPROVEMENTS.

(A) All buildings and other improvements on the Leased Premises, excluding removable personal property and trade fixtures, shall remain on the Leased Premises after termination of this Lease. At its option, Lessor may require Lessee to remove said buildings and other improvements and to restore the Leased Premises to its original state upon termination of this Lease. The parties acknowledge that, in connection with any Project financing through the sale of low income housing tax credits, during the tax credit compliance period the Lessee, and any approved assignee or sub-lessee of Lessee is entitled to the burdens and benefits of ownership and will be treated as the owner of the Leasehold and improvements thereon for federal income tax purposes, including for the purposes of claiming the right to depreciation and low-income housing tax credits.

(B) Lessee shall remove all removable personal property and trade fixtures prior to termination of this Lease. Should Lessee fail to remove said personal property and trade fixtures prior to termination of this Lease, said property shall thereupon become property of Lessor, and may be disposed of in any manner by Lessor.

(C) As used in this Section, the term "removable personal property" shall not include property which normally would be attached or affixed to buildings, other improvements or land in such a way that it would become a part of the realty, regardless of whether such property in fact is so attached or affixed.

(D) All Hazardous Substances, Hazardous Substance storage systems or conveyance facilities placed on or under the Leased Premises are the property of Lessee and shall remain the property of Lessee upon termination of this Lease. Within a reasonable time prior to termination of this Lease, Lessee shall remove any such substances or improvements, shall assess the Leased Premises for contamination, shall remediate all contamination, if any, and shall address any third party damages occasioned by any contamination or otherwise by the use or storage of such substances or improvements on the Leased Premises. Should Lessee fail to complete such responsibilities prior to the termination of this Lease, Lessee shall remain responsible therefor, and shall be required to post a bond in an amount reasonably required to ensure that such responsibilities are completed within a reasonable time after termination of this Lease.

8. CONSTRUCTION; MAINTENANCE; REPAIR; ALTERATION.

(A) All buildings and other improvements placed on the Leased Premises shall be constructed in a good and workmanlike manner in compliance with applicable laws and building codes. All parts of buildings or other improvements visible to the public or from adjacent premises shall present a pleasant appearance and all service areas shall be screened from public view.

(B) Lessee shall maintain the Leased Premises and all buildings and other improvements thereon and any alterations, additions or appurtenances thereto, in good order and

repair and in a safe, sanitary and neat condition.

(C) Lessee shall have the right to make reasonable alterations, additions or repairs to buildings or other improvements on the Leased Premises, consistent with other provisions of this Lease.

9. UTILITY SERVICE LINE AGREEMENTS.

(A) Lessee specifically is authorized to enter into appropriate service line agreements with utility companies for the provision of utility services to the Leased Premises, including gas, water, sewer, electricity, telephone, television and other utilities, without further consent by Lessor, on the condition that:

(1) such agreements are for the sole purpose of supplying utility services to the Leased Premises;

(2) such agreements authorize utility service lines only within the Leased Premises;

(3) such agreements do not extend beyond the term of this Lease;

(4) executed copies of such agreements, together with plats or diagrams showing with particularity the location, size and extent of such service lines, are filed by the utility companies with Lessor and with the Secretary within thirty (30) days of their execution; and

(5) such agreements are otherwise in accordance with the provisions of 25 C.F.R. § 169.22, including any amendments or successors thereto.

(B) Nothing contained herein shall be construed to limit the right of Lessor to enter into service line agreements with utility companies for service lines across the Leased Premises, provided that such service lines do not unreasonably interfere with Lessee's use of the Leased Premises, nor otherwise to affect the rights-of-way reserved to Lessor in Section 2 of this Lease.

10. LIENS; TAXES AND ASSESSMENTS; UTILITY CHARGES.

(A) Lessee shall not permit any liens arising from any work performed, materials furnished, or other obligations incurred by Lessee to be enforced against the Leased Premises, any interest therein or improvements thereon. Lessee shall discharge all such liens before any action is brought to enforce same.

(B) Lessee shall pay, before becoming delinquent, all taxes, assessments and other like charges levied upon or against the Leased Premises, any interest therein or improvements thereon, for which Lessee is liable. Upon request by Lessor or the Secretary, Lessee shall

furnish Lessor and the Secretary written evidence duly certified that any and all such taxes, assessments and other like charges required to be paid by Lessee have been paid, satisfied or otherwise discharged. Lessee shall have the right to contest any asserted tax, assessment or other like charge against the Leased Premises, any interest therein or improvements thereon, by posting bond to prevent enforcement of any lien resulting therefrom. Lessee agrees to protect and hold harmless Lessor, the Secretary and the Leased Premises and all interests therein and improvements thereon from any and all such taxes, assessments and like charges and from any lien therefor, any sale or other proceedings to enforce payment thereof, and all costs in connection therewith. Upon request by Lessee, Lessor shall execute and deliver any appropriate documents with reference to real estate tax exemption of the Leased Premises, any interest therein or improvements thereon.

(C) Lessee shall pay, before becoming delinquent, all charges for water, sewage, gas, electricity, telephone and other utility services supplied to the Leased Premises.

(D) Lessor shall have the right to pay any lien, tax, assessment or other charge payable by Lessee under this Lease, or to settle any action therefor, if, within a reasonable time after written notice thereof from Lessor or the Secretary, Lessee fails to pay or to post bond against enforcement thereof. All costs and other expenses incurred by Lessor in so doing shall be repaid by Lessee to Lessor on demand, together with interest at the legal rate from the date of payment or incursion thereof by Lessor until repayment is made by Lessee.

11. SUBLEASES AND ASSIGNMENTS; PARTIAL RELINQUISHMENTS.

(A) Except as otherwise provided in subsections (B) and (C) of this Section, this Lease may not be assigned, subleased or otherwise transferred or conveyed, in any manner whatsoever, in whole or in part, without the prior written consent of Lessor and the Secretary, and then only upon the condition that the assignee or other successor in interest shall agree in writing to be bound by each and every covenant, agreement, term and condition of this Lease. Any such attempted assignment, sublease, transfer or conveyance without such prior written approval shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions, or withheld in the sole discretion of Lessor.

(B) Notwithstanding the provisions of subsection (A) of this Section, and subject to the provisions of subsection (D) of this Section, Lessee South Shiprock Houses, Inc., but no successor in interest thereto, is hereby authorized to sublease the Leased Premises, in whole or in part, with the prior written approval of Lessor, but without further approval of the Secretary. Subleases so made shall not serve to relieve the Lessee from any liability under this Lease nor to diminish any supervisory authority of the Secretary provided for under this Lease or under applicable federal laws and regulations. During the term of any sublease, should the sublessee succeed to the interests of Lessee hereunder, it is hereby agreed that no merger of interests shall occur thereby.

(C) Subject to the provisions of subsection (D) of this Section, Lessor and the Secretary hereby consent to the assignment of this Lease by Lessee South Shiprock Houses, Inc., but not by any successor in interest thereto, to Shiprock Homes South, a limited partnership, whose general partner is Lessee, for the purpose of financing construction of improvements on the leasehold through a syndication of low income housing tax credits awarded by the New Mexico Mortgage Finance Authority or its successor agency, provided, that the assignee shall agree in writing to be bound by all the covenants, agreements, terms and conditions of this Lease, and no such assignment shall be valid unless and until the assignee shall so agree. Assignments so made shall not serve to relieve the Lessee from any liability under this Lease nor to diminish any supervisory authority of the Secretary provided for under this Lease or under applicable federal laws and regulations; provided, that Lessee may be relieved from its liability under this Lease, in whole or in part, with the prior written approval of the Lessor and the Secretary. The execution of this lease by Lessor and the approval of this Lease by the Secretary's delegate shall constitute consent under paragraph (A) of this Section.

(D) Lessee shall provide a copy of any sublease, assignment or partial relinquishment to Lessor and to the Secretary within thirty (30) days of its execution. Any sublease or assignment authorized by this Section shall be on a form approved by Lessor and the Secretary, and no such sublease or assignment shall be valid unless it is on an approved form. No sublease or assignment authorized by this Section shall be valid unless and until it is duly recorded in accordance with the provisions of 25 C.F.R. Part 150, including any amendment or successor thereto, at the Land Titles and Records Office of the Bureau of Indian Affairs, Albuquerque, New Mexico Office, or any successor thereto.

(E) Lessee is hereby authorized to relinquish to Lessor any part of this Lease, with the prior written approval of Lessor and the Secretary, for the purpose of Lessor issuing a Homesite Lease for the part relinquished; provided, that each person to whom the Homesite Lease is proposed to be issued is eligible to receive a Homesite Lease and the issuance of the Homesite Lease is otherwise in compliance with all applicable requirements of the Navajo Nation Homesite Policy and Procedures adopted by Resolution No. RCD-289-93, including amendments or successors thereto.

(F) With respect to any of the individual units comprising the Project, for as long as such Project is comprised exclusively of rental units, Lessee may enter into a dwelling lease without the approval of Lessor, Lender or the Secretary of the Interior.

12. QUIET ENJOYMENT.

Lessor hereby covenants and agrees that, upon performing each of its covenants, agreements, terms and conditions contained in this Lease, that Lessee shall peaceably and quietly have, hold and enjoy the Leased Premises without any hindrance, interruption, ejection or molestation by Lessor or by any other person or persons claiming from or under Lessor.

13. ENCUMBRANCE.

(A) This Lease or any interest therein may not be encumbered without the prior written approval of Lessor and the Secretary, and no such encumbrance shall be valid or binding without such prior written approval except that Lessee may mortgage or otherwise encumber its leasehold interest in the Premises for the purpose of borrowing capital to finance the Project, provided the mortgage or encumbrance instrument is approved by the Secretary. An encumbrance shall be confined to the leasehold interest of Lessee, and shall not jeopardize in any way Lessor's interest in the land. Lessee agrees to furnish any requested financial statements or analyses pertinent to the encumbrance that Lessor and the Secretary may deem necessary to justify the amount, purpose and terms of said encumbrance.

(B) In the event of default by Lessee of the terms of an Approved Encumbrance, Encumbrancer may exercise any rights provided in such Approved Encumbrance, provided that prior to any sale of the leasehold, Encumbrancer shall give to Lessor and the Secretary notice of the same character and duration as is required to be given to Lessee by the terms of such Approved Encumbrance and by applicable law. In the event of such default, Lessor shall have the right, which may be exercised at any time prior to the completion of sale, to pay to Encumbrancer any and all amounts secured by the Approved Encumbrance, plus unpaid interest accrued to the date of such payment, plus expenses of sale incurred to the date of such payment.

(C) If Lessor exercises the above right, all right, title and interest of Lessee in this Lease shall terminate and Lessor shall acquire this Lease; provided, however, that such termination shall not relieve Lessee of any obligation or liability which shall have accrued prior to the date of termination. Acquisition of this Lease by Lessor under these circumstances shall not serve to extinguish this Lease by merger or otherwise.

(D) If Lessor declines to exercise the above right and sale of the leasehold under the Approved Encumbrance shall occur, the purchaser at such sale shall succeed to all of the right, title and interest of Lessee in this Lease. It is further agreed that if the purchaser at such sale is Encumbrancer, Encumbrancer may sell and assign this Lease without any further approval by Lessor and the Secretary, provided that the assignee shall agree in writing to be bound by all the covenants, agreements, terms and conditions of this Lease, and no such assignment shall be valid unless and until the assignee shall so agree. If Encumbrancer is the purchaser, it shall be required to perform the obligations of this Lease only so long as it retains title thereto. If the purchaser is other than Encumbrancer, the purchaser shall agree in writing to be bound by all the covenants, agreements, terms and conditions of this Lease, and no such purchase shall be valid unless and until purchaser shall so agree.

(E) A land use restriction agreement requiring that the Project units be reserved for low income persons, if required for purposes of financing the Project, is hereby authorized and shall require no further approval by the Lessor or the Secretary.

14. DEFAULT.

(A) Time is declared to be of the essence of this Lease. Should Lessee default in any payment of monies when due under this Lease, fail to post bond or be in violation of any other provision of this Lease, said violation may be acted upon by the Secretary in accordance with the provisions of 25 C.F.R. Part 162, including any amendments or successors thereto.

(B) In addition to the rights and remedies provided by the aforementioned regulations, Lessor and the Secretary, either jointly or severally, may exercise the following options upon Lessee's default, subject to the provisions of subsection (D) below:

(1) Collect, by suit or otherwise, all monies as they become due hereunder, or enforce by suit or otherwise, Lessee's compliance with all provisions of this Lease; or

(2) Re-enter the premises and remove all persons and property therefrom, and re-let the premises without terminating this Lease as the agent and for the account of Lessee, but without prejudice to the right to cause the termination of the Lease under applicable law thereafter, and without invalidating any right of Lessor or the Secretary or any obligations of Lessee hereunder. The terms and conditions of such re-letting shall be in the sole discretion of Lessor, who shall have the right to alter and repair the premises as it deems advisable and to re-let with or without any equipment or fixtures situated thereon. Rents from any such re-letting shall be applied first to the expense of re-letting, collection, altering and repairing, including reasonable attorney's fees and any reasonable real estate commission actually paid, insurance, taxes and assessments and thereafter toward payment to liquidate the total liability of Lessee. Lessee shall pay to Lessor monthly when due, any deficiency and Lessor or the Secretary may sue thereafter as each monthly deficiency shall arise; or

(3) Take any other action authorized or allowed under applicable law.

(C) No waiver of a breach of any of the terms and conditions of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other term or condition of this Lease. Exercise of any of the remedies herein shall not exclude recourse to any other remedies, by suit or otherwise, which may be exercised by Lessor or the Secretary, or any other rights or remedies now held or which may be held by Lessor in the future.

(D) Lessor and the Secretary, as the case may be, shall give to an Encumbrancer a copy of each notice of default by Lessee at the same time as such notice of default shall be given to Lessee. Lessor and the Secretary shall accept performance by an Encumbrancer of any of Lessee's obligations under this Lease, with the same force and effect as though performed by Lessee. An Encumbrancer shall have standing to pursue any appeals permitted by applicable federal or Navajo Nation law that Lessee would be entitled to pursue. Neither Lessor nor the Secretary shall terminate this Lease if an Encumbrancer has cured or is taking action diligently to cure Lessee's default and has commenced and is pursuing diligently either a foreclosure action or an assignment in lieu of foreclosure.

15. SANITATION.

Lessee hereby agrees to comply with all applicable sanitation laws, regulations or other requirements of the United States and the Navajo Nation. Lessee agrees to dispose of all solid waste in compliance with applicable federal and Navajo Nation law. Lessee further agrees at all times to maintain the entire Leased Premises in a safe and sanitary condition, presenting a good appearance both inside and outside the Leased Premises.

16. HAZARDOUS SUBSTANCES.

Lessee shall not cause or permit any Hazardous Substance to be used, stored, generated or disposed of on or in the Leased Premises without the prior written approval of Lessor, which approval may be given, given upon conditions or denied in the sole discretion of Lessor. Without limitation of the foregoing, if Lessee causes or permits the presence of any Hazardous Substance on the Leased Premises and such results in contamination to the Leased Premises or any building or other improvement thereon, Lessee shall promptly take any and all actions necessary or appropriate to restore the Leased Premises or building or other improvement to the condition existing prior to the presence of any such Hazardous Substance on the Leased Premises. Lessee shall obtain written approval from Lessor prior to commencement of any such remedial action.

17. PUBLIC LIABILITY INSURANCE.

(A) At all times during the term of this Lease, Lessee shall carry a public liability insurance policy in the amount of at least \$1,000,000 for personal injury to one (1) person and \$3,000,000 per occurrence, and \$500,000 for damage to property. Said policy shall be obtained from a reliable insurance company authorized to do business in the Navajo Nation and in the State identified in Section 2 of this Lease and shall be written to protect Lessee, Lessor and the United States and shall provide for notification to Lessor and the Secretary prior to any material change, cancellation or non-renewal of said policy for any reason, including non-payment of premiums. Upon written request therefor, copies of said policy shall be furnished to Lessor and the Secretary.

(B) Lessor or the Secretary may require that the amount of the insurance policy required by subsection (A) of this Section be increased at any time, whenever either shall determine that such increase reasonably is necessary for the protection of Lessor or the United States.

(C) With the prior written approval of Lessor and the Secretary, the insurance obligation under this Section may be satisfied by a self-insurance program maintained by Lessee or by other means of alternative performance satisfactory to Lessor and the Secretary.

18. FIRE AND CASUALTY INSURANCE.

(A) At all times during the term of this Lease, Lessee shall carry fire and casualty insurance with an extended coverage endorsement covering not less than the full insurable value of all improvements on the Leased Premises. Said policy shall be obtained from a reliable insurance company authorized to do business in the Navajo Nation and in the State identified in Section 2 of this Lease, and shall be written to protect Lessee, Lessor, the United States and an Encumbrancer, if any, and shall provide for notification to Lessor, the Secretary and any Encumbrancer prior to any material change, cancellation or non-renewal of said policy for any reason, including non-payment of premiums. Upon written request therefor, copies of said policy shall be furnished to Lessor and the Secretary.

(B) In the event of destruction of or damage to any improvement on the Leased Premises while an Approved Encumbrance remains in effect, the proceeds of fire and damage insurance equal to the amount of destruction or damage to the encumbered improvements (but not exceeding the remaining balance of the Approved Encumbrance) shall be paid to Encumbrancer on the condition that Encumbrancer agrees to promptly replace or repair the destroyed or damaged improvements to a condition as good or better than before the destruction or damage occurred. If such amount paid to Encumbrancer is sufficient to repair the destroyed or damaged improvements with respect to which it was paid, or, if within three (3) months after such payment by the insurer to Encumbrancer, Lessor or Lessee shall deposit with Encumbrancer sufficient additional funds, if any, required to completely replace or repair the destruction or damage, upon written order of Lessor or Lessee, Encumbrancer shall pay such the costs of such replacement or repair, and such payment shall not be deemed a payment or credit on the Approved Encumbrance. Otherwise, at the expiration of such three (3) months said sum so paid by the insurer to Encumbrancer shall be applied and credited on the Approved Encumbrance.

(C) With the prior written approval of the Lessor and the Secretary, the insurance obligations under this Section may be satisfied by a self-insurance program maintained by Lessee or by other means of alternative performance satisfactory to Lessor and the Secretary.

19. INSPECTION.

The Navajo Nation and the Secretary shall have the right, at any reasonable time during the term of this Lease, to enter upon the Leased Premises, or any part thereof, to inspect the Leased Premises and any buildings and other improvements erected or placed thereon.

20. MINERALS.

All minerals, including sand and gravel, contained in or on the Leased Premises are reserved for the use of Lessor. Lessor also reserves the right to enter upon the Leased Premises

and search for and remove minerals located thereon, paying just compensation for any damage or injury caused to Lessee's personal property or improvements constructed by Lessee.

21. EMINENT DOMAIN.

If the Leased Premises or any part thereof is taken under the laws of eminent domain at any time during the term of this Lease, Lessee's interest in the Leased Premises or the part of the Leased Premises taken shall thereupon cease. Compensation awarded for the taking of the Leased Premises or any part thereof, including any improvements located thereon, shall be awarded to Lessor and Lessee as their respective interests may appear at the time of such taking, provided that Lessee's right to such awards shall be subject to the rights of an Encumbrancer under an Approved Encumbrance.

22. DELIVERY OF PREMISES.

At the termination of this Lease, Lessee shall peaceably and without legal process deliver up the possession of the Leased Premises in good condition, usual wear and tear excepted. Upon the written request of the Navajo Nation, Lessee shall provide to the Navajo Nation, at Lessee's sole cost and expense, an environmental audit assessment of the Leased Premises at least sixty (60) days prior to delivery of said premises.

23. HOLDING OVER.

Holding over by Lessee after termination of this Lease shall not constitute a renewal or extension thereof or give Lessee any rights hereunder or in or to the Leased Premises or to any improvements located thereon.

24. INDEMNIFICATION.

Lessee shall indemnify and hold harmless the Navajo Nation and the Secretary and their authorized agents, employees, land users and occupants, against any liability for loss of life, personal injury and property damages arising from the construction on or maintenance, occupancy or use of the Leased Premises by Lessee.

25. ATTORNEY'S FEES.

Lessee agrees to pay and discharge all reasonable costs, attorney's fees and expenses that may be incurred by Lessor or the Secretary in enforcing the provisions of this Lease.

26. AGREEMENT TO ABIDE BY NAVAJO NATION AND FEDERAL LAWS.

In all activities conducted by Lessee within the Navajo Nation, Lessee shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereafter may come into force and effect.

27. GOVERNING LAW AND CHOICE OF FORUM.

Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of this Lease. Any action or proceeding brought by Lessee against the Navajo Nation in connection with or arising out of the terms and conditions of this Lease shall be brought only in the courts of the Navajo Nation, and no such action or proceeding shall be brought by Lessee against the Navajo Nation in any court or administrative body of any State.

28. CONSENT TO JURISDICTION.

Lessee hereby consents to the legislative, executive and judicial jurisdiction of the Navajo Nation in connection with all activities conducted by the Lessee within the Navajo Nation.

29. COVENANT NOT TO CONTEST JURISDICTION.

Lessee hereby covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction of a state government. Nothing in this Section shall be construed to negate or impair federal responsibilities with respect to the Leased Premises or to the Navajo Nation.

30. NO WAIVER OF SOVEREIGN IMMUNITY.

Nothing in this Lease shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.

31. TERMINATION OF FEDERAL SUPERVISION.

Nothing in this Lease shall operate to delay or prevent a termination of federal responsibilities with respect to the Leased Premises by the issuance of a fee patent, or otherwise, during the term of this Lease, however, such termination shall not serve to abrogate this Lease. Lessor, Lessee and an Encumbrancer, if any, shall be notified of any such change in the status of the Leased Premises.

32. INTEREST OF MEMBER OF CONGRESS.

No member of or delegate to Congress or any Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit that may arise herefrom, but this provision

shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.

33. OBLIGATIONS TO THE UNITED STATES.

It is understood and agreed that while the Leased Premises are in trust or restricted status, all of Lessee's obligations under this Lease are to the United States as well as to Lessor.

34. NOTICES AND DEMANDS.

(A) Any notices, demands, requests or other communications to or upon either party or the Secretary provided for in this Lease, or given or made in connection with this Lease, (hereinafter referred to as "notices,") shall be in writing and shall be addressed as follows:

To or upon Lessor:

President
The Navajo Nation
Office of the President/Vice-President
P.O. Box 9000
Window Rock, Navajo Nation (Arizona) 86515
Telephone: 928-871-6352
Telefax: 928-871-4025

To or upon Lessee:

Management Agent
South Shiprock Houses, Inc.
P.O. Box 1379
Shiprock, Navajo Nation (New Mexico) 87420
Telephone: 505-368-4425
Telefax: 505-368-4443

To or upon the Secretary:

Regional Director
Navajo Region
Bureau of Indian Affairs
United States Department of the Interior
301 West Hill Street
P.O. Box 1060
Gallup, New Mexico 87305
Telephone: 505-863-8314
Telefax: 505-863-8324

(B) All notices shall be given by personal delivery, by registered or certified mail, postage prepaid, by facsimile transmission or by telegram. Notices shall be effective and shall be deemed delivered: if by personal delivery, on the date of delivery if during normal business

hours, or if not during normal business hours on the next business day following delivery; if by registered or certified mail, by facsimile transmission or by telegram, on the next business day following actual delivery and receipt.

(C) Copies of all notices shall be sent to the Secretary.

(D) Lessor, Lessee and the Secretary may at any time change its address for purposes of this Section by notice.

35. SUCCESSORS AND ASSIGNS.

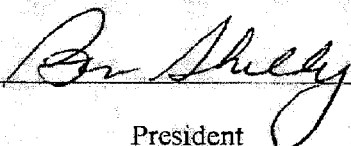
The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of Lessee. Except as the context otherwise requires, the term "Lessee," as used in this Lease, shall be deemed to include all such successors, heirs, executors, assigns, employees and agents.

36. EFFECTIVE DATE; VALIDITY.

This Lease shall take effect on the date it is approved by the Secretary. This Lease, and any modification of or amendment to this Lease, shall not be valid or binding upon either party until it is approved by the Secretary.

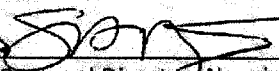
IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the date first above written.

THE NAVAJO NATION, LESSOR

By: 
President

APPROVED JUL 26 2013
Pursuant to Secretarial Redelgation Order
209 DM 8, 230 DM 1 and 3 IAM 4.

SOUTH SHIPROCK HOUSES, INC, LESSEE

Acting 
Regional Director, Navajo Region
Bureau of Indian Affairs

By: 

~~APPROVED pursuant to Secretarial Redelgation~~

DESCRIPTION: PLOT NUMBER TWO

A certain tract or parcel of land to be known as Plot Number Two of the Shiprock Community Development, lying and being situate in Section 1, T. 29 N., R. 18 W., Section 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, being more particularly bounded and described as follows, to wit:

Beginning at a point (aluminum cap on #5 rebar) for the Northwest corner of said tract or parcel of land, said point being the intersection of the north boundary of said tract or parcel of land, and the easterly right of way line of the U.S. 666, and from whence the corner (G.L.O. brass cap) common to Sections 1 and 2, T. 29 N., R. 18 W., Sections 35 and 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, bears S. 61°17'12" W., a distance of 540.01 feet; thence S. 80°26'00" E. along the northerly line of said tract or parcel of land a distance of 1,500.00 feet to a point (aluminum cap on #5 rebar) for the northeast corner; thence S. 09°34'00" W. along the easterly line of said tract or parcel of land a distance of 2,640.00 feet to a point (aluminum cap on #5 rebar) for the southeast corner; thence N. 80°26'00" W. along the southerly line of said tract or parcel of land a distance of 1,500.00 feet to a point (aluminum cap on #5 rebar) for the southwest corner and a point on the easterly right of way line of U.S. 666; thence N. 09°34'00" E. along said easterly right of way line a distance of 2,640.00 feet to the point and place of beginning.

Containing 90.909 acres, more or less.

Excepting (except as provided for in Paragraph (2) of Article III of the Lease Agreement) the following described homesite lease hold situate within Plot Number Two being more particularly bounded and described as follows, to wit:

REDSHIRT LEASE:

Beginning at a point (aluminum cap on #5 rebar) for the southwest corner of said lease from whence the corner (G.L.O. brass cap) common to Sections 1 and 2, T. 29 N., R. 18 W., Sections 35 and 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, bears N. 31°28'56" W. a distance of 1,497.42 feet; thence N. 13°05'00" E. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the northwest corner; thence S. 76°55'00" E. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the northeast corner; thence S. 13°05'00" W. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the southeast corner; thence N. 76°55'00" W. a distance of 208.70 feet to the point and place of beginning.

Containing 1.000 acres, more or less.

CURLEY LEASE:

Beginning at a point (aluminum cap on #5 rebar) for the northwest corner of said lease, from whence the corner (G.L.O. brass cap) common to Sections 1 and 2, T. 29 N., R. 18 W., Sections 35 and 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, bears N. $31^{\circ}28'56''$ W. a distance of 1,497.42 feet; thence S. $76^{\circ}55'00''$ E. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the northeast corner; thence S. $13^{\circ}05'00''$ W. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the southeast corner; thence N. $76^{\circ}55'00''$ W. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the southwest corner; thence N. $13^{\circ}05'00''$ E. a distance of 208.70 feet to the point and place of beginning.

Containing 1.000 acres, more or less.

And subject to the gas line right of way described as follows:

ACJN-149-70

RESOLUTION OF THE ADVISORY COMMITTEE
OF THE NAVAJO TRIBAL COUNCIL

To Authorize the Lease of Certain Lands at Shiprock,
New Mexico, to Fairchild Camera and Instrument
Corporation for Housing and Related Purposes

WHEREAS:

1. Fairchild Camera and Instrument Corporation has determined that the continued successful functioning of its semiconductor facility at Shiprock, New Mexico, and its ability to open and operate a successful equipment manufacturing facility at Shiprock, New Mexico, both depend upon the rapid development of a viable community, including adequate housing, nearby those facilities, and

2. The Navajo Tribe of Indians is interested in the development of the Shiprock community and in supporting the existing and proposed Fairchild Camera and Instrument Corporation facilities at Shiprock, New Mexico, and

3. By Navajo Tribal Council Resolution Number CAU-46-61, adopted August 31, 1961, authority has been delegated to the Advisory Committee to negotiate and grant leases of Tribal lands for homesite development purposes, and

4. The presence of Fairchild Camera and Instrument Corporation on the Reservation is of indefinite duration and beneficial to The Navajo Tribe, and

5. The Advisory Committee has carefully reviewed the Lease Agreement which has been approved by the Legal Department of The Navajo Tribe and is attached hereto as Appendix I and made a part hereof by this reference.

NOW THEREFORE BE IT RESOLVED THAT:

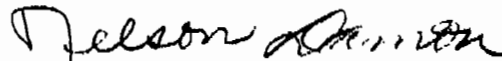
1. The Lease Agreement attached hereto as Appendix I and made a part hereof by this reference be and hereby is approved by the Advisory Committee.

2. The Chairman of the Navajo Tribal Council be and he hereby is authorized and directed to sign and execute on behalf of the Navajo Tribe the Lease Agreement with Fairchild Camera and Instrument Corporation attached hereto as Appendix I.

3. The Chairman of the Navajo Tribal Council be and he hereby is authorized and directed to sign and execute on behalf of the Navajo Tribe any and all documents necessary to effect the intent and purpose of this resolution and the attached Lease Agreement approved hereby.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Advisory Committee of the Navajo Tribal Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 9 in favor and 3 opposed, this 26th day of June, 1970.



Vice Chairman
Navajo Tribal Council

Pierson, Brian

From: Lujan, Mary <mary.lujan@bia.gov>
Sent: Tuesday, February 07, 2017 12:15 PM
To: edmccool@navajo-nsn.gov
Cc: Pierson, Brian
Subject: Lease No. SL-SR-10-211 South Shiprock Houses, Inc.

Mr. McCool,

I understand the Resources and Development Committee of the Navajo Nation Council passed a resolution approving assignment of Lease No. SL-SR-10-211 from Shiprock Houses, Inc. to Shiprock Homes South, Limited Partnership. This is to confirm BIA did not receive, approve nor record the assignment of lease approved by the Resources and Development Committee.

--

Mary Lujan
Realty Officer
Shiprock Agency
Division of Real Estate Services
P. O. Box 3538
Shiprock, New Mexico 87420

Phone: 505.368.3374
Fax: 505.368.3312

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South Shiprock Houses, Inc.
South Shiprock Apartments, Inc.
P.O. Box 1379 Shiprock, NM 87420
(505) 368-4426 FAX: (505) 368-4443
(TTY) 1-800-659-8331 or (711)
Email: Southhouses@citlink.net



January 27, 2017

Honorable Alton Joe Shepard, Chairperson
Resource & Development Committee
Navajo Nation Council
Window Rock, AZ 86515

RE: Request for of Sublease for purposes of South Shiprock Affordable Housing Project

Dear Chairman Shepard,

South Shiprock Houses, Inc. ("SSHI") holds a 65-year lease from the Nation, approved in 2010 and designated Lease Number SL-SR-10-211 ("Master Lease"). Homes for low-income Navajo families were constructed on the property in the 1970s. SSHI is securing funds from HUD the New Mexico Mortgage Finance Authority (both tax credits and multifamily housing bonds) totaling approximately \$20 million to rehabilitate 245 existing homes and construct nine new homes and a community center ("Project"). SSHI has submitted a request to the RDC for approval of a sublease in order to facilitate this financing.

In 2014, the RDC enacted RDCD-91-14 approved an assignment of the Master Lease to Shiprock Homes South, Limited Partnership. Since SSHI's current request for a sublease relates to the same Master Lease, an explanation is due to the RDC.

In 2014, SSHI was planning a project very similar to the current Project. Unfortunately, the financing for the project never came together and it was necessary to re-start the process. The assignment that was approved by the RDC in 2014 was never executed. Section 11(D) of the Master Lease provides that no assignment of the lease shall be valid unless the assignment is in a form approved by BIA and recorded by BIA. During a phone conference with our attorney on November 15, 2016, BIA Realty Officer Mary Lujan confirmed that BIA never received, approved or recorded an assignment pursuant to the 2014 resolution.

SSHI's current request is for a sublease rather than an assignment. This is because the Project will cover only a portion of the Master Leasehold. SSHI intends to pursue additional financing to develop affordable housing for Nation citizens on the remainder of the Leasehold. It is important, therefore, to leave the remainder free of the encumbrances that will be required for the current financing.

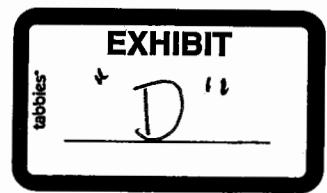
In view of the fact that no action was taken on the 2014 RDC resolution, the SSHI respectfully requests that the pending resolution not only approve the Project Sublease but also include a provision revoking the 2014 resolution.

Please do not hesitate to call me if you have any questions.

Yours Very Truly,


Molly Begay, President


Helen Begay, Vice President



Sublease relating to a portion of
Master Lease No. SL-SR-10-211

**RESIDENTIAL SUBLEASE OF NAVAJO NATION TRUST LAND
FROM SOUTH SHIPROCK HOUSES, INC.
TO SHIPROCK HOMES SOUTH, A LIMITED PARTNERSHIP**

THIS SUBLEASE is made and entered into as of the ____ day of _____, 2017 by and between the South Shiprock Houses, Inc., a New Mexico nonprofit corporation hereinafter designated as "*Sublessor*," and Shiprock Homes South, a Limited Partnership a New Mexico limited partnership, hereinafter designated as "*Sublessee*." This Sublease is for housing for public purposes, including for office space necessary to administer programs for such housing.

RECITALS

- A. Sublessor is the lessee under that certain Housing Project Master Lease No. SL-SR-10-211, approved by the Bureau of Indian Affairs and effective as of July 26, 2010 ("Master Lease") by and between the Navajo Nation (the "Nation") and Sublessor, pursuant to which Sublessor leases the premises described therein ("Master Leasehold"), a copy of which Master Lease is attached hereto as Exhibit A.
- B. Sublessor and Sublessee desire to enter into a sublease arrangement, whereby Sublessor subleases to Sublessee a portion of the Master Leasehold as described and mapped in Exhibit B attached hereto.

NOW, THEREFORE, in consideration of the foregoing, the covenants of the parties hereinafter expressed, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

1. **DEFINITIONS.** In addition to the definitions found in other parts of this Sublease, the terms used in this Sublease shall be defined as follows:

"Effective Date" means the date first set forth above, subject to the approval of the Sublease by the Nation.

"HUD" means the U.S. Department of Housing and Urban Development, its successors and assigns.

"Interested Finance Party" means an Investor Limited Partner or a party, including but not limited to Centennial Mortgage, Inc. and HUD, who has provided financing for improvements on either the Subleasehold in accordance with Paragraph 3 or a Sub-subleasehold (as contemplated in Paragraph 8(b)) and received a mortgage or other security interest in the Subleasehold or Sub-subleasehold, as applicable, or an interest therein, to secure repayment of such financing. The definition also includes any party that is an "Encumbrancer" under the Master Lease.

- (i) Shiprock Community A, L.L.L.P. for purposes of financing the development of, and owning and managing, approximately nine new units of affordable housing and an office/community building serving such affordable housing units; and
- (ii) Shiprock Community B, L.L.L.P. for purposes of financing the rehabilitation of, and owning and managing, approximately 246 units of affordable housing and related maintenance building (the "HUD Project");

provided that any sub-sublease shall not relieve Sublessor from any liability under this Sublease.

- (c) Sublessee and any Sub-sublessee may grant a year-to-year dwelling lease to a Member for occupancy of the Subleased Premises without further approvals of any party.

9. INCORPORATION OF MASTER LEASE.

This Sublease is subject and subordinate to the Master Lease and Sublessee agrees to observe and be bound by all of the terms of the Master Lease as fully as if Sublessee were the lessee named therein.

10. DEFAULT. Any of the following constitutes an event of default ("*Event of Default*") under this Sublease:

- (a) Failure of Sublessee to (i) timely pay the rent or (ii) comply with the terms and conditions of this Sublease or the terms and conditions of the Master Lease incorporated herein and Sublessee fails to cure such default within 30 days of written notice from Sublessor;
- (b) Breach of the representations, covenants and agreements made in this Sublease and Sublessee fails to cure such breach within 30 days of written notice from Sublessor; or
- (c) The Sublessee's failure to carry out and comply with the purposes and uses set forth at Paragraph 3.

11. SUBLESSOR'S REMEDIES FOR SUBLESSEE'S DEFAULT OR BREACH OF SUBLEASE.

Subject to Paragraphs 15 and 16,

- (a) In case of any breach hereof by Sublessee, Sublessor shall have all the rights against Sublessee as would be available to the Nation against the Lessee under the Master Lease if such breach were by the Sublessor thereunder, and Sublessor shall also have any other rights or remedies available to lessors under applicable law.

- (b) In addition to any other remedies provided under applicable law, upon the occurrence of an Event of Default, Sublessor has the following remedies:
 - (i) Accept a surrender of the Subleased Premises;
 - (ii) Evict Sublessee and terminate its Subleasehold Interest; and
 - (iii) Obtain a judgment for monetary damages in the event Sublessee damages the Subleased Premises or allow waste to occur beyond normal wear and tear.
 - (c) Sublessee shall be deemed to have abandoned all of the improvements located on the Subleased Premises in the event Sublessor recovers possession of the Subleased Premises pursuant to its remedies hereunder.
12. ASSENT NOT WAIVER OF FUTURE BREACH OF COVENANTS. No assent, express or implied, to any breach of any of Sublessee's covenants, shall be deemed to be a waiver of any succeeding breach of any covenants.
13. FORCE MAJEURE. Whenever under this instrument a time is stated within which or by which original construction, repairs or re-construction of said improvements shall be completed, and if during such period any cause reasonably beyond Sublessee's power to control occurs, the period of delay so caused shall be added to the period allowed herein for the completion of such work.
14. DISPUTE RESOLUTION.
- Disputes shall be finally and exclusively settled by arbitration administered by the AAA in accordance with the provisions of its Commercial Arbitration Rules. Judgment upon any award rendered by the arbitrators shall be entered in any court of competent jurisdiction.
15. NOTICE TO INTERESTED PARTIES; GRACE PERIOD. Notwithstanding any provision to the contrary contained herein, the following requirements shall apply in the event of a default:
- (a) Sublessor shall immediately give notice to any Interested Finance Party, including but not limited to, Centennial Mortgage, Inc. ("Lender") and HUD, in the event of default.
 - (b) Sublessor shall not exercise Sublessor's remedies unless and until Sublessor has given an Interested Finance Party notice of such default and 30 days in addition to any applicable cure period given Sublessee (the "Interested Finance Party Cure Period") in which to cure such default.
 - (c) An Interested Finance Party shall have the right to cure any default. If such default cannot be reasonably cured within said Interested Finance Party Cure Period, then an Interested Finance Party shall have such additional time as it shall

reasonably require, so long as the Interested Finance Party is proceeding with reasonable diligence and so long as such additional time to cure does not exceed a maximum of an additional 90 days beyond the Cure Period.

16. ~~PRESERVATION OF SUBLEASEHOLD AND PROTECTION OF INTERESTED~~
FINANCE PARTY RIGHTS

Sublessor acknowledges that Sublessee's ability to secure the financing necessary to carry out the purposes set forth in Paragraph 3 requires preservation of the Subleasehold Interest. Notwithstanding anything contained in this Sublease to the contrary:

- (a) At no time during the period between the commencement date of the Sublease and the date that is the later of the expiration of the applicable 15-year tax credit compliance period and extended use period as set forth in Section 42 of the Internal Revenue Code, and the date the Investor Limited Partner is no longer the Investor Limited Partner in Sublessee, shall the Sublease be terminated without the prior written consent of Investor Limited Partner.
- (b) Sublessor shall not terminate this Sublease or evict Sublessee during the term of any outstanding mortgage or other security interest in the Subleased Premises or an interest therein.
- (c) Sublessor shall not amend, modify, change, cancel, waive or terminate this Sublease without the prior written consent of all Interested Finance Parties.
- (d) Sublessor shall not accept a voluntary surrender of the Sublease without consent of any Interested Finance Party. Any such amendment, modification, change, cancellation, waiver, termination or surrender made or accepted by the Sublessor shall not be valid and effective unless made with the consent of all Interested Finance Parties.
- (e) Sublessor shall not transfer, encumber or otherwise dispose of the Subleased Premises or any interest therein without the consent of any Interested Parties.

17. CHANGE OF CONTROL. Notwithstanding anything to the contrary contained in this Sublease, the following shall be permitted without the consent of Sublessor and shall not constitute a default under this Sublease: (i) the transfer of any partnership interest in the Sublessee in accordance with the terms of Sublessee's partnership agreement (as the same may be amended from time to time, the "Partnership Agreement"), (ii) the transfer of ownership interests by any limited partner in Sublessee or any ownership interest in any limited partner of Sublessee, (iii) the removal and replacement of the general partner of the Sublessee in accordance with the Partnership Agreement, or (iv) an amendment of the Partnership Agreement memorializing the transfers or removal described above.

18. LIMITED THIRD PARTY RIGHTS. Notwithstanding anything to the contrary set forth elsewhere in this Sublease, the Investor Limited Partner shall be deemed a third-party beneficiary of the Sublease.

19. **DEFAULT UNDER MASTER LEASE.** Notwithstanding any provisions to the contrary in this Sublease, in the event the Nation gives Sublessor a notice of default under the Master Lease (a "Master Lease Default"), Sublessor shall immediately give notice to Sublessee, Lender and HUD of such Master Lease Default, time being of the essence, and Lender and HUD shall have the opportunity to cure such Master Lease Default on behalf of Sublessor pursuant to Section 14(D) of the Master Lease upon prior notice to Sublessor. In the event Lender or HUD cures the Master Lease Default on behalf of Sublessor and has acquired or foreclosed, or thereafter acquires or forecloses, the leasehold interests of Sublessor and Sublessee, the acquiring or foreclosing party, as applicable, shall become the lessee under the Master Lease and sublessor under this Sublease.

SUBLESSOR:
SOUTH SHIPROCK HOUSES, INC,

By: Roger D. Manuelito, President

SUBLESSEE:
SHIPROCK HOMES SOUTH, a Limited Partnership, a New Mexico limited partnership

By: Nonprofit Housing Corp., a New Mexico nonprofit corporation, General Partner

By: Molly Begay, President

Secretary

Attest

Exhibit A to Sublease
Master Lease

[See attached.]



United States Department of the Interior
Bureau of Indian Affairs
Navajo Region
P. O. Box 1060
Gallup, New Mexico 87305

IN REPLY REFER TO:

Real Estate Services/2N420

JUL 26 2010

Nick Tinnin
South Shiprock Houses, Inc.
P. O. Box 1379
Shiprock, New Mexico 87420

Dear Mr. Tinnin:

Enclosed is approved Housing Project Master Lease between the Navajo Nation and South Shiprock Houses, Inc.

Resolution No. RCS-45-08 of the Resources Committee of the Navajo Nation Council authorizes termination of existing leases with South Shiprock Houses, Inc. and South Shiprock Apartments, Inc. Lease Nos. SR-71-60B and SR-71-60C are hereby terminated.

Said resolution also authorizes approval the Housing Project Master Lease. The lease contains 150.44 acres, more or less, excepting the 1.00 acre homesites situated within the described lease area.

- 60.44 acre parcel, exceptions: Harvey Lease, Blackhorse Lease and Duncan Lease as described in the survey plat issued December 24, 2007.
- 90.00 acre parcel, exceptions: Redshirt Lease and Curley Lease as described in the document title Description - Plot Number Two.

If you have any questions, please contact Mary Lujan, Shiprock Agency Division of Real Estate Services at 505.368.3374.

Sincerely,

Acting Regional Director

Enclosures

LEASE NO. SL-SR-10-211

**THE NAVAJO NATION
and
SOUTH SHIPROCK HOUSES, INC.**

**HOUSING PROJECT MASTER LEASE
(Trust or Restricted Land Only)**

Shiprock, Navajo Nation (New Mexico)

THIS LEASE is made and entered into by and between **THE NAVAJO NATION**, hereinafter called the "Lessor," whose address is P.O. Box 9000, Window Rock, Navajo Nation (Arizona) 86515, and **SOUTH SHIPROCK HOUSES, INC.**, a nonprofit corporation chartered under the laws of New Mexico, hereinafter called the "Lessee," whose address is P.O. Box 1379, Shiprock, Navajo Nation (New Mexico) 87420, in accordance with the provisions of 2 N.N.C. § 695(B)(2) and (4); and 25 U.S.C. § 415, as implemented by the regulations contained in 25 C.F.R. Part 162; and all amendments or successors thereto, which by this reference are made a part hereof.

1. DEFINITIONS.

(A) "Approved Encumbrance" means an encumbrance approved in writing by Lessor and the Secretary in accordance with the terms and conditions of this Lease.

(B) "Encumbrancer" means the owner and holder of an Approved Encumbrance, including all successors and assigns.

(C) "Hazardous Substance" means any "hazardous substance" as defined under the provisions of section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601(14), including all amendments or successors thereto, and "petroleum" as defined under the provisions of section 9001(8) of the Resource Conservation and Recovery Act, 42 U.S.C. § 6991(8).

(D) "Secretary" means the Secretary of the United States Department of the Interior or his duly authorized representative or successor.

2. LEASED PREMISES.

For and in consideration of the rents, covenants, agreements, terms and conditions contained herein, Lessor hereby leases to Lessee all that tract or parcel of land situated within the Shiprock Chapter of the Navajo Nation, (County of San Juan, State of New Mexico), within Section 1 and 2, Township 29 N, Range 18 W, Sections 35 and 36, Township 30 N, Range 18 W, County of San Juan, State of New Mexico Meridian, more particularly described in Exhibit "A"

and "B," attached hereto and by this reference made a part hereof, containing approximately 150.44 acres, more or less, together with the right of reasonable ingress and egress, subject to any prior, valid, existing rights-of-way, hereinafter called the "Leased Premises." There is hereby reserved and excepted from the Leased Premises rights-of-way for utilities constructed by or on authority of Lessor, provided that such rights-of-way do not unreasonably interfere with Lessee's use of the Leased Premises.

3. USE OF PREMISES; GENERAL PLAN.

(A) Lessee shall develop, use and occupy the Leased Premises for the purpose of constructing and/or rehabilitating, and operating a housing project consisting of 400 homes, more or less. ("Project")

(B) The Leased Premises shall not be used by Lessee for any purpose other than as provided in paragraph (A) except with the prior written consent of Lessor and the Secretary. The consent of Lessor may be withheld, granted or granted upon conditions, in the sole discretion of Lessor.

(C) Lessee agrees not to use or permit to be used any part of the Leased Premises for any unlawful conduct or purpose.

4. TERM.

The term of this Lease shall be sixty-five (65) years, beginning on the date this Lease is approved by the Secretary.

5. RENTAL.

In consideration of the foregoing and the covenants, agreements, terms and conditions of this Lease, Lessee hereby covenants and agrees to pay Lessor, in lawful money of the United States, an annual rental of: none. In accordance with the provisions of 25 C.F.R. § 162.5(b)(2), only nominal rental is provided for herein because this Lease is for a public purpose to an agency of local government, is for the purpose of subsidization or the benefit of the Navajo Nation, and/or is for purposes of providing affordable housing to Tribal members and the Leased Premises are not commercial or industrial in character.

6. CONDITION OF LEASED PREMISES.

Lessee has examined and knows the Leased Premises and improvements thereon and accepts the same as-is. No representations as to the condition of the Leased Premises have been made by Lessor, any agent of Lessor or the United States prior to or at the time of execution of this Lease. Lessee warrants that it has not relied on any warranty or representation made by or on behalf of Lessor or the United States, but solely upon Lessee's independent investigation.

7. IMPROVEMENTS.

(A) All buildings and other improvements on the Leased Premises, excluding removable personal property and trade fixtures, shall remain on the Leased Premises after termination of this Lease. At its option, Lessor may require Lessee to remove said buildings and other improvements and to restore the Leased Premises to its original state upon termination of this Lease. The parties acknowledge that, in connection with any Project financing through the sale of low income housing tax credits, during the tax credit compliance period the Lessee, and any approved assignee or sub-lessee of Lessee is entitled to the burdens and benefits of ownership and will be treated as the owner of the Leasehold and improvements thereon for federal income tax purposes, including for the purposes of claiming the right to depreciation and low-income housing tax credits.

(B) Lessee shall remove all removable personal property and trade fixtures prior to termination of this Lease. Should Lessee fail to remove said personal property and trade fixtures prior to termination of this Lease, said property shall thereupon become property of Lessor, and may be disposed of in any manner by Lessor.

(C) As used in this Section, the term "removable personal property" shall not include property which normally would be attached or affixed to buildings, other improvements or land in such a way that it would become a part of the realty, regardless of whether such property in fact is so attached or affixed.

(D) All Hazardous Substances, Hazardous Substance storage systems or conveyance facilities placed on or under the Leased Premises are the property of Lessee and shall remain the property of Lessee upon termination of this Lease. Within a reasonable time prior to termination of this Lease, Lessee shall remove any such substances or improvements, shall assess the Leased Premises for contamination, shall remediate all contamination, if any, and shall address any third party damages occasioned by any contamination or otherwise by the use or storage of such substances or improvements on the Leased Premises. Should Lessee fail to complete such responsibilities prior to the termination of this Lease, Lessee shall remain responsible therefor, and shall be required to post a bond in an amount reasonably required to ensure that such responsibilities are completed within a reasonable time after termination of this Lease.

8. CONSTRUCTION; MAINTENANCE; REPAIR; ALTERATION.

(A) All buildings and other improvements placed on the Leased Premises shall be constructed in a good and workmanlike manner in compliance with applicable laws and building codes. All parts of buildings or other improvements visible to the public or from adjacent premises shall present a pleasant appearance and all service areas shall be screened from public view.

(B) Lessee shall maintain the Leased Premises and all buildings and other improvements thereon and any alterations, additions or appurtenances thereto, in good order and

repair and in a safe, sanitary and neat condition.

(C) Lessee shall have the right to make reasonable alterations, additions or repairs to buildings or other improvements on the Leased Premises, consistent with other provisions of this Lease.

9. UTILITY SERVICE LINE AGREEMENTS.

(A) Lessee specifically is authorized to enter into appropriate service line agreements with utility companies for the provision of utility services to the Leased Premises, including gas, water, sewer, electricity, telephone, television and other utilities, without further consent by Lessor, on the condition that:

(1) such agreements are for the sole purpose of supplying utility services to the Leased Premises;

(2) such agreements authorize utility service lines only within the Leased Premises;

(3) such agreements do not extend beyond the term of this Lease;

(4) executed copies of such agreements, together with plats or diagrams showing with particularity the location, size and extent of such service lines, are filed by the utility companies with Lessor and with the Secretary within thirty (30) days of their execution; and

(5) such agreements are otherwise in accordance with the provisions of 25 C.F.R. § 169.22, including any amendments or successors thereto.

(B) Nothing contained herein shall be construed to limit the right of Lessor to enter into service line agreements with utility companies for service lines across the Leased Premises, provided that such service lines do not unreasonably interfere with Lessee's use of the Leased Premises, nor otherwise to affect the rights-of-way reserved to Lessor in Section 2 of this Lease.

10. LIENS; TAXES AND ASSESSMENTS; UTILITY CHARGES.

(A) Lessee shall not permit any liens arising from any work performed, materials furnished, or other obligations incurred by Lessee to be enforced against the Leased Premises, any interest therein or improvements thereon. Lessee shall discharge all such liens before any action is brought to enforce same.

(B) Lessee shall pay, before becoming delinquent, all taxes, assessments and other like charges levied upon or against the Leased Premises, any interest therein or improvements thereon, for which Lessee is liable. Upon request by Lessor or the Secretary, Lessee shall

furnish Lessor and the Secretary written evidence duly certified that any and all such taxes, assessments and other like charges required to be paid by Lessee have been paid, satisfied or otherwise discharged. Lessee shall have the right to contest any asserted tax, assessment or other like charge against the Leased Premises, any interest therein or improvements thereon, by posting bond to prevent enforcement of any lien resulting therefrom. Lessee agrees to protect and hold harmless Lessor, the Secretary and the Leased Premises and all interests therein and improvements thereon from any and all such taxes, assessments and like charges and from any lien therefor, any sale or other proceedings to enforce payment thereof, and all costs in connection therewith. Upon request by Lessee, Lessor shall execute and deliver any appropriate documents with reference to real estate tax exemption of the Leased Premises, any interest therein or improvements thereon.

(C) Lessee shall pay, before becoming delinquent, all charges for water, sewage, gas, electricity, telephone and other utility services supplied to the Leased Premises.

(D) Lessor shall have the right to pay any lien, tax, assessment or other charge payable by Lessee under this Lease, or to settle any action therefor, if, within a reasonable time after written notice thereof from Lessor or the Secretary, Lessee fails to pay or to post bond against enforcement thereof. All costs and other expenses incurred by Lessor in so doing shall be repaid by Lessee to Lessor on demand, together with interest at the legal rate from the date of payment or incursion thereof by Lessor until repayment is made by Lessee.

11. SUBLEASES AND ASSIGNMENTS; PARTIAL RELINQUISHMENTS.

(A) Except as otherwise provided in subsections (B) and (C) of this Section, this Lease may not be assigned, subleased or otherwise transferred or conveyed, in any manner whatsoever, in whole or in part, without the prior written consent of Lessor and the Secretary, and then only upon the condition that the assignee or other successor in interest shall agree in writing to be bound by each and every covenant, agreement, term and condition of this Lease. Any such attempted assignment, sublease, transfer or conveyance without such prior written approval shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions, or withheld in the sole discretion of Lessor.

(B) Notwithstanding the provisions of subsection (A) of this Section, and subject to the provisions of subsection (D) of this Section, Lessee South Shiprock Houses, Inc., but no successor in interest thereto, is hereby authorized to sublease the Leased Premises, in whole or in part, with the prior written approval of Lessor, but without further approval of the Secretary. Subleases so made shall not serve to relieve the Lessee from any liability under this Lease nor to diminish any supervisory authority of the Secretary provided for under this Lease or under applicable federal laws and regulations. During the term of any sublease, should the sublessee succeed to the interests of Lessee hereunder, it is hereby agreed that no merger of interests shall occur thereby.

(C) Subject to the provisions of subsection (D) of this Section, Lessor and the Secretary hereby consent to the assignment of this Lease by Lessee South Shiprock Houses, Inc., but not by any successor in interest thereto, to Shiprock Homes South, a limited partnership, whose general partner is Lessee, for the purpose of financing construction of improvements on the leasehold through a syndication of low income housing tax credits awarded by the New Mexico Mortgage Finance Authority or its successor agency, provided, that the assignee shall agree in writing to be bound by all the covenants, agreements, terms and conditions of this Lease, and no such assignment shall be valid unless and until the assignee shall so agree. Assignments so made shall not serve to relieve the Lessee from any liability under this Lease nor to diminish any supervisory authority of the Secretary provided for under this Lease or under applicable federal laws and regulations; provided, that Lessee may be relieved from its liability under this Lease, in whole or in part, with the prior written approval of the Lessor and the Secretary. The execution of this lease by Lessor and the approval of this Lease by the Secretary's delegate shall constitute consent under paragraph (A) of this Section.

(D) Lessee shall provide a copy of any sublease, assignment or partial relinquishment to Lessor and to the Secretary within thirty (30) days of its execution. Any sublease or assignment authorized by this Section shall be on a form approved by Lessor and the Secretary, and no such sublease or assignment shall be valid unless it is on an approved form. No sublease or assignment authorized by this Section shall be valid unless and until it is duly recorded in accordance with the provisions of 25 C.F.R. Part 150, including any amendment or successor thereto, at the Land Titles and Records Office of the Bureau of Indian Affairs, Albuquerque, New Mexico Office, or any successor thereto.

(E) Lessee is hereby authorized to relinquish to Lessor any part of this Lease, with the prior written approval of Lessor and the Secretary, for the purpose of Lessor issuing a Homesite Lease for the part relinquished; provided, that each person to whom the Homesite Lease is proposed to be issued is eligible to receive a Homesite Lease and the issuance of the Homesite Lease is otherwise in compliance with all applicable requirements of the Navajo Nation Homesite Policy and Procedures adopted by Resolution No. RCD-289-93, including amendments or successors thereto.

(F) With respect to any of the individual units comprising the Project, for as long as such Project is comprised exclusively of rental units, Lessee may enter into a dwelling lease without the approval of Lessor, Lender or the Secretary of the Interior.

12. QUIET ENJOYMENT.

Lessor hereby covenants and agrees that, upon performing each of its covenants, agreements, terms and conditions contained in this Lease, that Lessee shall peaceably and quietly have, hold and enjoy the Leased Premises without any hindrance, interruption, ejection or molestation by Lessor or by any other person or persons claiming from or under Lessor.

13. ENCUMBRANCE.

(A) This Lease or any interest therein may not be encumbered without the prior written approval of Lessor and the Secretary, and no such encumbrance shall be valid or binding without such prior written approval except that Lessee may mortgage or otherwise encumber its leasehold interest in the Premises for the purpose of borrowing capital to finance the Project, provided the mortgage or encumbrance instrument is approved by the Secretary. An encumbrance shall be confined to the leasehold interest of Lessee, and shall not jeopardize in any way Lessor's interest in the land. Lessee agrees to furnish any requested financial statements or analyses pertinent to the encumbrance that Lessor and the Secretary may deem necessary to justify the amount, purpose and terms of said encumbrance.

(B) In the event of default by Lessee of the terms of an Approved Encumbrance, Encumbrancer may exercise any rights provided in such Approved Encumbrance, provided that prior to any sale of the leasehold, Encumbrancer shall give to Lessor and the Secretary notice of the same character and duration as is required to be given to Lessee by the terms of such Approved Encumbrance and by applicable law. In the event of such default, Lessor shall have the right, which may be exercised at any time prior to the completion of sale, to pay to Encumbrancer any and all amounts secured by the Approved Encumbrance, plus unpaid interest accrued to the date of such payment, plus expenses of sale incurred to the date of such payment.

(C) If Lessor exercises the above right, all right, title and interest of Lessee in this Lease shall terminate and Lessor shall acquire this Lease; provided, however, that such termination shall not relieve Lessee of any obligation or liability which shall have accrued prior to the date of termination. Acquisition of this Lease by Lessor under these circumstances shall not serve to extinguish this Lease by merger or otherwise.

(D) If Lessor declines to exercise the above right and sale of the leasehold under the Approved Encumbrance shall occur, the purchaser at such sale shall succeed to all of the right, title and interest of Lessee in this Lease. It is further agreed that if the purchaser at such sale is Encumbrancer, Encumbrancer may sell and assign this Lease without any further approval by Lessor and the Secretary, provided that the assignee shall agree in writing to be bound by all the covenants, agreements, terms and conditions of this Lease, and no such assignment shall be valid unless and until the assignee shall so agree. If Encumbrancer is the purchaser, it shall be required to perform the obligations of this Lease only so long as it retains title thereto. If the purchaser is other than Encumbrancer, the purchaser shall agree in writing to be bound by all the covenants, agreements, terms and conditions of this Lease, and no such purchase shall be valid unless and until purchaser shall so agree.

(E) A land use restriction agreement requiring that the Project units be reserved for low income persons, if required for purposes of financing the Project, is hereby authorized and shall require no further approval by the Lessor or the Secretary.

14. DEFAULT.

(A) Time is declared to be of the essence of this Lease. Should Lessee default in any payment of monies when due under this Lease, fail to post bond or be in violation of any other provision of this Lease, said violation may be acted upon by the Secretary in accordance with the provisions of 25 C.F.R. Part 162, including any amendments or successors thereto.

(B) In addition to the rights and remedies provided by the aforementioned regulations, Lessor and the Secretary, either jointly or severally, may exercise the following options upon Lessee's default, subject to the provisions of subsection (D) below:

(1) Collect, by suit or otherwise, all monies as they become due hereunder, or enforce by suit or otherwise, Lessee's compliance with all provisions of this Lease; or

(2) Re-enter the premises and remove all persons and property therefrom, and re-let the premises without terminating this Lease as the agent and for the account of Lessee, but without prejudice to the right to cause the termination of the Lease under applicable law thereafter, and without invalidating any right of Lessor or the Secretary or any obligations of Lessee hereunder. The terms and conditions of such re-letting shall be in the sole discretion of Lessor, who shall have the right to alter and repair the premises as it deems advisable and to re-let with or without any equipment or fixtures situated thereon. Rents from any such re-letting shall be applied first to the expense of re-letting, collection, altering and repairing, including reasonable attorney's fees and any reasonable real estate commission actually paid, insurance, taxes and assessments and thereafter toward payment to liquidate the total liability of Lessee. Lessee shall pay to Lessor monthly when due, any deficiency and Lessor or the Secretary may sue thereafter as each monthly deficiency shall arise; or

(3) Take any other action authorized or allowed under applicable law.

(C) No waiver of a breach of any of the terms and conditions of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other term or condition of this Lease. Exercise of any of the remedies herein shall not exclude recourse to any other remedies, by suit or otherwise, which may be exercised by Lessor or the Secretary, or any other rights or remedies now held or which may be held by Lessor in the future.

(D) Lessor and the Secretary, as the case may be, shall give to an Encumbrancer a copy of each notice of default by Lessee at the same time as such notice of default shall be given to Lessee. Lessor and the Secretary shall accept performance by an Encumbrancer of any of Lessee's obligations under this Lease, with the same force and effect as though performed by Lessee. An Encumbrancer shall have standing to pursue any appeals permitted by applicable federal or Navajo Nation law that Lessee would be entitled to pursue. Neither Lessor nor the Secretary shall terminate this Lease if an Encumbrancer has cured or is taking action diligently to cure Lessee's default and has commenced and is pursuing diligently either a foreclosure action or an assignment in lieu of foreclosure.

15. SANITATION.

Lessee hereby agrees to comply with all applicable sanitation laws, regulations or other requirements of the United States and the Navajo Nation. Lessee agrees to dispose of all solid waste in compliance with applicable federal and Navajo Nation law. Lessee further agrees at all times to maintain the entire Leased Premises in a safe and sanitary condition, presenting a good appearance both inside and outside the Leased Premises.

16. HAZARDOUS SUBSTANCES.

Lessee shall not cause or permit any Hazardous Substance to be used, stored, generated or disposed of on or in the Leased Premises without the prior written approval of Lessor, which approval may be given, given upon conditions or denied in the sole discretion of Lessor. Without limitation of the foregoing, if Lessee causes or permits the presence of any Hazardous Substance on the Leased Premises and such results in contamination to the Leased Premises or any building or other improvement thereon, Lessee shall promptly take any and all actions necessary or appropriate to restore the Leased Premises or building or other improvement to the condition existing prior to the presence of any such Hazardous Substance on the Leased Premises. Lessee shall obtain written approval from Lessor prior to commencement of any such remedial action.

17. PUBLIC LIABILITY INSURANCE.

(A) At all times during the term of this Lease, Lessee shall carry a public liability insurance policy in the amount of at least \$1,000,000 for personal injury to one (1) person and \$3,000,000 per occurrence, and \$500,000 for damage to property. Said policy shall be obtained from a reliable insurance company authorized to do business in the Navajo Nation and in the State identified in Section 2 of this Lease and shall be written to protect Lessee, Lessor and the United States and shall provide for notification to Lessor and the Secretary prior to any material change, cancellation or non-renewal of said policy for any reason, including non-payment of premiums. Upon written request therefor, copies of said policy shall be furnished to Lessor and the Secretary.

(B) Lessor or the Secretary may require that the amount of the insurance policy required by subsection (A) of this Section be increased at any time, whenever either shall determine that such increase reasonably is necessary for the protection of Lessor or the United States.

(C) With the prior written approval of Lessor and the Secretary, the insurance obligation under this Section may be satisfied by a self-insurance program maintained by Lessee or by other means of alternative performance satisfactory to Lessor and the Secretary.

18. FIRE AND CASUALTY INSURANCE.

(A) At all times during the term of this Lease, Lessee shall carry fire and casualty insurance with an extended coverage endorsement covering not less than the full insurable value of all improvements on the Leased Premises. Said policy shall be obtained from a reliable insurance company authorized to do business in the Navajo Nation and in the State identified in Section 2 of this Lease, and shall be written to protect Lessee, Lessor, the United States and an Encumbrancer, if any, and shall provide for notification to Lessor, the Secretary and any Encumbrancer prior to any material change, cancellation or non-renewal of said policy for any reason, including non-payment of premiums. Upon written request therefor, copies of said policy shall be furnished to Lessor and the Secretary.

(B) In the event of destruction of or damage to any improvement on the Leased Premises while an Approved Encumbrance remains in effect, the proceeds of fire and damage insurance equal to the amount of destruction or damage to the encumbered improvements (but not exceeding the remaining balance of the Approved Encumbrance) shall be paid to Encumbrancer on the condition that Encumbrancer agrees to promptly replace or repair the destroyed or damaged improvements to a condition as good or better than before the destruction or damage occurred. If such amount paid to Encumbrancer is sufficient to repair the destroyed or damaged improvements with respect to which it was paid, or, if within three (3) months after such payment by the insurer to Encumbrancer, Lessor or Lessee shall deposit with Encumbrancer sufficient additional funds, if any, required to completely replace or repair the destruction or damage, upon written order of Lessor or Lessee, Encumbrancer shall pay such the costs of such replacement or repair, and such payment shall not be deemed a payment or credit on the Approved Encumbrance. Otherwise, at the expiration of such three (3) months said sum so paid by the insurer to Encumbrancer shall be applied and credited on the Approved Encumbrance.

(C) With the prior written approval of the Lessor and the Secretary, the insurance obligations under this Section may be satisfied by a self-insurance program maintained by Lessee or by other means of alternative performance satisfactory to Lessor and the Secretary.

19. INSPECTION.

The Navajo Nation and the Secretary shall have the right, at any reasonable time during the term of this Lease, to enter upon the Leased Premises, or any part thereof, to inspect the Leased Premises and any buildings and other improvements erected or placed thereon.

20. MINERALS.

All minerals, including sand and gravel, contained in or on the Leased Premises are reserved for the use of Lessor. Lessor also reserves the right to enter upon the Leased Premises

and search for and remove minerals located thereon, paying just compensation for any damage or injury caused to Lessee's personal property or improvements constructed by Lessee.

21. EMINENT DOMAIN.

If the Leased Premises or any part thereof is taken under the laws of eminent domain at any time during the term of this Lease, Lessee's interest in the Leased Premises or the part of the Leased Premises taken shall thereupon cease. Compensation awarded for the taking of the Leased Premises or any part thereof, including any improvements located thereon, shall be awarded to Lessor and Lessee as their respective interests may appear at the time of such taking, provided that Lessee's right to such awards shall be subject to the rights of an Encumbrancer under an Approved Encumbrance.

22. DELIVERY OF PREMISES.

At the termination of this Lease, Lessee shall peaceably and without legal process deliver up the possession of the Leased Premises in good condition, usual wear and tear excepted. Upon the written request of the Navajo Nation, Lessee shall provide to the Navajo Nation, at Lessee's sole cost and expense, an environmental audit assessment of the Leased Premises at least sixty (60) days prior to delivery of said premises.

23. HOLDING OVER.

Holding over by Lessee after termination of this Lease shall not constitute a renewal or extension thereof or give Lessee any rights hereunder or in or to the Leased Premises or to any improvements located thereon.

24. INDEMNIFICATION.

Lessee shall indemnify and hold harmless the Navajo Nation and the Secretary and their authorized agents, employees, land users and occupants, against any liability for loss of life, personal injury and property damages arising from the construction on or maintenance, occupancy or use of the Leased Premises by Lessee.

25. ATTORNEY'S FEES.

Lessee agrees to pay and discharge all reasonable costs, attorney's fees and expenses that may be incurred by Lessor or the Secretary in enforcing the provisions of this Lease.

26. AGREEMENT TO ABIDE BY NAVAJO NATION AND FEDERAL LAWS.

In all activities conducted by Lessee within the Navajo Nation, Lessee shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereafter may come into force and effect.

27. GOVERNING LAW AND CHOICE OF FORUM.

Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of this Lease. Any action or proceeding brought by Lessee against the Navajo Nation in connection with or arising out of the terms and conditions of this Lease shall be brought only in the courts of the Navajo Nation, and no such action or proceeding shall be brought by Lessee against the Navajo Nation in any court or administrative body of any State.

28. CONSENT TO JURISDICTION.

Lessee hereby consents to the legislative, executive and judicial jurisdiction of the Navajo Nation in connection with all activities conducted by the Lessee within the Navajo Nation.

29. COVENANT NOT TO CONTEST JURISDICTION.

Lessee hereby covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction of a state government. Nothing in this Section shall be construed to negate or impair federal responsibilities with respect to the Leased Premises or to the Navajo Nation.

30. NO WAIVER OF SOVEREIGN IMMUNITY.

Nothing in this Lease shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.

31. TERMINATION OF FEDERAL SUPERVISION.

Nothing in this Lease shall operate to delay or prevent a termination of federal responsibilities with respect to the Leased Premises by the issuance of a fee patent, or otherwise, during the term of this Lease, however, such termination shall not serve to abrogate this Lease. Lessor, Lessee and an Encumbrancer, if any, shall be notified of any such change in the status of the Leased Premises.

32. INTEREST OF MEMBER OF CONGRESS.

No member of or delegate to Congress or any Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit that may arise herefrom, but this provision

shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.

33. OBLIGATIONS TO THE UNITED STATES.

It is understood and agreed that while the Leased Premises are in trust or restricted status, all of Lessee's obligations under this Lease are to the United States as well as to Lessor.

34. NOTICES AND DEMANDS.

(A) Any notices, demands, requests or other communications to or upon either party or the Secretary provided for in this Lease, or given or made in connection with this Lease, (hereinafter referred to as "notices,") shall be in writing and shall be addressed as follows:

To or upon Lessor:

President
The Navajo Nation
Office of the President/Vice-President
P.O. Box 9000
Window Rock, Navajo Nation (Arizona) 86515
Telephone: 928-871-6352
Telefax: 928-871-4025

To or upon Lessee:

Management Agent
South Shiprock Houses, Inc.
P.O. Box 1379
Shiprock, Navajo Nation (New Mexico) 87420
Telephone: 505-368-4425
Telefax: 505-368-4443

To or upon the Secretary:

Regional Director
Navajo Region
Bureau of Indian Affairs
United States Department of the Interior
301 West Hill Street
P.O. Box 1060
Gallup, New Mexico 87305
Telephone: 505-863-8314
Telefax: 505-863-8324

(B) All notices shall be given by personal delivery, by registered or certified mail, postage prepaid, by facsimile transmission or by telegram. Notices shall be effective and shall be deemed delivered: if by personal delivery, on the date of delivery if during normal business

hours, or if not during normal business hours on the next business day following delivery; if by registered or certified mail, by facsimile transmission or by telegram, on the next business day following actual delivery and receipt.

(C) Copies of all notices shall be sent to the Secretary.

(D) Lessor, Lessee and the Secretary may at any time change its address for purposes of this Section by notice.

35. SUCCESSORS AND ASSIGNS.

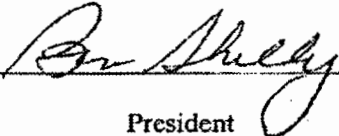
The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of Lessee. Except as the context otherwise requires, the term "Lessee," as used in this Lease, shall be deemed to include all such successors, heirs, executors, assigns, employees and agents.


36. EFFECTIVE DATE; VALIDITY.

This Lease shall take effect on the date it is approved by the Secretary. This Lease, and any modification of or amendment to this Lease, shall not be valid or binding upon either party until it is approved by the Secretary.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the date first above written.

THE NAVAJO NATION, LESSOR

By: 
President

APPROVED 
Pursuant to Secretarial Redelgation Order
209 DM 8, 230 DM 1 and 3 IAM 4.

SOUTH SHIPROCK HOUSES, INC, LESSEE

By: 
Regional Director, Navajo Region
Bureau of Indian Affairs

By: 

~~APPROVED pursuant to Secretarial Redelgation~~

DESCRIPTION: PLOT NUMBER TWO

A certain tract or parcel of land to be known as Plot Number Two of the Shiprock Community Development, lying and being situate in Section 1, T. 29 N., R. 18 W., Section 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, being more particularly bounded and described as follows, to wit:

Beginning at a point (aluminum cap on #5 rebar) for the Northwest corner of said tract or parcel of land, said point being the intersection of the north boundary of said tract or parcel of land, and the easterly right of way line of the U.S. 666, and from whence the corner (G.L.O. brass cap) common to Sections 1 and 2, T. 29 N., R. 18 W., Sections 35 and 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, bears S. 61°17'12" W., a distance of 540.01 feet; thence S. 80°26'00" E. along the northerly line of said tract or parcel of land a distance of 1,500.00 feet to a point (aluminum cap on #5 rebar) for the northeast corner; thence S. 09°34'00" W. along the easterly line of said tract or parcel of land a distance of 2,640.00 feet to a point (aluminum cap on #5 rebar) for the southeast corner; thence N. 80°26'00" W. along the southerly line of said tract or parcel of land a distance of 1,500.00 feet to a point (aluminum cap on #5 rebar) for the southwest corner and a point on the easterly right of way line of U.S. 666; thence N. 09°34'00" E. along said easterly right of way line a distance of 2,640.00 feet to the point and place of beginning.

Containing 90.909 acres, more or less.

Excepting (except as provided for in Paragraph (2) of Article III of the Lease Agreement) the following described homesite lease hold situate within Plot Number Two being more particularly bounded and described as follows, to wit:

REDSHIRT LEASE:

Beginning at a point (aluminum cap on #5 rebar) for the southwest corner of said lease from whence the corner (G.L.O. brass cap) common to Sections 1 and 2, T. 29 N., R. 18 W., Sections 35 and 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, bears N. 31°28'56" W. a distance of 1,497.42 feet; thence N. 13°05'00" E. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the northwest corner; thence S. 76°55'00" E. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the northeast corner; thence S. 13°05'00" W. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the southeast corner; thence N. 76°55'00" W. a distance of 208.70 feet to the point and place of beginning.

Containing 1.000 acres, more or less.

CURLEY LEASE:

Beginning at a point (aluminum cap on #5 rebar) for the northwest corner of said lease, from whence the corner (G.L.O. brass cap) common to Sections 1 and 2, T. 29 N., R. 18 W., Sections 35 and 36, T. 30 N., R. 18 W., N.M.P.M., District 12 of the Navajo Indian Reservation, County of San Juan, State of New Mexico, bears N. $31^{\circ}28'56''$ W. a distance of 1,497.42 feet; thence S. $76^{\circ}55'00''$ E. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the northeast corner; thence S. $13^{\circ}05'00''$ W. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the southeast corner; thence N. $76^{\circ}55'00''$ W. a distance of 208.70 feet to a point (aluminum cap on #5 rebar) for the southwest corner; thence N. $13^{\circ}05'00''$ E. a distance of 208.70 feet to the point and place of beginning.

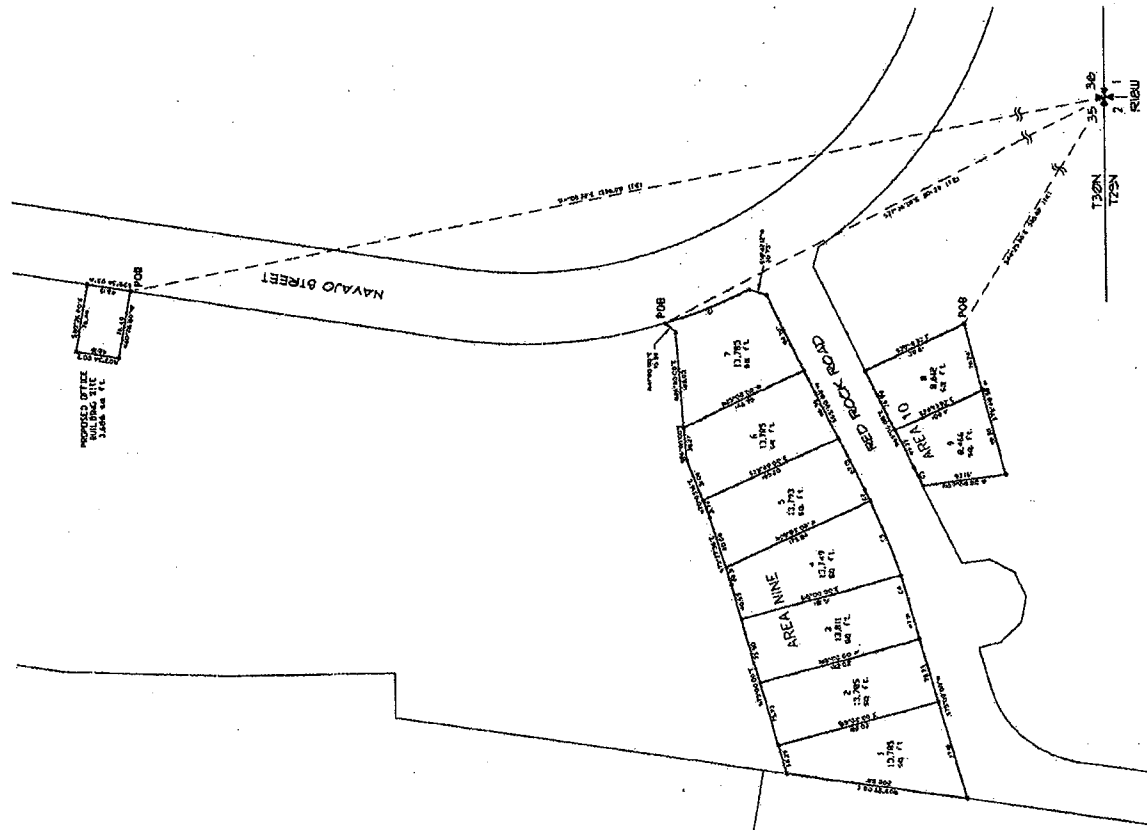
Containing 1.000 acres, more or less.

And subject to the gas line right of way described as follows:

Exhibit B to Sublease
Legal Description and Map of Subleased Premises
[See attached.]

16446037.6

UNIT ONE SHIPROCK COMMUNITY DEVELOPMENT SUBDIVISION
Area 9, Area 10 and proposed office building site
lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M.,
in Shiprock, San Juan County, New Mexico



LEGAL DESCRIPTION

Area 9, Area 10 and proposed office building site lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

Area 9, Area 10 and proposed office building site lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

Area 9, Area 10 and proposed office building site lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

Area 10

Area 10, Area 10 and proposed office building site lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

Area 10, Area 10 and proposed office building site lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

Area 10, Area 10 and proposed office building site lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

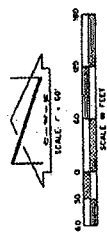
PROPOSED OFFICE BUILDING SITE

PROPOSED OFFICE BUILDING SITE lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

PROPOSED OFFICE BUILDING SITE lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

PROPOSED OFFICE BUILDING SITE lying in the SE1/4 of Section 35 T30N R18W, N.M.P.M., in Shiprock, San Juan County, New Mexico.

SECTION	ACRES	AREA	ACRES	AREA	ACRES
1	1.0000	2	1.0000	3	1.0000
4	1.0000	5	1.0000	6	1.0000
7	1.0000	8	1.0000	9	1.0000
10	1.0000	11	1.0000	12	1.0000
13	1.0000	14	1.0000	15	1.0000
16	1.0000	17	1.0000	18	1.0000
19	1.0000	20	1.0000	21	1.0000
22	1.0000	23	1.0000	24	1.0000
25	1.0000	26	1.0000	27	1.0000
28	1.0000	29	1.0000	30	1.0000
31	1.0000	32	1.0000	33	1.0000
34	1.0000	35	1.0000	36	1.0000
37	1.0000	38	1.0000	39	1.0000
40	1.0000	41	1.0000	42	1.0000
43	1.0000	44	1.0000	45	1.0000
46	1.0000	47	1.0000	48	1.0000
49	1.0000	50	1.0000	51	1.0000
52	1.0000	53	1.0000	54	1.0000
55	1.0000	56	1.0000	57	1.0000
58	1.0000	59	1.0000	60	1.0000
61	1.0000	62	1.0000	63	1.0000
64	1.0000	65	1.0000	66	1.0000
67	1.0000	68	1.0000	69	1.0000
70	1.0000	71	1.0000	72	1.0000
73	1.0000	74	1.0000	75	1.0000
76	1.0000	77	1.0000	78	1.0000
79	1.0000	80	1.0000	81	1.0000
82	1.0000	83	1.0000	84	1.0000
85	1.0000	86	1.0000	87	1.0000
88	1.0000	89	1.0000	90	1.0000
91	1.0000	92	1.0000	93	1.0000
94	1.0000	95	1.0000	96	1.0000
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103	1.0000	104	1.0000	105	1.0000
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139	1.0000	140	1.0000	141	1.0000
142	1.0000	143	1.0000	144	1.0000
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151	1.0000	152	1.0000	153	1.0000
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190	1.0000	191	1.0000	192	1.0000
193	1.0000	194	1.0000	195	1.0000
196	1.0000	197	1.0000	198	1.0000
199	1.0000	200	1.0000	201	1.0000
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274	1.0000	275	1.0000	276	1.0000
277	1.0000	278	1.0000	279	1.0000
280	1.0000	281	1.0000	282	1.0000
283	1.0000	284	1.0000	285	1.0000
286	1.0000	287	1.0000	288	1.0000
289	1.0000	290	1.0000	291	1.0000
292	1.0000	293	1.0000	294	1.0000
295	1.0000	296	1.0000	297	1.0000
298	1.0000	299	1.0000	300	1.0000



CHENEY WALTERS ECHOLS
ENGINEERS - SURVEYORS

DATE: 04-09-2014
PROJECT: UNIT ONE SHIPROCK COMMUNITY DEVELOPMENT SUBDIVISION, AREA 9, AREA 10 AND PROPOSED OFFICE BUILDING SITE
SHEET: 1 OF 1

FOR REVIEW ONLY

NOTES

1. This map was prepared by the Surveyors from the field notes and data furnished by the client.

2. The Surveyors warrant that the map is a true and correct representation of the land described in the accompanying plat.

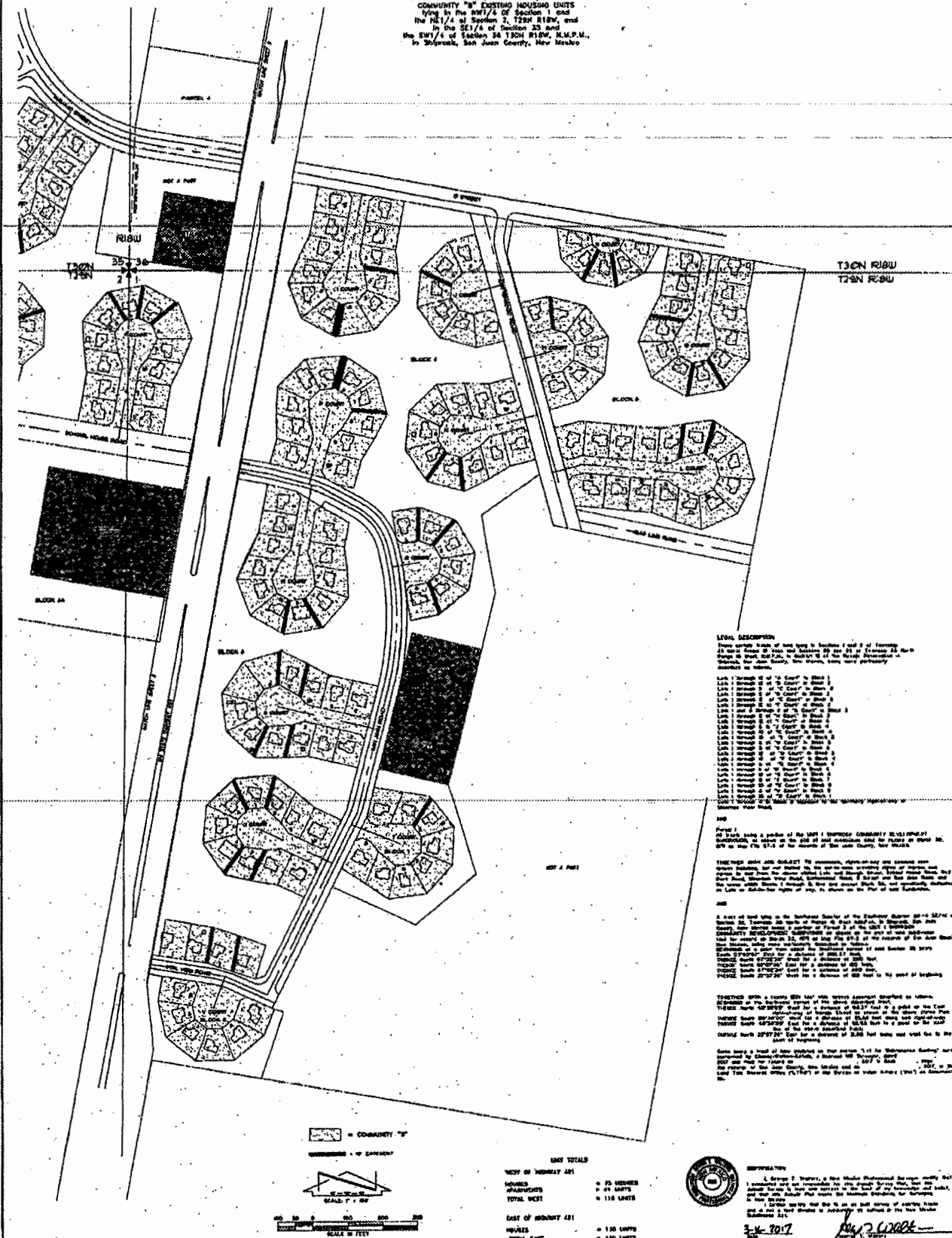
3. The Surveyors warrant that the map is a true and correct representation of the land described in the accompanying plat.

4. The Surveyors warrant that the map is a true and correct representation of the land described in the accompanying plat.

5. The Surveyors warrant that the map is a true and correct representation of the land described in the accompanying plat.

be shown on the plot of said Subdivision filed for office in the Office of the San Juan County Clerk on March 30, 1871 in Map No 67-5

COMMUNITY "B" EXISTING HOUSING UNITS
lying in the SW1/4 of Section 1 and
the NE1/4 of Section 2, T22N R10W, and
in the SE1/4 of Section 33 and
the SW1/4 of Section 36 T20N R10W, N.M.P.M.,
in Bolognelli, San Juan County, New Mexico



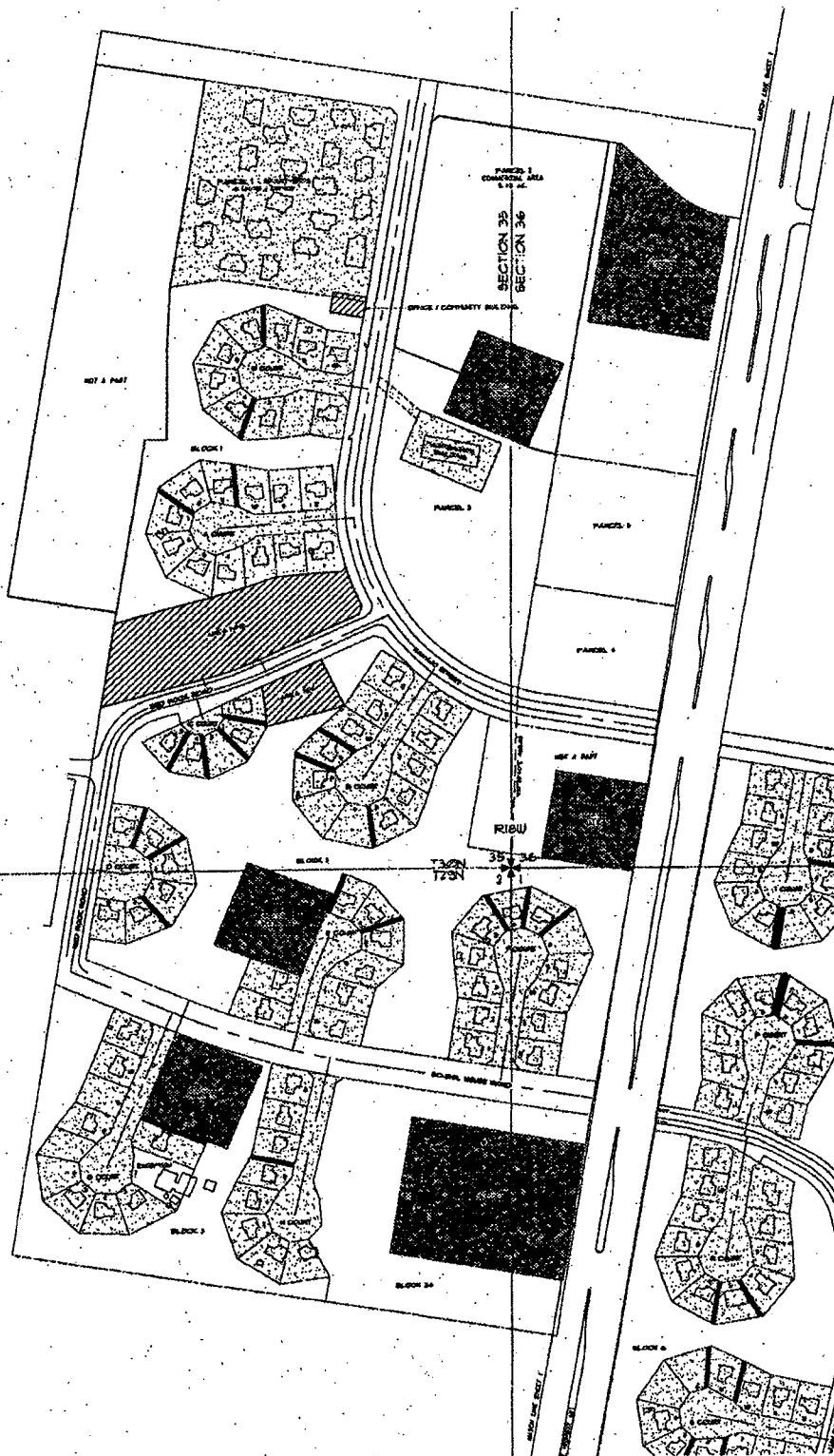
CHENEY-WALTERS-ECHOLS
ENGINEERS • SURVEYORS
 100 S. MAIN ST. • CHICAGO, ILL. 60604 • PHONE 312-582-1100

REF ID: A66666

Sheet 1 of 2

UNIT 1 SHIPROCK COMMUNITY DEVELOPMENT SUBDIVISION

as shown on the plat of said Subdivision filed
for record in the office of the San Juan County
Clerk on March 30, 1971 in Map file 87-5
Consistency "M" EXISTING HIGHWAY UNITS
lying in the NW1/4 of Section 1 and
the NE1/4 of Section 2, T28N R18W, and
in the SE1/4 of Section 35 and
the SW1/4 of Section 36 T30N R18W, N.M.P.M.,
in Shiprock, San Juan County, New Mexico



	LOCATION	AREA ACRES
WEST OF HIGHWAY	A COURT	2.53
	B COURT	2.55
	C COURT	0.76
	D COURT	1.32
	E COURT	1.88
	F COURT	2.52
	G COURT	2.47
	H COURT	1.95
	I COURT	2.12
	MAINTENANCE BLDG	4.62
EAST OF HIGHWAY	J COURT	0.89
	K COURT	2.52
	L COURT	1.32
	M COURT	2.12
	N COURT	3.20
	O COURT	1.32
	P COURT	0.76
	Q COURT	2.52
	R COURT	2.13
	S COURT	1.31
	T COURT	2.36
	U COURT	2.52
	V COURT	1.73
	LOTS NORTH OF MAIN VIEW	2.17
		0.74

= COMMUNITY "B"
 = COMMUNITY "A"

= EASEMENT

= RIGHT OF WAY
 SCALE 1" = 100'

0 100 200 300
 FEET
 SCALE 1" = 100'

CHENEY-WALTERS-ECHOLS
 ENGINEERS - SURVEYORS

100 N. MOORE - TUBAC, NEW MEXICO 87501 - 865-1111
 100 N. MOORE - TUBAC, NEW MEXICO 87501 - 865-1111

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Sub-Sublease relating to a portion of
Master Lease No. SL-SR-10-211

**RESIDENTIAL SUB-SUBLEASE OF NAVAJO NATION TRUST LAND
FROM SHIPROCK HOMES SOUTH, A LIMITED PARTNERSHIP
TO SHIPROCK COMMUNITY A, L.L.L.P.**

THIS SUB-SUBLEASE is made and entered into as of _____ ("Effective Date") by and between Shiprock Homes South, a New Mexico Limited Partnership, hereinafter designated as "*Sub-sublessor*," and Shiprock Community A, L.L.L.P., a New Mexico limited liability limited partnership hereinafter designated as "*Sub-subslessee*."

RECITALS

- A. The Navajo Nation and South Shiprock Houses, Inc. P.O. Box 1379, Shiprock, New Mexico 87420 ("SSHI") entered into Housing Project Master Lease No. SL-SR-10-211, approved by the Bureau of Indian Affairs effective July 26, 2010 ("Master Lease"), with a term of 65 years covering approximately 150 acres of Navajo Nation land for purposes of providing affordable housing to low-income Navajo families, a copy of which Master Lease is attached hereto as Exhibit A;
- B. SSHI entered into a Sublease with Shiprock Homes South, a Limited Partnership (Sub-sublessor), effective _____, covering a portion of the land leased under the Master Lease ("Subleasehold"), a copy of which is attached as Exhibit B.
- C. Sub-sublessor and Sub-subslessee desire to enter into a Sub-sublease arrangement, whereby Sub-sublessor subleases to Sub-subslessee a portion of the Subleasehold ("Sub-subleasehold") as described and mapped in Exhibit C attached hereto.

NOW, THEREFORE, in consideration of the foregoing, the covenants of the parties hereinafter expressed, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

1. **DEFINITIONS.** In addition to the definitions found in other parts of this Sub-sublease, the terms used in this Sub-sublease shall be defined as follows:

"Interested Finance Party" means a party who has provided financing for improvements on the Sub-subleasehold in accordance with Paragraph 3 and received a mortgage or other security interest in the Sub-subleasehold, or an interest therein, to secure repayment of such financing.

"Member" means a member of the Nation.

"Nation," whether used as a noun or adjective, refers to the Navajo Nation.

"Secretary" or "Secretarial" refers to the Secretary of the Interior or his or her delegate, including the Regional Director, or Acting Regional Director, of the Bureau of Indian Affairs, Navajo Region ("BIA").

"Sub-subleasehold Interest" means the interest of the Sub-sublessee in this Sub-sublease.

2. SUB-SUBLEASED PREMISES. Sub-sublessor hereby sub-subleases to Sub-sublessee all that lot, tract or parcel of land situated on the Navajo Nation, County of San Juan, State of New Mexico, legally described and depicted on Exhibit C, containing approximately 2.69 acres, more or less, together with the right of reasonable ingress and egress, subject to any prior, valid, existing rights-of-way (the "*Sub-subleased Premises*"). There is hereby reserved and excepted from the Sub-subleased Premises rights-of-way for utilities constructed by or on authority of the Navajo Nation, SSHI or the Sub-sublessor.
3. PURPOSE OF SUB-SUBLEASE AND USE OF SUB-SUBLEASED PREMISES. The purpose of this Sub-sublease is to facilitate the construction of affordable housing and related improvements on the Sub-subleased Premises. The Sub-subleased Premises shall be used for development and/or rehabilitation of affordable residential housing and occupancy of such housing by Member families and for administrative and community facilities serving such residential housing.
4. TERM. This Sub-sublease shall commence on the Effective Date and end at 11:59 pm on the preceding day, in the same month, 50 years later, unless sooner terminated as provided herein or pursuant to the early termination of the Master Lease.
5. RENT. The improvement of housing for Member families is a public purpose. The consideration for this Sub-sublease is (a) the obligation of Sub-sublessee to further said purpose, (b) the promise hereby given by Sub-sublessee to pay Sub-sublessor rent at the rate of One Dollar and 00/100 (\$1.00).
6. SUB-SUBLESSEE'S OWNERSHIP OF IMPROVEMENTS AND RIGHTS UPON TERMINATION OR EXPIRATION OF THE SUB-SUBLEASE.
 - (a) Upon the termination of this Sub-sublease, provided Sub-sublessee is not then in default, Sub-sublessee shall have the right, within 30 days, to remove the dwelling and related structures from the Sub-subleased Premises and relocate such improvements to a site not located on the Sub-subleased Premises. If Sub-sublessee exercises such right, it shall be required to pay all costs related to the relocation of the improvements.
 - (b) If Sub-sublessee fails to remove the dwelling and related structures within the time provided in the preceding subparagraph, or leaves any other improvements on the Sub-subleased Premises, such improvements will be deemed to be abandoned and all of Sub-sublessee's right, title and interest in and to the improvements shall automatically be vested in Sub-sublessor. Sub-sublessee shall

not be compensated for their value. Sub-sublessee shall leave the Sub-subleased Premises in good order and condition.

7. QUIET ENJOYMENT. Provided that Sub-sublessee is not in default of the Sub-sublease, Sub-sublessor agrees to defend the Sub-subleasehold Interest and also agrees that Sub-sublessee and any successors-in-interest shall peaceably and quietly hold, enjoy and occupy the Sub-subleased Premises for the duration of this Sub-sublease without any hindrance, interruption, ejection or molestation by Sub-sublessor or by any other persons claiming by, under or through Sub-sublessor.
8. SUB-SUBLESSEE'S RIGHT TO SUBLEASE, MORTGAGE OR ENCUMBER THE SUB-SUBLEASEHOLD INTEREST.
 - (a) The Sub-sublessee shall not further sublease its interest without the consent of the Nation, SSHI, Sub-sublessor and any Interested Finance Parties, provided that dwelling leases to Members for occupancy of the Sub-subleased Premises may be entered into without further approvals of any party.
 - (b) Sub-sublessee shall have the right to mortgage, grant deed restrictions on, enter into regulatory agreements relating to, hypothecate, or otherwise encumber any estate, interest or equity Sub-sublessee may have in any building, substructures, or improvements constructed on the Sub-subleased Premises, without prior written consent of the Nation, SSHI, Sub-sublessor or the Secretary, for purposes of financing affordable housing and related improvements. Such authorized mortgages, deed restrictions, regulatory agreements and other encumbrances include, but are not limited to -
 - (i) Regulatory Agreements, Deed restrictions and/or similar agreements required for financing through low-income housing tax credits; and
 - (ii) Regulatory Agreements and related agreements required for financing through multifamily mortgage bonds allocated by the Mexico Mortgage Finance Authority.

9. INCORPORATION OF MASTER LEASE AND SUBLEASE.

This Sub-sublease is subject and subordinate to the Master Lease and the Sublease and Sub-sublessee agrees to observe and be bound by all of the terms of the Master Lease and Sublease as fully as if Sub-sublessee were the lessee named therein.

10. DEFAULT. Any of the following constitutes an event of default ("*Event of Default*") under this Sub-sublease:
 - (a) Failure of Sub-sublessee to (i) timely pay the rent or (ii) comply with the terms and conditions of this Sub-sublease or the terms and conditions of the Sublease or Master Lease incorporated herein and Sub-sublessee fails to cure such default within 30 days of written notice from Sub-sublessor;

- (b) Breach of the representations, covenants and agreements made in this Sub-sublease and Sub-sublessee fails to cure such breach within 30 days of written notice from Sub-sublessor; or
- (c) The Sub-sublessee's failure to carry out and comply with the purposes and uses set forth at Paragraph 3.

11. SUB-SUBLESSOR'S REMEDIES FOR SUB-SUBLESSEE'S DEFAULT OR BREACH OF SUB-SUBLEASE.

Subject to Paragraph 16 -

- (a) In case of any breach hereof by Sub-sublessee, Sub-sublessor shall have all the rights against Sub-sublessee as would be available to the SSHI against the Sub-sublessor under the Sublease if such breach were by the Sub-sublessor thereunder.
 - (b) In addition to any other remedies provided under applicable law, upon the occurrence of an Event of Default, Sub-sublessor has the following remedies:
 - (i) Accept a surrender of the Sub-subleased Premises;
 - (ii) Evict Sub-sublessee and terminate its Sub-subleasehold Interest; and
 - (iii) Obtain a judgment for monetary damages in the event Sub-sublessee damages the Sub-subleased Premises or allow waste to occur beyond normal wear and tear.
 - (c) Sub-sublessee shall be deemed to have abandoned all of the improvements located on the Sub-subleased Premises in the event Sub-sublessor recovers possession of the Sub-subleased Premises pursuant to its remedies hereunder.
12. ASSENT NOT WAIVER OF FUTURE BREACH OF COVENANTS. No assent, express or implied, to any breach of any of Sub-sublessee's covenants, shall be deemed to be a waiver of any succeeding breach of any covenants.
13. FORCE MAJEURE. Whenever under this instrument a time is stated within which or by which original construction, repairs or re-construction of said improvements shall be completed, and if during such period any cause reasonably beyond Sub-sublessee's power to control occurs, the period of delay so caused shall be added to the period allowed herein for the completion of such work.
14. DISPUTE RESOLUTION.

Disputes shall be finally and exclusively settled by arbitration administered by the AAA in accordance with the provisions of its Commercial Arbitration Rules. Judgment upon any award rendered by the arbitrators shall be entered in any court of competent jurisdiction.

15. NOTICE TO INTERESTED FINANCE PARTIES; GRACE PERIOD. Notwithstanding any provision to the contrary contained herein, the following requirements shall apply in the event of a default if an Interested Finance Party has furnished Sub-sublessor with information sufficient for the Sub-sublessor to contact such Interested Finance Party:
- (a) Sub-sublessor shall not exercise Sub-sublessor's remedies unless and until Sub-sublessor has given an Interested Finance Party notice of such default and 30 days in addition to any applicable cure period given Sub-sublessee (the "Investor Cure Period") in which to cure such default.
 - (b) An Interested Finance Party shall have the right to cure any default. If such default cannot be reasonably cured within said Investor Cure Period, then an Interested Finance Party shall have such additional time as it shall reasonably require, so long as the Interested Finance Party is proceeding with reasonable diligence and so long as such additional time to cure does not exceed a maximum of an additional 90 days beyond the Cure Period.

16. PRESERVATION OF SUB-SUBLEASEHOLD AND PROTECTION OF INTERESTED FINANCE PARTY RIGHTS

Sub-sublessor acknowledges that Sub-sublessee's ability to secure the financing necessary to carry out the purposes sets forth in Paragraph 3 requires preservation of the Sub-subleasehold. Notwithstanding anything contained in this Sub-sublease to the contrary:

- (a) Sub-sublessor shall not terminate this Sub-sublease or evict Sub-sublessee during the term of any outstanding mortgage or other security interest in the Sub-subleased Premises or an interest therein.
- (b) Sub-sublessor shall not amend, modify, change, cancel, waive or terminate this Sub-sublease without the prior written consent of all Interested Finance Parties.
- (c) Sub-sublessor shall not accept a voluntary surrender of the Sub-sublease without consent of any Interested Finance Party. Any such amendment, modification, change, cancellation, waiver, termination or surrender made or accepted by the Sub-sublessor shall not be valid and effective unless made with the consent of all Interested Finance Parties.
- (d) Sub-sublessor shall not transfer, encumber or otherwise dispose of the sub-subleased Premises or any interest therein without the consent of any Interested Parties.

17. NOTICE

All notices, demands and requests which are required to be given by the Sub-sublessor, the Sub-sublessee or any Interested Finance Party in connection with this Sub-sublease shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this

instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given. Subject to any party's notification of new notice instructions, notices shall be addressed as follows:

If to Interested Finance Parties:

If to Sub-sublessee:

Shiprock Community A, L.L.L.P.
4801 N. Butler, Suite 8101
Farmington, New Mexico 87401I
Attn:

If to Sub-sublessor:

South Shiprock Houses, Inc., General Partner
Post Office Box 1379,
Shiprock, New Mexico, 87420
Attn: Executive Director

SUB-SUBLESSOR:

**SHIPROCK HOMES SOUTH, a Limited
Partnership, a New Mexico limited
partnership**

By: Nonprofit Housing Corp., a New Mexico
nonprofit corporation, General Partner

By: _____

Molly Begay, President

Secretary

Attest

SUB-SUBLESSEE:

**SHIPROCK COMMUNITY A, L.L.L.P. a
New Mexico limited liability limited
partnership**

By: Shiprock Homes South, a Limited
Partnership, a New Mexico limited partnership,
Sole and General Partner

By: Nonprofit Housing Corp., a New Mexico
nonprofit corporation, General Partner

By: _____

Helen Begay, Vice President/Executive Director

Secretary

Attest

Sub-Sublease relating to a portion of
Master Lease No. SL-SR-10-211

**RESIDENTIAL SUB-SUBLEASE OF NAVAJO NATION TRUST LAND
FROM SHIPROCK HOMES SOUTH, A LIMITED PARTNERSHIP
TO SHIPROCK COMMUNITY B, L.L.L.P.**

THIS SUB-SUBLEASE is made and entered into as of _____ ("Effective Date") by and between Shiprock Homes South, a Limited Partnership, a New Mexico limited partnership, hereinafter designated as "*Sub-sublessor*," and Shiprock Community B, L.L.L.P., a New Mexico limited liability limited partnership, hereinafter designated as "*Sub-sublessee*."

RECITALS

- A. The Navajo Nation and South Shiprock Houses, Inc. P.O. Box 1379, Shiprock, New Mexico 87420 ("SSHI") entered into Housing Project Master Lease No. SL-SR-10-211, approved by the Bureau of Indian Affairs effective July 26, 2010 ("Master Lease") with a term of 65 years covering approximately 150 acres of Navajo Nation land for purposes of providing affordable housing to low-income Navajo families, a copy of which Master Lease is attached hereto as Exhibit A;
- B. SSHI entered into a Sublease with Sublessor, effective _____, covering a portion of the land leased under the Master Lease ("Subleasehold"), a copy of which is attached as Exhibit B.
- C. Sub-sublessor and Sub-sublessee desire to enter into a Sub-sublease arrangement, whereby Sub-sublessor subleases to Sub-sublessee a portion of the Subleasehold ("Sub-subleasehold") as described and mapped in Exhibit C attached hereto.

NOW, THEREFORE, in consideration of the foregoing, the covenants of the parties hereinafter expressed, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

1. **DEFINITIONS.** In addition to the definitions found in other parts of this Sub-sublease, the terms used in this Sub-sublease shall be defined as follows:

"*HUD*" means the U.S. Department of Housing and Urban Development, its successors and assigns.

"*Interested Finance Party*" means a party, including but not limited to Lender, who has provided financing for improvements on the Sub-subleasehold in accordance with Paragraph 3 and received a mortgage or other security interest in the Sub-subleasehold, or an interest therein, to secure repayment of such financing. The definition also includes any party that is an "Encumbrancer" under the Master Lease.

"*Lender*" means Centennial Mortgage, Inc., its successors or assigns.

"Member" means a member of the Nation.

"Nation," whether used as a noun or adjective, refers to the Navajo Nation.

"Secretary" or "Secretarial" refers to the Secretary of the Interior or his or her delegate, including the Regional Director, or Acting Regional Director, of the Bureau of Indian Affairs, Navajo Region ("BIA").

"Sub-subleasehold Interest" means the interest of the Sub-sublessee in this Sub-sublease.

2. SUB-SUBLEASED PREMISES. Sub-sublessor hereby sub-subleases to Sub-sublessee all that lot, tract or parcel of land situated on the Navajo Nation, County of San Juan, State of New Mexico, legally described and depicted on Exhibit C, containing 51.42 acres, more or less, together with the right of reasonable ingress and egress, subject to any prior, valid, existing rights-of-way (the "*Sub-subleased Premises*"). There is hereby reserved and excepted from the Sub-subleased Premises rights-of-way for utilities constructed by or on authority of the Navajo Nation, SSHI or the Sub-sublessor.
3. PURPOSE OF SUB-SUBLEASE AND USE OF SUB-SUBLEASED PREMISES. The purpose of this Sub-sublease is to facilitate the construction and/or rehabilitation of affordable housing and related improvements on the Sub-subleased Premises in part through a loan guaranteed by the United States Department of Housing and Urban Development under Sections 221(d)(4) or 207/223(f) of the National Housing Act, 12 U.S.C. § 1715n(f) and (2). The Sub-subleased Premises shall be used for development and/or rehabilitation of affordable residential housing and occupancy of such housing by Member families and a maintenance building to serve said housing.
4. TERM. This Sub-sublease shall commence on the Effective Date and end at 11:59 pm on the preceding day, in the same month, 50 years later, unless sooner terminated as provided herein or pursuant to the early termination of the Master Lease.
5. RENT. The improvement of housing for Member families is a public purpose. The consideration for this Sub-sublease is (a) the obligation of Sub-sublessee to further said purpose, (b) the promise hereby given by Sub-sublessee to pay Sub-sublessor rent at the rate of One Dollar and 00/100 (\$1.00) for the term.
6. SUB-SUBLESSEE'S OWNERSHIP OF IMPROVEMENTS AND RIGHTS UPON TERMINATION OR EXPIRATION OF THE SUB-SUBLEASE.
 - (a) Upon the termination of this Sub-sublease, provided Sub-sublessee is not then in default, Sub-sublessee shall have the right, within 30 days, to remove the dwelling and related structures from the Sub-subleased Premises and relocate such improvements to a site not located on the Sub-subleased Premises. If Sub-sublessee exercises such right, it shall be required to pay all costs related to the relocation of the improvements.

- (b) If Sub-sublessee fails to remove the dwelling and related structures within the time provided in the preceding subparagraph, or leaves any other improvements on the Sub-subleased Premises, such improvements will be deemed to be abandoned and all of Sub-sublessee's right, title and interest in and to the improvements shall automatically be vested in Sub-sublessor. Sub-sublessee shall not be compensated for their value. Sub-sublessee shall leave the Sub-subleased Premises in good order and condition.
- 7. QUIET ENJOYMENT. Provided that Sub-sublessee is not in default of the Sub-sublease, Sub-sublessor agrees to defend the Sub-subleasehold Interest and also agrees that Sub-sublessee and any successors-in-interest shall peaceably and quietly hold, enjoy and occupy the Sub-subleased Premises for the duration of this Sub-sublease without any hindrance, interruption, ejection or molestation by Sub-sublessor or by any other persons claiming by, under or through Sub-sublessor.
- 8. SUB-SUBLESSEE'S RIGHT TO SUBLEASE, MORTGAGE OR ENCUMBER THE SUB-SUBLEASEHOLD INTEREST
 - (a) The Sub-sublessee shall not further sublease its interest without the consent of the Nation, SSHI, Sub-sublessor and any Interested Finance Parties, provided that dwelling leases to Members for occupancy of the Sub-subleased Premises may be entered into without further approvals of any party.
 - (b) Sub-sublessee shall have the right to mortgage, grant deed restrictions on, enter into regulatory agreements relating to, hypothecate, or otherwise encumber any estate, interest or equity Sub-sublessee may have in any building, substructures, or improvements constructed on the Sub-subleased Premises, without prior written consent of the Nation, SSHI, Sub-sublessor or the Secretary, for purposes of financing affordable housing and related improvements. Such authorized mortgages, deed restrictions, regulatory agreements and other encumbrances include, but are not limited to -
 - (i) HUD-insured Mortgage and HUD Regulatory Agreements;
 - (ii) Regulatory Agreements, Deed restrictions and/or similar agreements required for financing through low-income housing tax credits; and
 - (iii) Regulatory Agreements and related agreements required for financing through multifamily mortgage bonds allocated by the Mexico Mortgage Finance Authority.
- 9. INCORPORATION OF MASTER LEASE AND SUBLEASE.

This Sub-sublease is subject and subordinate to the Master Lease and the Sublease and Sub-sublessee agrees to observe and be bound by all of the terms of the Master Lease and Sublease as fully as if Sub-sublessee were the lessee named therein.

10. **DEFAULT.** Any of the following constitutes an event of default ("*Event of Default*") under this Sub-sublease:
- (a) Failure of Sub-sublessee to (i) timely pay the rent or (ii) comply with the terms and conditions of this Sub-sublease or the terms and conditions of the Sublease or Master Lease incorporated herein and Sub-sublessee fails to cure such default within 30 days of written notice from Sub-sublessor;
 - (b) Breach of the representations, covenants and agreements made in this Sub-sublease and Sub-sublessee fails to cure such breach within 30 days of written notice from Sub-sublessor; or
 - (c) The Sub-sublessee's failure to carry out and comply with the purposes and uses set forth at Paragraph 3.
11. **SUB-SUBLESSOR'S REMEDIES FOR SUB-SUBLEESSEE'S DEFAULT OR BREACH OF SUB-SUBLEASE.**
- Subject to Paragraphs 15 and 16 -
- (a) In case of any breach hereof by Sub-sublessee, Sub-sublessor shall have all the rights against Sub-sublessee as would be available to the SSHI against the Sub-sublessor under the Sublease if such breach were by the Sub-sublessor thereunder.
 - (b) In addition to any other remedies provided under applicable law, upon the occurrence of an Event of Default, Sub-sublessor has the following remedies:
 - (i) Accept a surrender of the Sub-subleased Premises;
 - (ii) Evict Sub-sublessee and terminate its Sub-subleasehold Interest; and
 - (iii) Obtain a judgment for monetary damages in the event Sub-sublessee damages the Sub-subleased Premises or allow waste to occur beyond normal wear and tear.
 - (c) Sub-sublessee shall be deemed to have abandoned all of the improvements located on the Sub-subleased Premises in the event Sub-sublessor recovers possession of the Sub-subleased Premises pursuant to its remedies hereunder.
12. **ASSENT NOT WAIVER OF FUTURE BREACH OF COVENANTS.** No assent, express or implied, to any breach of any of Sub-sublessee's covenants, shall be deemed to be a waiver of any succeeding breach of any covenants.
13. **FORCE MAJEURE.** Whenever under this instrument a time is stated within which or by which original construction, repairs or re-construction of said improvements shall be completed, and if during such period any cause reasonably beyond Sub-sublessee's power to control occurs, the period of delay so caused shall be added to the period allowed herein for the completion of such work.

14. DISPUTE RESOLUTION.

Disputes shall be finally and exclusively settled by arbitration administered by the AAA in accordance with the provisions of its Commercial Arbitration Rules. Judgment upon any award rendered by the arbitrators shall be entered in any court of competent jurisdiction.

15. NOTICE TO INTERESTED FINANCE PARTIES; GRACE PERIOD. Notwithstanding any provision to the contrary contained herein, the following requirements shall apply in the event of a default:

- (a) Sub-sublessor shall immediately give notice to each of Lender and HUD in the event of default.
- (b) Sub-sublessor shall not exercise Sub-sublessor's remedies unless and until Sub-sublessor has given an Interested Finance Party notice of such default and 30 days in addition to any applicable cure period given Sub-sublessee (the "Investor Cure Period") in which to cure such default.
- (c) An Interested Finance Party shall have the right to cure any default. If such default cannot be reasonably cured within said Investor Cure Period, then an Interested Finance Party shall have such additional time as it shall reasonably require, so long as the Interested Finance Party is proceeding with reasonable diligence and so long as such additional time to cure does not exceed a maximum of an additional 90 days beyond the Cure Period.

16. PRESERVATION OF SUB-SUBLEASEHOLD AND PROTECTION OF INTERESTED FINANCE PARTY RIGHTS

Sub-sublessor acknowledges that Sub-sublessee's ability to secure the financing necessary to carry out the purposes sets forth in Paragraph 3 requires preservation of the Sub-subleasehold. Notwithstanding anything contained in this Sub-sublease to the contrary:

- (a) Sub-sublessor shall not terminate this Sub-sublease or evict Sub-sublessee during the term of any outstanding mortgage or other security interest in the Sub-subleased Premises or an interest therein.
- (b) Sub-sublessor shall not amend, modify, change, cancel, waive or terminate this Sub-sublease without the prior written consent of all Interested Finance Parties.
- (c) Sub-sublessor shall not accept a voluntary surrender of the Sub-sublease without consent of any Interested Finance Party. Any such amendment, modification, change, cancellation, waiver, termination or surrender made or accepted by the Sub-sublessor shall not be valid and effective unless made with the consent of all Interested Finance Parties.

- (d) Sub-sublessor shall not transfer, encumber or otherwise dispose of the sub-subleased Premises or any interest therein without the consent of any Interested Parties.

17. HUD PROVISIONS¹

Notwithstanding any other provisions of this Sub-sublease, if and so long as this Sub-subleasehold is subject to a security instrument insured, reinsured, or held by HUD or given to HUD in connection with a resale, or the Sub-subleasehold Interest is acquired and held by HUD because of a default under the security instrument, the following provisions shall be in effect:

- (a) The Sub-sublessee is authorized to obtain a loan, the repayment of which is to be insured by HUD and secured by a security instrument on this Sub-subleasehold estate and the Improvements. The Sub-sublessee is further authorized to execute all documents necessary as determined by HUD and otherwise to comply with Program Obligations for obtaining such an insured loan.
- (b) In the event that HUD acquires title to this Sub-subleasehold estate or otherwise acquires title to the Sub-sublessee's interest herein, HUD shall have the option to purchase good and marketable title to the Subleasehold interests of Sub-sublessor under the Sublease, along with the Sub-subleasehold Interest and the Sub-sublessor's interest, if any, in the Improvements, free of all liens and encumbrances except such as may be waived or accepted by HUD (collectively the "Acquired Interests"). The parties acknowledge that HUD has granted a waiver of the provision in Form HUD-92070M that HUD be granted the option to acquire a fee simple interest in the real property because the real property on which the insured project is located is tribal land of the Navajo Nation. HUD will instead be granted the option to acquire the Acquired Interests. Such option shall be exercised within twelve (12) months after HUD so acquires such Sub-subleasehold estate or the Sub-sublessee's interest. The purchase price shall be the sum of One Dollar (\$1.00), payable in cash, by check drawn on the U.S. Treasury, by electronic funds transfer or by wire transfer, provided all rents are paid to date of transfer of title. HUD shall, within said twelve months, give written notice to SSHI and the Sub-sublessor of its election to exercise said option to purchase. SSHI and the Sub-sublessor shall, within thirty (30) days after HUD gives such notice, execute and deliver to HUD such instruments of conveyance to HUD as grantee conveying the said Acquired Interests and each containing a covenant against the grantor's acts, but excepting therefrom acts of the Sub-sublessee and those claiming by, through or under the Sub-sublessor or Sub-sublessee. Nothing in this option shall require (i) the Sub-sublessor to pay any taxes or assessments that were due and payable by the Sub-sublessee or (ii) SSHI to pay any taxes or assessments that were due and payable by the Sub-sublessor.

¹ Adapted from Lease Addendum HUD-92070M (06/14)

- (c) If approved by HUD in writing, the Sub-sublessee may convey, assign, transfer, lease, sublease or sell all or any part of its Sub-subleasehold Interest and its interest in the Improvements without the need for approval or consent by any other person or entity.
- (d)
 - (i) Insurance policies shall be in an amount, and with such company or companies and in such form, and against such risks and hazards, as shall be approved by Lender, as holder of any security interest in the Sub-subleasehold Interest, and HUD.
 - (ii) The Sub-sublessor shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Sub-sublessee to Lender. The Sub-sublessor may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the Sub-sublessee to Lender.
- (e)
 - (i) If all or any part of the Master Leasehold or the Improvements or the Sub-subleasehold estate shall be taken or damaged by condemnation, that portion of any award attributable to the Improvements or the Sub-sublessee's interest in the Sub-subleasehold estate or damage to the Improvements or the to Sub-sublessee's interest in the Sub-subleasehold estate shall be paid to Lender or otherwise disposed of as may be provided in the security instrument. Any portion of the award attributable solely to the underlying Master Leasehold estate (exclusive of any Improvements) shall be paid to the Sub-sublessor. After the date of taking, the annual ground rent shall be reduced ratably by the proportion which the award paid to the Sub-sublessor bears to the total value of the Master Leasehold as established by the amount HUD is to pay, as set forth in paragraph 17 (b), above.
 - (ii) In the event of a negotiated sale of all or a portion of the Master Leasehold or the Improvements, in lieu of condemnation, the proceeds shall be distributed and annual ground rent reduced as provided in cases of condemnation, but the approval of HUD and Lender shall be required as to the amount and division of the payments to be received.
- (f) The Sub-sublessor may terminate the Sub-sublease prior to the expiration day of the full term of this Sub-sublease ("Expiration Date") after a Sub-sublessee default under this Sub-sublease ("Event of Default"), but only under the following circumstances and procedures. If any Event of Default shall occur, then and in any such event, the Sub-sublessor shall at any time thereafter during the continuance of such Event of Default and prior to any cure, give written notice of

such default(s) ("Notice of Default") to the Sub-sublessee, Lender and HUD, specifying the Event of Default and the methods of cure, or declaring that the Event of Default is incurable. If the Event of Default is a failure to pay money, the Sub-sublessor shall specify and itemize the amounts of such default. Failure to pay money shall be specified as a separate default and not combined with a non-monetary Event of Default. Within sixty (60) days from the date of giving the Notice of Default to the Sub-sublessee, the Sub-sublessee must cure a monetary default by paying the Sub-sublessor all amounts specified in the Notice of Default and must cure any specified Event of Default that is capable of being cured within such period. During the period of 180 days commencing upon the date Notice of Default was given to Lender and HUD, Lender or HUD may: (a) cure any Event of Default; and (b) commence foreclosure proceedings or institute federal procedures to enforce Lender's or HUD's rights with respect to the Sub-subleasehold or the Sub-sublessee Improvements. Notwithstanding any provisions to the contrary under this Sub-sublease, any foreclosure or enforcement action with respect to the security instrument shall be governed by applicable federal law. If the Sub-sublessee, Lender or HUD reasonably undertake to cure any Event of Default during the applicable cure period and diligently pursues such cure, the Sub-sublessor shall grant such further reasonable time as is necessary to complete such cure. If HUD or Lender commences foreclosure or other enforcement action within such 180 days, then its cure period shall be extended during the period of the foreclosure or other action and for 90 days after the ownership of the Sub-sublessee's rights under the Sub-sublease is established in or assigned to HUD or such Lender or a purchaser at any foreclosure sale pursuant to such foreclosure or other action. The transfer of the Sub-sublessee's rights under the Sub-sublease to Lender, HUD or purchaser, pursuant to such foreclosure or other action shall be deemed a termination of any incurable Event of Default and such terminated Event of Default shall not give the Sub-sublessor any right to terminate the Sub-sublease. Such purchaser may cure a curable Event of Default within said 90 days. If after the expiration of all of the foregoing cure periods, no cure or termination of an existing Event of Default has been achieved as aforesaid, then and in that event, this Sub-sublease shall terminate, and, on such date, the term of this Sub-sublease shall expire and terminate and all rights of the Sub-sublessee under the Sub-sublease shall cease and the Improvements, subject to the security instrument and the rights of Lender thereunder, shall be and become the property of the Sub-sublessor. All costs and expenses incurred by or on behalf of the Sub-sublessor (including, without limitation, reasonable attorneys' fees and expenses) occasioned by any default by the Sub-sublessee under this Sub-sublease shall constitute additional rent hereunder. The Sub-sublessor shall have no right to terminate this Sub-sublease except as provided in this Paragraph 17(f).

- (g) Upon termination of this Sub-sublease pursuant to Paragraph 17(f) above, the Sub-sublessor shall immediately seek to obtain possession of the Sub-subleasehold and Improvements. Upon acquiring such possession, the Sub-sublessor shall notify HUD and Lender in writing. Subject to the 12-month option and other rights of HUD under Section 17(b), Lender and HUD shall each have six (6) months from the date of receipt of such notice of acquisition to elect to

take, as Sub-sublessee, a new Sub-sublease on the Subleasehold and on the Improvements. Such new Sub-sublease shall have a term equal to the unexpired portion of the term of this Sub-sublease immediately prior to such termination and shall, except as otherwise provided herein, be on the same terms and conditions as contained in this Sub-sublease, including without limitation, the option to purchase set forth under Paragraph 17(b) above, except that Lender's or HUD's liability for ground rent shall not extend beyond their occupancy under such Sub-sublease. The Sub-sublessor shall tender such new Sub-sublease to Lender or HUD within thirty (30) days after a request for such Sub-sublease and shall deliver possession of the Sub-sublease and Improvements immediately upon execution of the new Sub-sublease. Upon executing a new Sub-sublease, Lender or HUD shall pay to the Sub-sublessor any unpaid ground rent due or that would have become due under this Sub-sublease to the date of the execution of the new Sub-sublease, including any taxes which were liens on the Sub-subleasehold or the Improvements and which were paid by the Sub-sublessor, less any net rentals or other income which the Sub-sublessor may have received on account of the Sub-subleasehold and Improvements since the date of default under this Sub-sublease.

- (h) The Sub-sublessor and Sub-sublessee each represents and warrants that the development and construction of the improvements contemplated in Paragraphs 3 and 8(b)(collectively the "HUD Project") are governed solely by the Navajo Nation and that no permits, licenses or other authorizations are required in connection with the development and construction of the HUD Project other than those that have already been issued by the Navajo Nation. The parties further acknowledge and agree that the Sub-sublessor is the sole partner and General Partner of the Sub-sublessee and will cooperate in any manner necessary to ensure the timely and successful development and construction of the HUD Project. The parties represent and warrant that any and all easements for electric telephone, telecommunications, cable, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the Sub-subleasehold or of any Improvements are currently in place. To the extent any additional grants of access rights or other easement arrangements may be necessary, the Sub-sublessee shall have the right to execute such application and grants in the name of the Sub-sublessor, and for that purpose, the Sub-sublessor hereby irrevocably appoints the Sub-sublessee as its attorney-in-fact to execute such papers on behalf of the Sub-sublessor.
- (i) Nothing in this Sub-sublease shall require the Sub-sublessee to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Sub-sublessor or any income excess profits or revenue tax, or any other tax, assessment charge or levy upon the rent payable by the Sub-sublessee under this Sub-sublease.
- (j) All notices, demands and requests which are required to be given by the Sub-sublessor, the Sub-sublessee, Lender or HUD in connection with this Sub-sublease shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this

instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given. All notices to Lender or HUD shall be addressed as follows:

If to Lender:

Centennial Mortgage, Inc.
218 W. Washington Street, Suite 900
South Bend, IN 46601
Attn: Jennifer Heckaman Tel: (574) 233 6773
Email: jheckaman@centennialmortgage.com

If to HUD:

U.S. Department of Housing and Urban Development
Office of Counsel
801 Cherry Street, Unit #45
Suite 2500
Fort Worth, TX 76102
Attn: Jack T. Stark, Esq.
Email: jack.t.stark@hud.gov

If to Sub-sublessee:

Shiprock Community B, L.L.L.P.
4801 N. Butler, Suite 8101
Farmington, New Mexico 87401
Attn:

If to Sub-lessor:

South Shiprock Houses, Inc., General Partner
Post Office Box 1379,
Shiprock, New Mexico, 87420
Attn: Executive Director

- (k) This Sub-sublease shall not be modified without the written consent of HUD and Lender.
- (l) The provisions of this Paragraph 17 benefit Lender and HUD and are specifically declared to be enforceable against the parties to this Sub-sublease and all other persons by Lender and HUD. In the event of any conflict, inconsistency or ambiguity between the provisions of this Paragraph 17 and the provisions of any other part of this Sub-sublease, the provisions of this Paragraph 17 shall prevail and control.

- (m) Capitalized terms in this Paragraph 17 not otherwise defined in this Sub-sublease shall have the meanings given in the HUD Lease Addendum Form HUD-92070M Rev. 06/14.
- (n) Notwithstanding any provisions to the contrary in this Sub-sublease or the Sublease, in the event the Nation gives SSHI a notice of default under the Master Lease (a "Master Lease Default"), HUD and Lender shall have the same rights with respect to a Master Lease Default as are provided to HUD and Lender in Sections 17(f) and 17(g) with respect to an Event of Default under the Sub-sublease, provided that HUD's and Lender's rights shall be applicable against the Master Leasehold Estate and the Nation and SSHI in the same manner and the same extent as is provided in Sections 17(f) and 17(g) against the Acquired Interests, SSHI, Sub-sublessor and Sub-sublessee. The Nation will recognize the rights of Lender and/or HUD, as applicable, pursuant to Section 14(D) of the Master Lease. The parties acknowledge that the intent of this provision is to preserve HUD's rights with respect to the leasehold interests and the Improvements to the greatest extent possible. SSHI is obligated under the Sublease to immediately give notice to Lender and HUD of such Master Lease Default, time being of the essence, and Lender and HUD shall have the opportunity to cure such Master Lease Default on behalf of SSHI upon prior notice to SSHI. In the event Lender or HUD cures the Master Lease Default on behalf of SSHI and has acquired or foreclosed, or thereafter acquires or forecloses the leasehold interests of SSHI, Sub-sublessor, and Sub-sublessee, as provided above, the acquiring or foreclosing party, as applicable shall become the lessee under the Master Lease and sublessor under the Sublease.

SUB-SUBLESSOR:

SHIPROCK HOMES SOUTH, a Limited Partnership, a New Mexico limited partnership

By: Nonprofit Housing Corp., a New Mexico nonprofit corporation, General Partner

By: _____

Molly Begay, President

Secretary

Attest

SUB-SUBLESSEE:

**SHIPROCK COMMUNITY B, L.L.L.P. a
New Mexico limited liability limited
partnership**

By: Shiprock Homes South, Limited
Partnership, a New Mexico limited partnership,
Sole and General Partner

By: Nonprofit Housing Corp., a New Mexico
nonprofit corporation, General Partner

By: _____

Helen Begay, Vice-President/Executive Director

Secretary

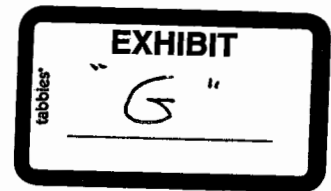
Attest

ACKNOWLEDGEMENT AND AGREEMENT:

The undersigned joins in the execution of this Sublease to acknowledge the provisions of Section 17 above which address the Sublease, and agrees to satisfy the obligations of SSHI in accordance with the provisions thereof and agrees that either Lender or HUD may cure any default under the Master Lease pursuant to the provisions of Section 14(D) of the Master Lease and, in the event of such cure, and the undersigned shall assist Lender and/or HUD, as applicable, with the acquisition or foreclosure of the leasehold interests of SSHI and Sub-lessor, to become the replacement lessee under the Master Lease .

**SOUTH SHIPROCK HOUSES, INC.,
as Sublessor under the Sublease**

By: _____
Roger D. Manuelito, President



NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on March 30, 2017, at 9:00 am. The Navajo Nation (the "Navajo Nation") will cause a public hearing to be conducted by South Shiprock Housing, Inc. ("SSH") at SSH's offices located at one mile south of the intersection of 64 and 491, Shiprock, New Mexico, for and on behalf of itself regarding a proposal by the New Mexico Mortgage Finance Authority (the "Authority") that pursuant to the provisions of Section 58-18-1 through 58-18-27, inclusive, NMSA 1978, as amended (the "Act") and an indenture or indentures of trust (the "Indenture"). The Authority issue its tax-exempt multifamily housing revenue bonds (the "Bonds") in an aggregate principal amount not to exceed \$14,600,000. Proceeds of the Bonds will be used to finance in part costs incurred in connection with the acquisition, construction and rehabilitation of South Shiprock Homes, a 255-unit multifamily housing project located at approximately one mile south of Highway 64 and Highway 491, Shiprock, New Mexico (the "South Shiprock Homes"). The initial owners, managers or operators of South Shiprock Homes from and after issuance of the Bonds will be Shiprock Community A, L.L.P., a New Mexico limited liability limited partnership and Shiprock Community B, L.L.P., a New Mexico limited liability limited partnership or one or more affiliates thereof, or their designees.

The Project is required to be occupied by persons of low and moderate income as determined by the Authority in accordance with the Act and applicable requirements of the Internal Revenue Code.

The Bonds will be special limited obligations of the Authority and will be secured by and payable solely from revenues and other amounts pledged pursuant to the Indenture. The Bonds and the interest thereon will not constitute indebtedness or a pledge of the faith and credit of the State of New Mexico or any political subdivision of the State of New Mexico.

Comments at the public hearing are invited. Written comments may be submitted to SSH at southhouses@ciltlink.net or PO Box 1379, Shiprock, NM 87420 until 5:00 pm on March 29, 2017. Additional information can be obtained by contacting SSH at (505) 368-4426, southhouses@ciltlink.net or PO Box 1379, Shiprock, NM 87420.

Date March 14, 2017

Legal No. 73702 published In The Daily Times on March 16, 2017.

Order Confirmation

<u>Ad Order Number</u>	<u>Customer</u>	<u>Customer Account</u>	<u>Ordered By</u>	<u>PO Number</u>
0001178365	SHIPROCK NON-PROFIT HOUSING	140786	Molly Begay	NoIPH
<u>Sales Rep.</u>	<u>Customer Address</u>	<u>Customer Phone #1</u>	<u>Customer Phone #2</u>	
megonzalez	PO BOX 1379	505-368-4426		
<u>Order Taker</u>	<u>SHIPROCK, NM, USA 87420</u>	<u>Customer Fax</u>	<u>Customer EMail</u>	
megonzalez				
<u>Order Source</u>	<u>Payor Customer</u>	<u>Payor Account</u>	<u>Special Pricing</u>	
	SHIPROCK NON-PROFIT HOUSING	140786	None	

<u>Tear Sheets</u>	<u>Proofs</u>	<u>Affidavits</u>	<u>Blind Box</u>	<u>Promo Type</u>	<u>Materials</u>
0	0	1			

<u>Invoice Text</u>	<u>Ad Order Notes</u>	<u>Total Amount</u>	<u>Payment Method</u>	<u>Payment Amount</u>	<u>Amount Due</u>
NoIPH NMMFAHousingBond 3/16		\$117.31		\$0.00	\$117.31

Production Notes

<u>Ad Number</u>	<u>Ad Type</u>	<u>Ad Size</u>	<u>Color</u>	<u>Production</u>	<u>Production Notes</u>
0001178365-01	CLS Legal liner	2.0 X 92 Li	<NONE>	AdBooker	
<u>Ad Attributes</u>	<u>Ad Released</u>	<u>Ad Released</u>	<u>Pick Up</u>		
	No				

<u>Product Information</u>	<u>Placement/Classification</u>	<u>Run Dates</u>	<u># Inserts</u>	<u>Cost</u>
FM Daily-Times:	Legal -	3/16/2017	1	\$101.71
<u>Run Schedule Invoice Text</u>	<u>Sort Text</u>			
NOTICE OF PUBLIC HEARING	NOTICE OF PUBLIC HEARING NOTICE IS HERE BY GIVENT			

<u>Product Information</u>	<u>Placement/Classification</u>	<u>Run Dates</u>	<u># Inserts</u>	<u>Cost</u>
FM Online:	Legal -	3/16/2017	1	\$8.07
<u>Run Schedule Invoice Text</u>	<u>Sort Text</u>			
NOTICE OF PUBLIC HEARING	NOTICE OF PUBLIC HEARING NOTICE IS HERE BY GIVENT			