

**PROPERTY LEASE AGREEMENT
"TANGLEWOOD FOREST"**

THIS LEASE is made and entered into this 20th day of August 2004, by and between DAVID C. HALL and AMTGARD: THE KINGDOM OF THE EMERALD HILLS, INC., represented by its duly elected Board of Directors.

I. **TERMS:** The parties mutually agree as follows:

- a. "Landlord" means DAVID C. HALL, his heirs, executors, administrators, successors, and assignees.
- b. "Tenant" means AMTGARD: THE KINGDOM OF THE EMERALD HILLS, INC, its representatives, agents, contributing members, non-contributing members, and visitors.
- c. "Tanglewood" means the land area approximately thirty (30) acres, located at 1095 NW County Rd 3055, Purdon, Texas 76679, currently owned by David C. Hall, and the subject of this Lease.

II. **COVENANT:** The parties here for the consideration hereinafter mentioned do covenant and agree as follows:

- a. Landlord hereby leases Tanglewood to Tenant to be used exclusively for Amtgard-related activities.
- b. TO HAVE AND TO HOLD the said premises for a term of approximately ninety-three (93) years beginning on the effective date of this lease, and ending March 31, 2097. This Lease is in continuation of the lease originally entered into by the parties on or around April 1, 1998.

III. **THE EFFECTIVE DATE OF THIS LEASE** is the first day on which Landlord and one representative for Tenant have signed this Lease.

IV. **PAYMENT:** In consideration for the leasing of Tanglewood, Tenant agrees to pay to Landlord, as rent for Tanglewood, the total sum equal to the taxes of Tanglewood, including improvements by Tenant. Any increase in tax due to improvements by Landlord, or any other user excluding Tenant, shall not be charged to Tenant.

Tenant pays Landlord at 1722 Uvalde, Mesquite, Texas 75150 or other place as shall be designated by written notice from Landlord to Tenant, unless Landlord shall assign this lease or the right to receive the rentals under the lease, in which case, rentals shall be paid to Landlord's assignee, if any, after written notice of such assignment has been given to Tenant by Landlord. Landlord shall give Tenant thirty (30) days written notice for any such changes, including whether or

not such change is permanent. It is Tenant's responsibility to insure that Tenant has the correct address for which to send payment.

Because the amount of rent will change from year to year, such payment is due thirty (30) days after receipt of notification from Landlord as to the actual amount due for that year. It is Tenant's responsibility to insure that Landlord has the correct address for which to send notification of bill.

Any past due payments will bear interest at the rate of ten percent (10%) per year.

- V. **POSSESSION:** Tenant is entitled to possession and use on the first day of the term of this Lease and yields possession to Landlord on the day following the last day of the term of this Lease, unless otherwise agreed upon by both Landlord and Tenant in writing.

Tenant has inspected Tanglewood and acknowledges that Tanglewood is in reasonable and acceptable condition for Tenant's intended use.

- VI. **USE:** Tenant shall use Tanglewood in a careful and proper manner and shall comply with all laws, ordinances, and regulations relating to the possession, use, or maintenance of Tanglewood.

Tenant shall use Tanglewood as a place to conduct Amtgard-related activities.

Tenant shall not cut down trees with a diameter greater than five (5) inches without Landlord's approval.

Tenant shall start fires in places designated for such activities only.

Pets, livestock, and any other domesticated or wild animals are prohibited on Tanglewood without the written consent of Landlord.

- VII. **ACCESS BY LANDLORD:** Landlord retains the right to enter and use Tanglewood at all times when Tenant is not using Tanglewood for Amtgard-related activities.

Landlord retains the right to enter Tanglewood during Tenant's use of Tanglewood, but Landlord shall not interfere with any Amtgard-related activity.

- VIII. **CONTROL OF PREMISES:** Landlord retains the right to have anyone removed from Tanglewood at all times for illegal, unsafe, and/or undesirable conduct. Landlord has sole discretion in determining what constitutes undesirable conduct.

- IX. **UTILITIES AND SERVICES:** Tenant shall be responsible for all utilities and services used by Tenant and Tenant's sponsored activities. If the actual utility

usage fees are less than the monthly minimum required by the utility companies, Tenant shall be responsible for the monthly minimum regardless of usage.

- X. MAINTENANCE AND REPAIR: Tenant, at its own cost and expense, shall keep Tanglewood in good repair, condition, and working order at all times and furnish all parts required to keep it in good working order.

Construction or erection of any structure, temporary or permanent, on Tanglewood shall be permitted only with the consent of Landlord.

- XI. ASSIGNMENT OR SUBLEASE: Landlord may assign his interest, or a part of such interest, in this Lease.

Without prior written consent of Landlord, Tenant shall not:

- a. assign, transfer, or pledge this Lease, Tanglewood or any part of Tanglewood, or any interest in it;
- b. sublet or lend Tanglewood or any part of Tanglewood; or
- c. permit Tanglewood or any part of Tanglewood to be used by anyone other than Tenant.

- XII. OWNERSHIP: Tanglewood is and will at all times remain the sole property of Landlord, and Tenant shall have no right, title, or interest therein except as expressly set forth in this Lease.

Landlord retains the right to lease Tanglewood to other parties as long as the terms of the other leases do not interfere with Tenant's reasonable scheduled use.

- XIII. INSURANCE: Landlord shall not require that Tenant maintain insurance on Tanglewood. Tenant may, at its own expense, maintain insurance on Tanglewood.

- XIV. DESTRUCTION OR CONDEMNATION OF PROPERTY: If Tanglewood is damaged or destroyed by fire, acts of god, or other cause, and Tenant is not the cause of such destruction, to the extent that Amtgard-related activities are substantially impaired, Landlord may elect to repair Tanglewood or terminate the Lease upon thirty (30) days written notice to Tenant.

LANDLORD IS UNDER NO OBLIGATION TO REPAIR TANGLEWOOD.

TENANT IS UNDER NO OBLIGATION TO REPAIR TANGLEWOOD, UNLESS TENANT CAUSED THE DAMAGE, EITHER INTENTIONALLY OR NEGLIGENTLY.

If Tanglewood is condemned or cannot be repaired, this Lease terminates upon thirty (30) days written notice by either party.

- XV. **LOSS AND DAMAGE OF PERSONAL PROPERTY:** Tenant assumes all risk of loss, injury, and damage to Tenant's person or personal property from any cause including, but not limited to, theft, poorly built and/or substandard constructions erected by Tenant, accident, circumstance, and acts of God or nature.

Tenant shall INDEMNIFY, SAVE, AND HOLD HARMLESS Landlord from all claims, actions, proceedings, judgments, damages, liabilities, expenses and costs including, but not limited to, attorney's fees, arising out of, connected with, or resulting from use of Tanglewood.

- XVI. **DEFAULT PROVISION:** Tenant shall be in default of this Lease if Tenant fails to fulfill any Lease obligation or binding term. After written notice by Landlord as to Tenant's failure to fulfill its contractual obligation, Landlord may take possession of Tanglewood without further notice, to the extent permitted by law and without prejudicing Landlord's rights to damages, as follows:

- a. If Tenant fails to pay rent, or any other financial obligation under this Lease, within thirty (30) days of receipt of such notice; or
- b. If Tenant fails to fulfill any contractual obligation, other than financial, under this Lease within sixty (60) days of receipt of such notice.

Landlord may elect to cure any default and add the cost of such action to Tenant's rent. Tenant shall pay all costs, damages, and expenses, including reasonable attorney's fees and expenses, suffered by Landlord as a result of Tenant's default within thirty (30) days after receipt of written notice of such costs. Amounts or charges Tenant must pay shall be considered additional rent, whether or not specifically designated as "additional rent."

Once Tenant has fulfilled its obligations to the satisfaction of Landlord, Tenant is no longer in default of this Lease.

- XVII. **TERMINATION PROVISION:** Both Landlord and Tenant retain the right to terminate this Lease for any reason. Once a party has elected to terminate this Lease, for reasons other than already provided for in this Lease, the terminating party must give the other party sixty (60) days notice of such termination. Tenant is liable for rent, utilities, services, and fees, as agreed upon elsewhere in this Lease, up to the day of termination of this Lease.

Tenant shall have an additional ninety (90) days after the date of termination of this Lease to settle all outstanding debts with Landlord and remove all personal property, including permanent structures belonging to Tenant, from Tanglewood.

If Landlord sells Tanglewood, Landlord shall insure that new owners of Tanglewood allow Tenant the reasonable time allotted under this Lease to remove Tenant's property from Tanglewood.

XVIII. NOTICE: Notices under this Lease shall be deemed valid only when provided in writing and sent by mail to the agreed upon address of the other party.

XIX. ADDRESS OF PARTIES: Either party may change their own agreed upon address by providing thirty (30) days written notice to the agreed upon address of the other party at the time. The following are the current agreed upon addresses for the parties:

Landlord

David C. Hall
1722 Uvalde
Mesquite, Texas 75150

Tenant

C/O Aaron Simpson
President, Board of Directors
601 W. Renner, Apt. 233
Richardson, Texas 75080-1339

XX. REVIEW: Both Tenant and Landlord are mutually responsible to review this Lease within five (5) years from the most recent date of review for accuracy, legality, and appropriateness. Newly signed Leases supersede previously signed Leases. This Lease may be modified or amended in writing so long as both Landlord and the majority of the Board of Directors for AMTGARD: THE KINGDOM OF THE EMERALD HILLS, INC., as representative for Tenant, signs off on the modification or amendment.

XXI. SEVERABILITY: If any portion of this Lease shall be determined invalid or unenforceable for any reason, the remaining provisions shall continue as effective, valid, and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, that provision shall be rewritten and enforced as limited by the courts.

XXII. CUMULATIVE RIGHTS: The rights of the parties under this Lease are cumulative and shall not be construed as exclusive unless otherwise required by law.

XXIII. APPLICABLE LAW: This Lease shall be governed by and construed under the laws of the State of Texas.

XXIV. SUBORDINATION: This Lease is subordinate to any mortgage that now exists, or may be given later, by Landlord for Tanglewood.

XXV. ARBITRATION: In the event that Landlord and Tenant are unable to agree on any question arising under this Lease, the dispute shall be presented to an agreed upon Arbiter for arbitration and determination, and the Arbiter's decision shall be final, conclusive, and binding on the parties.

IN AGREEMENT AND WITNESS THEREOF, the parties to this Lease have signed below.

Landlord

David C. Hall

David C. Hall

20 Aug 2004

Date

Tenant

Amtgard: The Kingdom of the Emerald Hills, Inc.

Am B. Smith

President, Board of Directors

20 Aug 2004

Date

[Signature]

Member, Board of Directors

20-8-04

Date

[Signature]

Member, Board of Directors

8/20/04

Date

[Signature]

Member, Board of Directors

8/20/04

Date

[Signature]

Member, Board of Directors

8/20/04

Date

David C. Hall

Member, Board of Directors

Aug 20 2004

Date

[Signature]

Member, Board of Directors

8.20.04

Date

CORPORATE CERTIFICATION

I, Kala Schmifz, certify that I am the Secretary of the Board of Directors of the Corporation named as Tenant in the attached Lease; that who signed said Lease on behalf of Tenant was then of said Corporation; that said Lease was duly signed for and in behalf of said Corporation by authority of its governing body, and is within the scope of its corporate powers.

Kala Schmifz
Secretary

(Signature)

(Title)

8.20.04

Date