

USE AGREEMENT

1. PARTIES

This Lease Agreement (AGREEMENT) is made by and between the University of Montana Western, located at 710 South Atlantic, Dillon, Montana 59725 (USER) and The Montana Center for Horsemanship (OWNER), an educational Foundation, located at 707 Horseman Way, Dillon, Montana 59725.

2. PURPOSE

USER needs to lease premises in Dillon, Montana, for the USER's Natural Horsemanship program and other equine-related programs, such as the Rodeo and Equestrian Teams. OWNER has premises available for lease which meet this purpose.

3. PREMISES DESCRIPTION

The area to be leased initially includes 56 horse stalls, use of an outdoor arena, parking area and other amenities required for the UMW Natural Horsemanship program and rodeo team practice. When the Center obtains the necessary funding, it will develop an indoor arena, classroom, training pens, and have scheduled use of these additional new premises for UMW classes, rodeo and equestrian team practice, student riding time, and other equine related events.

4. TERM

The term of this AGREEMENT shall be five (5) years, beginning on the 1st day of August, 2011, and terminating on July 31, 2016, unless earlier terminated or extended pursuant to this AGREEMENT. This AGREEMENT shall be effective only when the premises are legally ready for occupancy. If occupancy occurs after August 28, 2011, the first semi-annual payment due under Section 6 below shall be pro-rated accordingly. This Agreement, including any renewal, shall be subject to MCA 18-4-313 provisions regarding the adequacy of funds to ensure its continuing performance.

5. RENEWAL OPTION

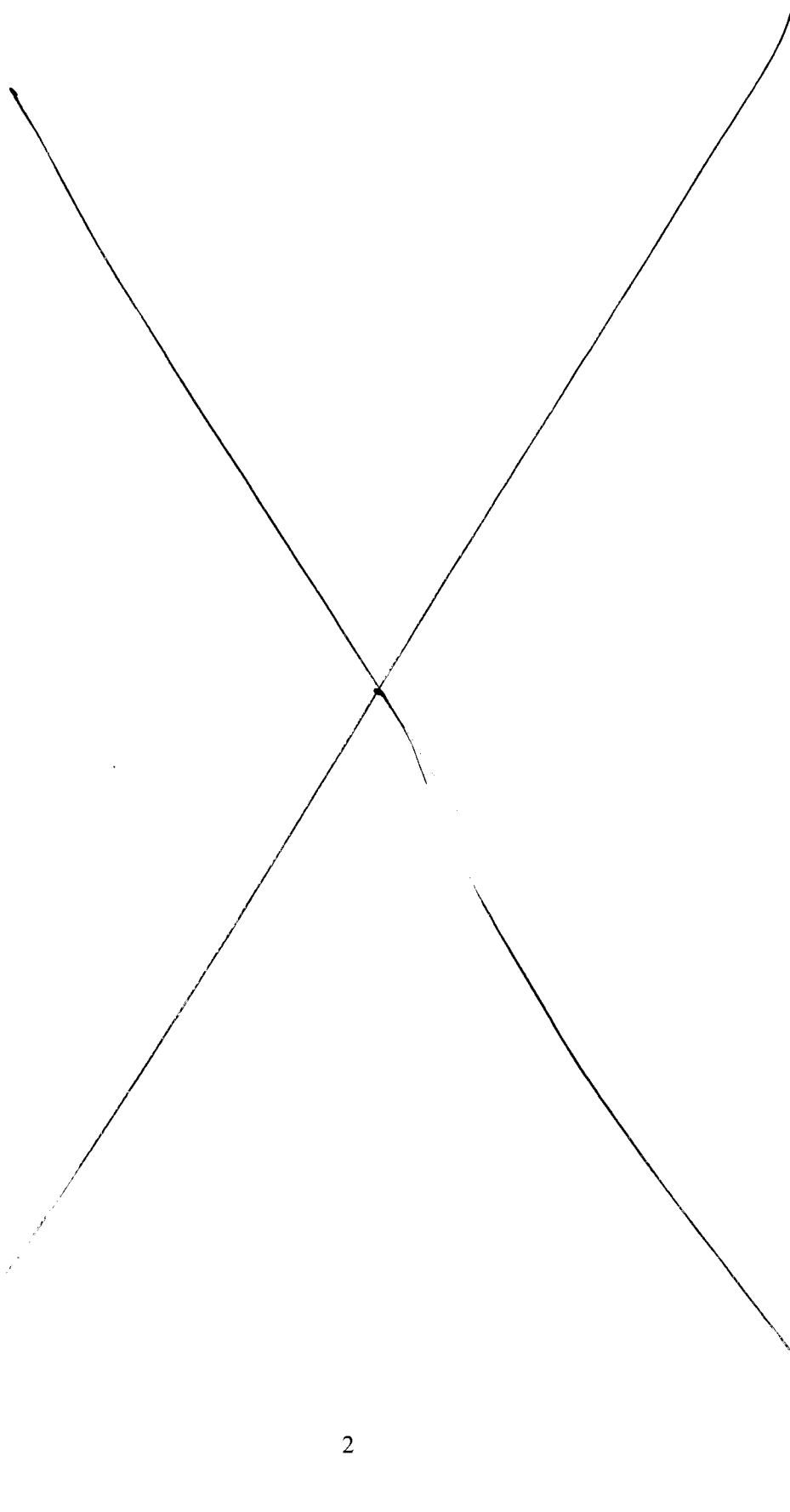
The parties to this AGREEMENT shall have the option to renew this AGREEMENT for up to two (2) additional annual terms upon the mutual consent of both parties.

6. CONSIDERATION

A. For Natural Horsemanship Program:

USER shall pay OWNER \$126,000 per year (guaranteed 56 boarding stalls which includes feeding horses and routine maintenance of the stalls @ \$225/month rent for 10 months plus exclusive use of an arena during the scheduled Natural Horsemanship skill classes being taught each block) annually in semi-annual payments within 15 working days after the scheduled tuition collection date (around September 15 and February 15). This amount shall constitute the sole guaranteed amount owed by USER to OWNER during the term of this AGREEMENT, including any renewal hereof, absent a mutually executed separate agreement for any other amount. Mutually agreed on changes to the price can be negotiated every second year by March of odd numbered years. USER should encourage private and other donations for the improvement of the Center,

and also encourage that such donations be made directly to The Montana Center for Horsemanship.



- B. For Rodeo & Equestrian Team Practice:
When the Center becomes available for scheduled sanctioned equine teams practice, under the supervision of UMW coaches, the USER shall pay the OWNER a mutually agreed upon amount each semester for each team's (rodeo, equestrian, and driving) practice time. During the first year of the AGREEMENT, only the rodeo team will use the facility if it is completed enough for such use. Such use will be scheduled on a master Center schedule, details to be worked out.
- C. As the Center expands, UMW will market and collect rent on additional available stalls to be utilized by students who choose to board at the center on an as-rented but not guaranteed basis. The semester boarding rate to the students will be \$1150 of which \$1125 will be paid to the Center. Fall semester will be considered August 1 through Dec. 31 and Spring semester will be January 1 through May 31. All students including Natural Horsemanship majors may board at the center during the months of June and July for a summer rate of \$230 per month of which \$225 will be paid to the Center. The payment dates will be September 15, February 15 and June 15. The Center will charge other (non-student) horse boarders at a rate equal to or greater than \$230/month. The owner and UMW will coordinate to maximize occupancy of all the stalls while making sure the parties do not "overbook" the available stalls.
- D. As the Center develops, mutually agreed upon use rates will be set for students who use the Center without boarding their horse. A rate list will be established and posted at the Center. These fees will be collected by Montana Western and paid to the owner on the established payment dates. A list will be provided to the Center each semester of students who have paid and may schedule use time or be at the open arena times.
- E. OWNER shall deal solely and exclusively with USER regarding Center use by registered full-time students. An appropriate number of staff will be assigned to manage all agreements with the owner.
- F. As the Center develops, a master calendar showing the scheduled use of the arenas and pens, open riding hours, an event schedule, etc., will be developed and agreed upon yearly between UMW and the owner as an appendix to the AGREEMENT.

7. UTILITIES & SERVICES

OWNER shall furnish and pay all utilities including water, gas, electricity, garbage removal, and sewage charges. OWNER shall have full responsibility for feeding and water of boarded horses and routine cleaning of leased stalls. The OWNER shall also have sole responsibility for providing and maintaining arenas, fences and lighting in the stall area as needed for USER horsemanship activities. USERS will provide own cell service as needed. As the Center develops full classroom capability, wireless access for computers will need to be provided.

8. PARKING SPACE

USER may park in available parking spaces. Students who use the parking area do so at their own risk. There is no security personnel and owner will not guarantee the safety of the student's property or vehicle.

9. PARKING AREA AND SIDEWALK MAINTENANCE

OWNER shall keep the parking area and sidewalks in good repair, and shall timely remove snow and ice from the parking area and sidewalk.

10. NOTICE PROTOCOL

Any notice or demand required or permitted to be given under this lease must be in writing. Written notice shall be deemed given when hand delivered, or when mailed by first class mail, postage prepaid, to the addresses specified in this section.

OWNER's address and contact person for purposes of receiving notice or demand are:

Mr. Cal Erb
PO Box 1366
Dillon MT 59725
Phone: 406-683-2391

USER's address and contact person for the purpose of receiving notice or demand are:

Susan D. Briggs
Vice Chancellor for Administration, Finance & Student Affairs
The University of Montana Western
710 South Atlantic Street
Dillon MT 59725
Phone: 406-683-7031

If either party changes its address or contact person, it must notify the other party in writing at the address provided in this section.

11. QUIET ENJOYMENT

USER shall peaceably and quietly have, hold and enjoy the leased premises and all rights, easements, covenants and privileges belonging or in any way appertaining thereto, during the term of this AGREEMENT.

12. MAINTENANCE OF PREMISES

OWNER shall, at its own cost and expense, make repairs, keep the leased premises, including all arenas and pens used by USER, in a fit and usable condition and maintain in good working order and condition the exterior of the premises including the roof, the interior, all fixtures, and all related electrical, plumbing, sanitary, heating, ventilation and air-conditioning owned by OWNER.

13. CASUALTY OR FIRE DAMAGE

In the event the leased premises becomes twenty-five percent (25%) destroyed or made uninhabitable or unusable for USER horsemanship boarding and activities by fire or other casualty, or if the premises are condemned by a proper authority, this AGREEMENT may be terminated by either party.

If the premises are less than twenty-five percent (25%) or more destroyed or made uninhabitable or unusable for USER horsemanship boarding and activities by fire or other casualty, the rent shall be reduced by the proportion of the premises that have been rendered uninhabitable or declared unsafe. For purposes of this section, other casualty includes but is not limited to vandalism.

If the premises are not restored, or cannot be restored, and returned to proper condition for use and occupancy within thirty (60) days of the casualty, OWNER or USER may terminate the AGREEMENT upon ten (10) days written notice to the other party.

Upon written notice of termination pursuant to this section, OWNER shall refund any unearned rent paid and USER shall have no further obligation to OWNER under this AGREEMENT. OWNER shall continue to insure the premises until USER personal property is removed from the premises. USER shall have thirty (60) days after termination of this AGREEMENT to remove its property from the premises.

14. ALTERATIONS TO THE CENTER

USER may not make any alterations to the Center. Permanent improvements or alterations shall remain the property of the OWNER at the termination of the AGREEMENT. In addition, OWNER agrees to make no substantial alteration to other facilities used by USER, in a manner materially detrimental to the purpose of this AGREEMENT and any USER activities conducted hereto without prior written approval of USER.

USER shall surrender the premises at the end of the AGREEMENT term, including any renewal thereof, in a condition substantially similar to the condition of the premises at the commencement of the AGREEMENT, notwithstanding alterations agreed to by OWNER, reasonable wear and tear alone excepted.

15. SIGNS

USER shall not place signs on the premises without OWNER's prior written consent and approval. If OWNER allows signage and USER wishes to advertise its location at the Center, USER shall pay OWNER for installation of a suitable sign on the exterior of the premises at a location mutually agreeable to OWNER and USER.

16. HOLD HARMLESS AND INDEMNIFICATION

OWNER agrees to protect, defend and save USER and its agents and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of OWNER employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting

from the acts or omissions of OWNER and its agents, employees, representatives, assigns and non-student tenants under this AGREEMENT.

USER also agrees to assume the same duties and responsibilities specified above in defending and holding OWNER and its agents and employees harmless from all claims or causes of action arising out of services performed or omissions of services or in any way resulting from the acts or omissions of USER and its agents, employees, representatives, assigns and sub-tenants. USER does hereby indemnify, hold harmless and agree to defend OWNER and OWNER's agents for claims arising from USER's use of the leased premises including any and all claims by USER's agents, employees, and students or student athletes, and all other invitees of USER.

17. INSURANCE INSPECTIONS

At its sole cost and expense, OWNER shall maintain property insurance upon the leased premises and OWNER fixtures for the term of this AGREEMENT against the following hazards:

Loss or damage by fire and such other risks (not including earthquake damage) in an amount sufficient to permit such insurance to be written at all times on a replacement cost basis. This may be insured against by attachment of standard form extended coverage endorsement to fire insurance policies.

Loss or damage from leakage or sprinkler systems now or hereafter installed in any building on the premises.

Loss or damage by explosion of steam boilers, pressure vessels, and oil or gasoline storage tanks, or similar apparatus now or hereafter installed in a building or buildings on the premises.

OWNER shall also purchase Occurrence coverage with combined single limits of \$1 million per occurrence / \$2 million aggregate per year or when provided by statutory Tort limits of \$750,000 / claim, \$1,500,000 / occurrence. This insurance must be from an insurer licensed to do business in Montana or by a domiciliary state and with a Best's rating of no less than A- or by a public entity self-insured program either individually or on a pool basis as provided by Title 2, MCA.

USER shall maintain its own insurance on the contents of the leased premises and its own property and OWNER shall not be liable for any damage done to or loss of personal property belonging to USER or its employees or for damage or loss caused to USER activities arising from any acts or neglect of USER, its employees or other occupants of the leased premises. USER agrees to carry public liability insurance for bodily injury and property damage in which the limits of liability shall not be less than \$750,000 for each claim and \$1,500,000 for each occurrence.

18. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

USER and OWNER agree to comply with all applicable federal, state and local laws, regulations, and ordinances affecting the use of the premises, as well as those affecting animal care generally and care of horses specifically, and to assume all legal responsibility for any charges or damages for non-observance.

OWNER agrees to provide, upon reasonable request, access to any OWNER records relating to this AGREEMENT; and to create and retain records relating to this AGREEMENT lease for a period of three (3) years from its termination or the conclusion of any claim, litigation or exception relating to the AGREEMENT.

19. ENVIRONMENTAL HAZARDS

OWNER represents that, to the best of its knowledge, any use, storage, treatment or transportation of hazardous substances which has occurred in or on the premises prior to the lease date has been in compliance with all applicable federal, state and local laws, regulations and ordinances.

OWNER further represents that, to the best of its knowledge, no release, leak, discharge, spill disposal or emission of hazardous substances has occurred in, on or under the premises and that the leased premises are free of hazardous substances as of this AGREEMENT date.

If either party to this agreement discovers that a release, leak, discharge, spill, disposal or emission of hazardous substances has occurred in, on or under the premises or that the premises are not free from hazardous substances, the party shall immediately notify the other party.

If USER determines at any time that the leased premises pose a significant environmental hazard to its employees, USER may terminate the AGREEMENT with a written thirty (30) day notice.

20. HORSE HEALTH

USER and OWNER both agree that all horses boarded at the Center will be current on all required vaccinations at least two weeks before arriving at the Center. USER shall provide documentation that all horses boarding at the Center, by students, shall be current on all required vaccinations. Owner shall be responsible for providing documentation that all non-student parties, boarding at the Center are current on all required vaccinations. The parties will annually review the vaccination program and provide a list to each boarder. In the event that there is an emergency requiring additional vaccine, either party may contact the other and implement the new vaccination. Presently the following vaccines are required: a 5-way vaccine which includes Eastern Encephalitis, Western Encephalitis, Tetanus Toxoid, Influenza and Rhinopneumonitis (Influenza and Rhinopneumonitis may be given separately as IM or Intranasal vaccination) and for Strangles (horses 5 years of age and younger). All horses must have a copy of a current Negative Coggins report (drawn & reported within the past 12 months). OWNER will also provide a quarantined area for a sick horse. Record-keeping and other horse health issues will be agreed upon between the OWNER and USER.

21. DEFAULT

The failure of either party to this AGREEMENT to fully perform under any or all of the terms and conditions shall constitute a breach of this lease, entitling the non-defaulting party to take any and all such action as may be provided by law.

Any breach or default alleged under this AGREEMENT shall be occasioned by a thirty (30) day written notice of the same to the defaulting party. If at the end of such thirty (30) day period, the

defaulting party has not cured the breach, the non-defaulting party may take any and all such actions as may be provided by law.

At the expiration or termination of this AGREEMENT or any extension hereto, USER will vacate and surrender the premises to OWNER in as good condition and repair as when it took possession, reasonable wear and tear excepted. All property placed in the leased premises by USER shall be removed by USER within thirty (30) days of such expiration or termination. Any failure to remove said property shall be an admission by USER that said property is abandoned.

22. SEVERABILITY

It is understood and agreed by the parties hereto that if any term or provision of this lease is held to be illegal, void or in conflict with any applicable legal requirement, the validity of the remaining terms and conditions shall not be affected. The rights and obligations of the parties shall be construed and enforced as if this AGREEMENT did not contain the particular term, condition or provision held to be invalid.

23. VENUE AND INTERPRETATION

This AGREEMENT shall be governed and interpreted according to the laws of the State of Montana. In the event of a dispute arising over this AGREEMENT, the proper venue for the hearing of the case is the District Court of the Fifth Judicial District of the State of Montana, in and for the County of Beaverhead. Each party shall be responsible for its own attorney's fees and costs.

24. SUCCESSORS

All rights and liabilities herein given to and or imposed upon both parties shall extend to, be binding upon and inure to the benefit of the parties hereto and their respective successors.

25. ENTIRE LEASE

This AGREEMENT contains the entire agreement between USER and OWNER. Any agreement hereafter made shall not be effective to modify this AGREEMENT unless such agreement is in writing and signed by both parties.

26. SUBLEASE AND ASSIGNMENT

USER agrees not to sublet in whole or part any portion of the leased premises. Neither party may assign this AGREEMENT without the other party's prior written consent, which may not be unreasonably withheld.

27. SMOKE FREE ENVIRONMENT

OWNER shall make the portions of the building occupied by USER tobacco free. When in use by UMW for classes and UMW events, the Center will be tobacco free.

IN WITNESS HEREOF, all parties have entered into and executed this AGREEMENT on the dates stated below:

OWNER

BY: C. Ed, Pres, The Montana Center For Horsemanship

Date: 11-24-11

USER

BY: Susan D. Briggs
Susan D. Briggs, Vice Chancellor for Administration, Finance & Student Affairs
The University of Montana Western

Date: 11.3.11