

# **COMMERCIAL LEASE AGREEMENT**

This Lease Agreement ("Lease") is entered into and made effective as of September 1, 2024, by and between:

**LANDLORD: Healthcare Realty Trust**  
**TENANT: Chen Family Medicine PLLC**

WHEREAS, Landlord is the owner of certain real property located at 456 Wellness Boulevard, Suite 200, Scottsdale, AZ 85251; and

WHEREAS, Tenant desires to lease said premises for the purpose of medical office, family medicine practice, outpatient services, and minor procedures;

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

## **ARTICLE 1 - PREMISES**

1.1 Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the premises located at 456 Wellness Boulevard, Suite 200, Scottsdale, AZ 85251, comprising approximately 3,800 rentable square feet (the "Premises"), as more particularly described in Exhibit A attached hereto and incorporated herein by reference.

1.2 The Premises consist of approximately 3,800 square feet of Modified Gross space as measured in accordance with BOMA standards (ANSI/BOMA Z65.1-2017).

## **ARTICLE 2 - TERM**

2.1 The term of this Lease shall commence on September 1, 2024 (the "Commencement Date") and shall expire on August 31, 2031 (the "Expiration Date"), unless sooner terminated in accordance with the provisions of this Lease.

2.2 Renewal Options: Two (2) five-year renewal options at 90% of fair market value for comparable medical office space in the Scottsdale area. Tenant must provide written notice of intent to renew at least one hundred twenty (120) days prior to the expiration of the then-current term.

## **ARTICLE 3 - RENT**

3.1 Base Rent: Tenant shall pay to Landlord base monthly rent in the amount of \$14,500.00 per month, payable in advance on the first day of each calendar month during the term of this Lease. Annual base rent equals \$174,000.00.

3.2 Security Deposit: Tenant shall deposit with Landlord a security deposit in the amount of \$43,500.00, to be held by Landlord as security for the faithful performance by Tenant of all terms, covenants, and conditions of this Lease. The security deposit shall be returned to Tenant within thirty (30) days following the expiration or earlier termination of this Lease, less any amounts applied to cure Tenant defaults.

3.3 Escalation: Base rent shall increase by 2.5% annually on each anniversary of the Commencement Date. This fixed escalation applies throughout the initial term and any renewal terms.

3.4 Late Payment: If any installment of rent is not received by Landlord within five (5) business days after the due date, Tenant shall pay a late charge equal to 5% of the overdue amount, plus interest at the rate of 1.5% per month on the unpaid balance.

## **ARTICLE 4 - PERMITTED USE**

4.1 Medical office, family medicine practice, outpatient services, and minor procedures. Tenant must maintain all required medical licenses and certifications throughout the lease term.

4.2 Tenant shall not use the Premises for any unlawful purpose or in any manner that would constitute a nuisance, violate any applicable zoning ordinance, or increase the rate of insurance on the Premises or the building in which the Premises are located.

## **ARTICLE 5 - LEASE TYPE AND ADDITIONAL CHARGES**

5.1 Lease Type: This Lease is a Modified Gross lease.

5.2 CAM Charges: \$8.25 per square foot annually, including janitorial services for common areas. CAM charges include elevator maintenance, common area HVAC, landscaping, and parking lot maintenance.

5.3 Tax Obligations: Tenant shall pay its pro-rata share of real estate tax increases above the 2024 base year assessment. Tenant's pro-rata share is 15.83% based on 3,800 square feet of a 24,000 square foot building.

## **ARTICLE 6 - RENEWAL OPTIONS**

6.1 Two (2) five-year renewal options at 90% of fair market value for comparable medical office space in the Scottsdale area. Tenant must provide written notice of intent to renew at least one hundred twenty (120) days prior to the expiration of the then-current term.

## **ARTICLE 7 - TERMINATION**

7.1 No early termination permitted. Assignment is permitted only to another licensed medical practitioner with Landlord's prior written consent, which shall not be unreasonably withheld. Upon any assignment, Tenant shall remain liable for all obligations under this Lease.

7.2 Upon expiration or termination, Tenant shall surrender the Premises in good condition and repair, reasonable wear and tear excepted, and shall remove all personal property and trade fixtures.

## **ARTICLE 8 - MAINTENANCE AND REPAIRS**

### **8.1 Tenant Responsibilities:**

- All medical equipment and specialized fixtures
- Interior finishes including paint, flooring, and ceiling tiles
- Specialized medical plumbing (sterilization equipment, lab sinks)
- Medical waste disposal and compliance with all applicable regulations
- Interior signage and wayfinding within the premises

## **8.2 Landlord Responsibilities:**

- HVAC systems including makeup air units
- Base building electrical systems and panels
- Elevator maintenance and inspection
- Common areas including corridors, restrooms, and waiting areas
- Parking lot maintenance, lighting, and security

## **ARTICLE 9 - INSURANCE**

9.1 Tenant shall maintain the following insurance coverages throughout the term of this Lease:

- General Liability (\$3,000,000 per occurrence)
- Professional Liability/Malpractice (\$3,000,000 per occurrence)
- Property Insurance (replacement cost for tenant improvements)
- Workers Compensation (statutory limits)

9.2 Minimum aggregate coverage: \$3,000,000.

9.3 Tenant shall name Landlord as an additional insured on all liability policies and shall provide Landlord with certificates of insurance upon request.

9.4 All insurance policies shall be issued by carriers with an A.M. Best rating of A- VII or better.

## **ARTICLE 10 - KEY PROVISIONS AND SPECIAL TERMS**

10.1 Landlord has installed medical gas infrastructure (oxygen and suction) to the premises at Landlord's expense.

10.2 Tenant shall have access to the building's backup generator for critical medical equipment. Generator capacity allocated to Suite 200: 50 kW.

10.3 After-hours HVAC is available at a rate of \$45.00 per hour upon reasonable advance request.

10.4 Premises are ADA compliant as of the Commencement Date. Tenant is responsible for maintaining ADA compliance within the premises.

10.5 Fifteen (15) dedicated patient parking spaces are reserved adjacent to the building entrance nearest Suite 200.

10.6 Landlord shall maintain medical waste dumpster enclosure in compliance with Maricopa County Health Department regulations.

## **ARTICLE 11 - HIPAA COMPLIANCE**

Landlord acknowledges that Tenant is subject to the Health Insurance Portability and Accountability Act (HIPAA). Landlord agrees to maintain reasonable physical security measures for the building and shall provide Tenant with prior notice of any building maintenance activities that may require access to the premises. Any Landlord personnel entering the premises shall comply with Tenant's privacy and infection control protocols.

## **ARTICLE 12 - MEDICAL BUILDOUT**

Landlord has provided a tenant improvement allowance of \$55.00 per square foot (\$209,000 total) for medical-grade buildout of the premises. Improvements include exam rooms, reception area, nurse station,

lab area, and minor procedure room. All improvements shall be constructed in accordance with Arizona Department of Health Services requirements.

## **GENERAL PROVISIONS**

**Governing Law:** This Lease shall be governed by and construed in accordance with the laws of the state in which the Premises are located, without regard to conflict of law principles.

**Entire Agreement:** This Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations, warranties, commitments, offers, and agreements, whether written or oral.

**Amendments:** This Lease may not be modified or amended except by a written instrument signed by both Landlord and Tenant.

**Notices:** All notices required or permitted under this Lease shall be in writing and shall be deemed delivered when personally delivered, or three (3) business days after deposit in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the respective parties at the addresses set forth above or at such other address as either party may designate by notice.

**Severability:** If any provision of this Lease is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

**Waiver:** The failure of either party to enforce any provision of this Lease shall not be construed as a waiver of such provision or the right to enforce it at a later time.

## **SIGNATURES**

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

### **LANDLORD:**

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Healthcare Realty Trust

Date: September 1, 2024

### **TENANT:**

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Chen Family Medicine PLLC

Date: September 1, 2024