

SECURITY DEPOSIT AGREEMENT

The Navajo Nation Regional Business Development Office, Division of Economic Development, hereinafter named "Lessor," Post Office Box 663, Window Rock, Arizona 86515 entered into a Business Site Lease No. _____, hereinafter named "Lease" (Attached hereto) with _____, hereinafter named "Lessee," whose address is: _____, for a term of _____ years at an annual rental value of \$ _____.

Terms and Conditions:

1. The Lessee has deposited with the Lessor the sum of \$_____, [*one quarter OR one half*] of one year of annual rental payment, hereinafter referred as a "Security Deposit" as security and performance for the prompt and full payment of the annual rent of the above-mentioned lease, and any modifications or amendments to the lease.
2. In accordance with the Intra-Departmental Deposit Account Agreement, the Real Estate Department, Division of Economic Development shall deposit this security with the Cashier's Office of the Division of Finance.
3. The Security Deposit shall remain the money of the Lessee until it is returned or applied to rental payments due to the Lessor as provided in this security agreement. Pending such event, the Lessor shall hold the money.
4. Provided the Lessee has paid all of the rent required under the lease and meet all other applicable terms and conditions of the lease, the Lessor shall return any remaining balance (security deposit) of the security upon the expiration, or earlier termination, extension or renewal, of this lease.
5. Upon default¹ of the lease by the Lessee, the Lessor shall retain the Security Deposit to remedy the default. The Lessor shall use the security deposit to pay the outstanding balance of the lease and thereby transfer the funds from the "Security Deposit Agreement" account to the "General Funds" account.
6. If the default is cured and if the lease has not expired or no modifications therein, the Lessee can continue the terms of the lease *only if* the Lessee provides another security deposit in the same amount provided in Clause one (1) of this agreement or any other agreed amount.
7. This Agreement contains all the terms and conditions agreed to by the parties herein. No other understanding, oral and otherwise, regarding this agreement shall be deemed to exist or to bind any of the parties hereto. This Agreement shall be amended or extended by mutual written agreement of the parties herein.
8. This Agreement shall become effective on the date it is signed by both parties.

¹ Default is defined pursuant to Section 7.1 (1), Business Management Plan.

9. Any disputes arising under this agreement shall be settled administratively under the laws of the Navajo Nation

10. Nothing herein shall be construed, expressly or impliedly, as a waiver of the sovereign immunity of the Navajo Nation.

FOR THE LESSOR:

[*name*], Department Manager
Real Estate Department
Navajo Nation

DATE: _____

FOR THE LESSEE:

[*name*], [*title*]
[*name of business*]

DATE: _____