

STANDARD COMMERCIAL/RETAIL LEASE

BASIC LEASE PROVISIONS

1. **DATE OF LEASE:** _____, 20____
2. **LANDLORD:** _____, a _____ limited liability company
3. **TENANT:** _____, a _____ corporation
TENANT'S TRADE NAME: _____
4. **PROJECT:** _____ (the "Project")
5. **PREMISES:**

Address: _____

Area of the Premises: Approximately _____ square feet of Rentable Area as shown on **Exhibit A** attached hereto. The Premises are located within the Project. Rentable Area of the Project: Approximately _____ square feet as shown on **Exhibit A** attached hereto. The Premises do not include, and Tenant has no right to use (for storage or in any other manner whatsoever) the _____ square feet located adjacent to the back of the Premises (the "Adjacent Space"). The Base Monthly Rent and Tenant's Percentage Share were calculated on the basis of the Premises being _____ square feet, and Landlord may demise the Adjacent Space to any other party at any time in its sole and absolute discretion.

6. **TERM:** The initial Term of the Lease shall be for a period of _____ years, commencing upon the Commencement Date (as defined in Basic Lease Provision 7). However, if the Commencement Date should fall on a day other than the first day of a calendar month, the initial Term shall be extended by the number of days remaining in the month in which the Commencement Date falls. The Term shall be subject to extension as provided in Section 2.2 below.

7. **COMMENCEMENT DATE:** The Term shall commence on _____, 20____ (the "Commencement Date").

8. **BASE MONTHLY RENT:** Base Monthly Rent shall be payable by Tenant commencing on the Commencement Date through the remainder of the Term in accordance with the following schedule:

Month of Term	Base Monthly Rent Per Square Foot	Total Base Monthly Rent
	\$ _____	\$ _____
	\$ _____	\$ _____

9. **INTENTIONALLY OMITTED**
10. **PREPAID RENT:** _____ Dollars (\$ _____), payable upon execution of this Lease by Tenant, which Prepaid Rent includes the initial Base Monthly Rent.
11. **SECURITY DEPOSIT:** \$ _____.
12. **BASE YEAR:** Calendar year 20____.
13. **TENANT'S PERCENTAGE SHARE OF THE PROJECT:** Approximately ____%.

Tenant acknowledges that Tenant's Percentage Share may increase or decrease if the Rentable Area of the Premises or the Project increases or decreases. In addition to paying the Base Monthly Rent, Tenant shall pay Tenant's Percentage Share of the "Common Area Costs" and other charges, as described and in the manner provided in Section 7 of the Lease, which are in excess of the amount of such Common Area Costs applicable to the "Base Year," as that term is defined in Section 12 of the Basic Lease Provisions, above; provided, however, that in no event shall any decrease in Common Area Costs for any Expense Year, entitle Tenant to any decrease in Base Monthly Rent or any credit against sums due under this Lease.

14. **BROKERS:** N/A

15. **ADDRESS FOR NOTICE:**

Landlord: _____

With a Copy of Legal Notices to:

Tenant: _____

Attn: _____

16. **PARKING:** Parking shall be on a nonexclusive, non-reserved basis and on terms and conditions to be established by Landlord from time to time during the Term.

17. **TENANT'S PERMITTED USE:** The Premises shall be used solely for the operation of a self-serve laundromat, and for no other use or purpose ("Permitted Use").

18. **GUARANTOR:** Concurrently with the execution of this Lease, _____ ("Guarantor") shall execute a Guaranty in the form of Exhibit B attached hereto.

19. **EXHIBITS:** All Exhibits and Addenda referenced in this Lease and in the Table of Contents are each attached to this Lease and are incorporated herein by this reference and made a part hereof.

Each Basic Lease Provision set forth above is a summary of the terms elsewhere in this Lease which relate to each such Basic Lease Provision. If there is any conflict between any Basic Lease Provision and any specific clause of the Lease, the more specific clause shall control.

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STANDARD COMMERCIAL/RETAIL LEASE

THIS LEASE is dated, for reference purposes only, _____, 20____, by and _____, a _____ (“Landlord”) and _____, a _____ (“Tenant”).

1. Leased Premises

1.1 Agreement to Lease. Subject to all of the terms and conditions of this Lease, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, upon the terms, covenants, conditions and uses hereinafter set forth, the Premises more particularly described on **Exhibit A**, together with a nonexclusive right to use in common with other tenants of the Project, the Common Areas of the Project as hereinafter described. The Premises are a part of the Project shown on **Exhibit A**, consisting of approximately _____ square feet of Rentable Area (as defined in Section 1.5 below), adjacent parking areas, landscaping and related improvements.

1.2 Acceptance of Premises. Landlord shall deliver the Premises to Tenant on the Commencement Date in its current “AS-IS,” “Where Is” and “With All Faults” condition. Tenant acknowledges that Landlord shall have no obligation to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises or the Project (including, without limitation, any representation or warranty with respect to Hazardous Materials (defined below)), or with respect to the suitability of any of the foregoing for the conduct of Tenant’s business. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Project were at such time in good and sanitary order, condition and repair, and shall constitute a conclusive admission that Tenant has inspected the Premises and has found them to be in good condition and repair and in all respects in accordance with the obligations of Landlord under this Lease. Tenant further hereby accepts this Lease and the Premises upon the covenants and conditions set forth herein and subject to any encumbrances and other matters of record and all applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing and regulating the use and the operation of the Premises (collectively, the “Declarations”). By its execution of this Lease, Tenant further agrees that: (i) as to its leasehold estate Tenant, and all persons in possession or holding under Tenant, will conform to and will not violate the terms of the Declarations, as they may be amended or supplemented from time to time; and (ii) this Lease is and shall be subordinate to the Declarations, as they may be amended or supplemented from time to time.

1.3 Landlord’s Reservation. Landlord reserves the right to use the exterior walls, floor, roof and plenum in, above, and below the Premises for the installation, maintenance and use and replacement of pipes, ducts, conduits, wires, alarm lines, heating, ventilating and air conditioning lines, fire protection lines and systems, gas lines and systems, water lines and systems, and structural elements serving the Project and for such other purposes as Landlord deems necessary, provided however, Landlord shall not unreasonably interfere with Tenant’s use and operation of the Premises in connection with the exercise of such reserved rights by Landlord.

1.4 Rentable Area. The term “Rentable Area,” as used in this Lease, means and includes all areas for the exclusive use and occupancy by a tenant, measured from the outside surfaces of exterior walls and from the center of interior demising partitions between tenants, including warehousing or storage areas, clerical or office areas and employee areas. “Rentable Area” also includes each tenant’s Percentage Share of the common utility rooms and fire sprinkler riser rooms serving the Project.

2. Term

2.1 Lease Term. The term of this Lease (“Term”) is for the period stated in Section 6 of the Basic Lease Provisions and shall commence on the Commencement Date set forth in Section 7 of the Basic Lease Provisions. If Tenant is permitted to occupy the Premises prior to the Commencement Date, Tenant’s occupancy of the Premises shall be subject to all of the provisions of this Lease except for the payment of Rent (hereinafter defined). Early occupancy of the Premises shall not advance the expiration date of this Lease.

2.2 Option to Extend Term.

2.2.1 **Options to Extend Term.** Provided that (i) at the time of the required notice and at the commencement of the Option Term (hereinafter defined), there is no continuing and uncured default in existence under this Lease beyond the applicable notice and cure period, and (ii) Tenant has provided evidence acceptable to Landlord in its reasonable discretion that Tenant has spent at least _____ Dollars (\$ _____) in Alterations in accordance with Section 10 below, Tenant shall have _____ (____) options (each an "Extension Option" and collectively, the "Extension Options") to extend the Term of this Lease, each for ____ (____) additional period of ____ (____) years (each such extension period hereinafter referred to as the "Option Term"). Each Extension Option must be exercised, if at all, by written notice ("Option Notice") delivered by Tenant to Landlord no earlier than _____ (____) months, but no later than ____ days, prior to the date this Lease would terminate if such option were not exercised. The Extension Options shall not be deemed to be properly exercised if, as of the date of the applicable Option Notice or upon the date that this Lease would terminate if such option were not exercised, either (a) Tenant is in default of any monetary or other material obligation under this Lease beyond any applicable notice and cure period or (b) Tenant has assigned Tenant's interest in the entire Premises or subletted all or any portion of the Premises (except as a Permitted Transfer in accordance with Section 18.10). Provided Tenant has properly and timely exercised the applicable Extension Option, the Term shall be extended by the applicable Option Term, and all terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect, except that (i) there shall be no further extension of the Term following the expiration of the _____ Option Term; and (ii) the Base Monthly Rent to be paid by Tenant for each Option Term shall be as set forth in Section 2.2.2 below. After proper and timely exercise of an Extension Option all references in this Lease to "Term" or "Lease Term" shall be considered to mean the Term as extended, and all references in this Lease to termination or to the end of the Term shall be considered to mean the termination or end of the applicable Option Term.

2.2.2 **Base Monthly Rent During Option Term.** Base Monthly Rent shall be payable by Tenant during each Option Term in accordance with the following schedule:

Option Term	Base Monthly Rent Per Square Foot	Total Base Monthly Rent
1	\$ _____	\$ _____
2	\$ _____	\$ _____
3	\$ _____	\$ _____
4	\$ _____	\$ _____

2.2.3 **Extension Option Personal.** The Extension Option may be exercised only by the originally named Tenant or an Affiliate to whom the originally named Tenant has assigned or subleased this Lease as a Permitted Transfer in accordance with Section 18.10, and not any other Transferee permitted by the terms of this Lease who has been assigned Tenant's rights in the entire Premises or who has been subletted Tenant's rights in the entire Premises or any portion thereof.

3. Base Monthly Rent

3.1 **Payment of Base Monthly Rent.** Except as otherwise specifically provided in this Lease, Base Monthly Rent shall be payable without deduction, set off, prior notice, or demand, in advance on the first day of each calendar month during the Term commencing on the Commencement Date. All payments of Base Monthly Rent, Additional Rent (as defined in Section 3.4 below) and any other sums payable to Landlord hereunder (collectively "Rent") shall be paid to Landlord at the address set forth in Section 15 of the Basic Lease Provisions or to such other persons or at such places as Landlord may designate from time to time in writing. All Rent shall be payable in lawful currency of the United States of America. The first installment of Rent shall be payable by Tenant upon execution of this Lease by Tenant as specified in the Basic Lease Provisions. If any date for the payment of Rent (including the Commencement Date) falls on a day of the month other than the first day of the month or if any payment of Rent is for a period which is shorter than one (1) month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of

the Term at a rate which is equal to 1/30 of the applicable monthly Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 Net Rent. Landlord and Tenant acknowledge that, except to the extent otherwise specifically provided in this Lease, it is their intended agreement that this Lease be an absolute net (NNN) lease and that as such, the provisions contained in this Lease are intended to pass on to Tenant or reimburse Landlord for all costs and expenses associated with this Lease and the Premises and Tenant's operation therefrom over the Base Year. To the extent such costs and expenses payable by Tenant cannot be charged directly to, and paid by, Tenant, such costs and expenses shall initially be paid by Landlord and thereafter be reimbursed by Tenant.

3.3 Adjustments to Base Monthly Rent. Base Monthly Rent shall be subject to upward adjustment in accordance with the schedule specified in Section 8 of the Basic Lease Provisions. The failure of Landlord to deliver timely notice of any Rent adjustment shall not constitute a waiver by Landlord of its rights hereunder.

3.4 Additional Rent. For purposes of this Lease, the term "Additional Rent" means all fees, assessments, expenses and charges, however denominated, required to be paid by Tenant pursuant to this Lease in addition to the Base Monthly Rent. Tenant shall pay as "Additional Rent" Tenant's Percentage Share of the cost during any Expense Year of operation and maintenance of the Project, i.e., the cost of utilities (if not separately metered), taxes, insurance provided by Landlord and Common Area Costs, or other charges, as described and in the manner provided in Section 7 (Common Areas). The Base Monthly Rent, the Additional Rent, rental adjustments and any and all other amounts, however designated, required to be paid or reimbursed by Tenant under this Lease are sometimes collectively referred to as and shall constitute "Rent." Notwithstanding anything in this Lease to the contrary, Tenant's obligation to pay Additional Rent (i.e. all sums other than Base Monthly Rent), including Tenant's Percentage Share of Common Area Costs, shall commence upon the expiration of the Base Year.

4. Security Deposit.

4.1 Delivery of Security Deposit. Concurrently with the execution of this Lease, Tenant shall deposit with Landlord a security deposit ("Security Deposit") in the amount set forth in Section 11 of the Basic Lease Provisions to secure the faithful performance by Tenant of all of the provisions of this Lease. Upon the occurrence of an Event of Default by Tenant, Landlord can use the Security Deposit, or any portion of it, to cure the default or to compensate Landlord for damages sustained by Landlord resulting from Tenant's default. Tenant shall, within five (5) days of written notice, pay to Landlord a sum equal to the portion of the Security Deposit expended or applied by Landlord as provided in this Section so as to maintain the Security Deposit in the sum initially deposited with Landlord, and Tenant's failure to do so shall constitute an Event of Default. If Tenant is not in default at the expiration or earlier termination of this Lease, Landlord shall return the Security Deposit to Tenant no later than thirty (30) days of such expiration or earlier termination, less any amounts required to restore the Premises to good condition and repair, including damage resulting from the removal by Tenant of its trade fixtures or equipment. Landlord's obligations with respect to the Security Deposit are those of a debtor and not a trustee. Landlord can maintain the Security Deposit separate and apart from Landlord's general funds or can commingle the Security Deposit with Landlord's general or other funds. Landlord shall not be required to pay Tenant interest on the Security Deposit. In the event of foreclosure by any mortgagee against Landlord's interest in the Premises, Project or the Lease, Landlord shall continue to be liable for any security deposit and any such mortgagee shall have no liability or responsibility therefore. Tenant shall not assign or encumber the money deposited as security, and neither Landlord nor its successors or assigns shall be bound by any such assignment or encumbrance.

4.2 Transfer of Security Deposit. Tenant acknowledges that Landlord has the right to transfer its interest in the Premises, the Project and this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall have the right to transfer the Security Deposit to the transferee in accordance with California Civil Code 1950.7 (or any successor provision as may then be in effect), and, upon such transfer, Landlord shall be released by Tenant from all liability or obligation for the return of the Security Deposit, and Tenant agrees to look solely to such transferee for the return of the Security Deposit.

5. Late Charges and Interest

5.1 Late Charges. Tenant hereby acknowledges that the late payment by Tenant to Landlord of Rent and other sums due pursuant to this Lease will cause Landlord to incur unanticipated costs, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges, which may be imposed on Landlord by the terms of any mortgage, encumbrance or note secured by the Project. Therefore, if any Rent or any other sum due from Tenant is not received within _____ (__) days of the date when it is due, Tenant shall pay to Landlord, in addition to the amount due, a charge ("Late Charge") equal to ____ percent (____%) of the delinquent amount. The parties agree that the amount of such Late Charge represents a fair and reasonable estimate of the costs and expenses that would be incurred by Landlord by reason of late payment by Tenant. Acceptance of such Late Charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such delinquent amount, nor shall such acceptance prevent Landlord from exercising any of the other rights and remedies granted hereunder or by law to Landlord. In the event that a late charge is payable hereunder, whether or not collected, for two (2) installments of Rent in any twelve (12) month period, then, notwithstanding anything in this Lease to the contrary, Rent shall, at Landlord's discretion, become due and payable quarterly in advance and shall further be required to be paid by certified or cashier's check.

Tenant specifically acknowledges and agrees that any sums received by Landlord for payment of Rent shall first be applied to any and all sums unpaid from prior months (i.e. Base Monthly Rent, late charges, damage charges, etc.). The balance of any sums remaining after application to any such past due amounts shall then be applied toward current Rent due. Any balance due will continue to accrue interest as provided in Section 5.2 of this Lease.

5.2 Interest on Past Due Obligations. Any amount owed by Tenant which is not paid within _____ (__) days of the date when due shall bear interest at the rate ____ percent (____%) per annum ("Interest Rate") computed from the date such payment is due until paid. Interest shall not be payable on Late Charges to be paid by Tenant pursuant to this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant pursuant to this Lease.

5.3 Administrative Charges. Tenant specifically acknowledges that there will be a charge of \$_____ for any checks from Tenant which are returned to the Landlord unpaid by the bank for insufficient funds. This charge is in addition to the Late Charge described above. In the event Landlord receives two (2) checks from Tenant which are returned by its bank for insufficient funds, all future Rent payments shall be required to be paid by cashier's or certified check. Tenant will also be responsible for the payment of the following additional charges: (i) \$_____ for the service of any 3-Day Notice delivered by Landlord's property management company personnel; (ii) the actual cost for the filing of any Unlawful Detainer Action; and (iii) the actual cost for the Marshal to serve any Summons, Complaint or other similar documents upon Tenant, including, but not limited to the service of documents in connection with any Unlawful Detainer, Small Claims or other legal action by Landlord against Tenant.

6. Taxes and Assessments.

6.1 Personal Property Taxes. Tenant shall be liable for and shall pay at or before delinquency all taxes and assessments of whatsoever kind or nature, and penalties and interest thereon, if any, levied against Tenant's personal property or trade fixtures of whatsoever kind and to whomsoever belonging, situated or installed in and upon the Premises, whether or not affixed to the realty. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or if the assessed value of the Premises is increased by the inclusion therein of a value placed upon such personal property or trade fixtures of Tenant and if Landlord, after written notice to Tenant, pays the taxes based upon such increased assessment, which Landlord shall have the right to do, Tenant shall, upon demand, repay to Landlord the taxes so levied against Landlord, or the portion of such taxes resulting from such increase in the assessment. For the purpose of determining the amount of such taxes or assessments, figures supplied by the County of _____ Assessor's Office or other taxing authority as to the amount thereof shall be conclusive.

6.2 Real Property Taxes. Tenant shall pay, as a part of Common Area Costs (as defined in Section 7.4) and as Additional Rent hereunder, Tenant's Percentage Share (as set forth in Section 13 of the Basic Lease Provisions) of all "Real Property Taxes" (hereinafter defined) applicable to the Project (including Tenant's Percentage Share of Real Property Taxes which are attributable to the Common Areas of the Project) for each full or partial year during the Term following the Base Year which are in excess of the amount of Real Property Taxes

applicable to the Base Year; provided, however, that in no event shall any decrease in Real Property Taxes for any Expense Year below Real Property Taxes for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease. Any Real Property Taxes for the year of the Term in which this Lease terminates shall be prorated and adjusted between Landlord and Tenant as of such expiration date. If this Lease terminates during a period for which Landlord has not yet received current tax assessment statements for the actual amount of Real Property Taxes due hereunder, such taxes shall be based on the preceding year's Real Property Taxes plus any annual increase thereof as permitted by law. The obligation of Tenant to pay such Real Property Taxes for any such period prior to the termination of the Lease shall survive the expiration or earlier termination of the Term. Notwithstanding the foregoing, Tenant shall reimburse Landlord, within thirty (30) days after Tenant's receipt of an invoice therefor and as Additional Rent, the entire sewer/utility component of Real Property Taxes (not limited to the amount of such taxes in excess of the amount of such taxes during the Base Year) assessed in connection with the Premises, beginning in the Base Year and continuing through the Term of this Lease.

6.2.1 **Real Property Taxes Defined.** "Real Property Taxes" means and includes any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed upon the Premises and the Project by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school district, agricultural, sanitary, fire, street, drainage or other improvement district thereof, levied against any legal or equitable interest of Landlord in the Project or in the real property of which the Project is a part, Landlord's right to rent or other income therefrom, and/or Landlord's business of leasing the Premises. "Real Property Taxes" shall also include (i) any such tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in applicable law taking effect, during the Term of this Lease, or in consequence of the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the parties; (ii) any assessment, tax, fee, levy or charge in substitution, partially or totally, or any assessment, tax, fee, levy or charge previously included within the definition of Real Property Taxes, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges, and similar assessments, taxes, fees, levies and charges be included within the definition of "Real Property Taxes" for purposes of this Lease. Real Property Taxes shall also include any increases therein resulting from any "change in ownership" (under Article XIII of the California Constitution, otherwise known as "Proposition 13") of the Premises or the Project during the Term. Despite the foregoing, "Real Property Taxes" shall not mean or include Landlord's franchise, estate, inheritance or federal or state income taxes.

7. Common Areas

7.1 **Tenant's Right to Use of Common Areas.** Tenant, its officers, members, partners, employees, agents, authorized representatives and similar persons acting on behalf of Tenant (the foregoing sometimes hereinafter collectively referred to as "Tenant's Representatives") and invitees shall have the nonexclusive right to use in common with other tenants in the Project and subject to Landlord's rights hereinafter set forth below, the "Common Areas" appurtenant to the Premises from time to time. The Common Areas shall include the following:

(i) All areas within the Project outside the exterior boundaries of the buildings situated thereon, including, but not limited to, driveways, parking areas, truckways, delivery passages, access roads, trash areas, loading and unloading areas (other than those designated for the exclusive use of a specific tenant), doors, sidewalks, ramps, courtyard areas, landscaped and planted areas, slopes, retaining and decorative walls and planters, fountains, and other areas and facilities appurtenant to the Project provided by Landlord and/or other owners of portions of the Project, their employees and invitees; and

(ii) The Project's common entrances, ramps, platforms, common pipes, conduits, light fixtures, wires and appurtenant equipment (if any) serving the Premises.

7.2 Maintenance of Common Areas; Landlord's Reserved Rights. Subject to reimbursement as a part of Common Area Costs, Landlord shall maintain the Common Areas (including any loading and unloading areas designated for Tenant's exclusive use, except that Tenant shall be required to maintain such areas clean and free of rubbish, and shall also be required to remedy any damage that is caused by Tenant's negligence or misuse of such areas) in a neat, clean and orderly and good condition at all times. Landlord reserves the right from time to time to:

(i) Establish and enforce reasonable rules and regulations applicable to all tenants concerning the maintenance, management, use, and operation of the Common Areas, provided however, in the event of any inconsistency between the terms and conditions of the rules and regulations and the terms and conditions of this Lease, the terms and conditions of this Lease shall control.

(ii) Close any portion of the Common Areas to whatever extent required to prevent a dedication of any of the Common Areas or the accrual of any rights of any person or of the public to the Common Areas so long as reasonable access to the Premises remains available.

(iii) Close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available.

(iv) Use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project or any portion thereof so long as reasonable access to the Premises remains available.

(v) Place temporary or permanent kiosks, displays, carts or stands in the Common Areas and to lease the same to tenants;

(vi) Select a person or entity to maintain and operate any of the Common Areas if at any time Landlord determines that the best interests of the tenants of the Project and of Landlord will be served by having any of the Common Areas maintained and operated by that person or entity. Landlord shall have the right to negotiate and enter into a contract with such person or entity on such terms and conditions and for such period of time as Landlord deems reasonable and proper both as to service and as to cost.

(vii) Make changes, additions and deletions to the Common Areas, including, without limitation, changes in the driveways, curb cuts, entrances, exits, vehicular parking spaces, parking area, or the direction of the flow of traffic.

7.3 Payment of Common Area Costs. In addition to paying the Base Monthly Rent, Tenant shall pay to Landlord during each Expense Year (defined below), as Additional Rent, an amount estimated by Landlord to be Tenant's Percentage Share of Common Area Costs (hereinafter defined) which are in excess of the amount of Common Area Costs applicable to the Base Year; provided, however, that in no event shall any decrease in Common Area Costs for any Expense Year, entitle Tenant to any decrease in Base Monthly Rent or any credit against sums due under this Lease. After the first full calendar year following the Commencement Date, Tenant's Common Area Costs shall not include Controllable Operating Expenses (defined below) applicable to the Project which exceed four percent (4%) per calendar year over the Controllable Operating Expenses calculated on a cumulative basis per calendar year throughout the Term ("Controllable Expense Cap"). "Controllable Operating Expenses" means all Common Area Costs within Landlord's reasonable or direct control, either due to contracts with the providers of services or items for the Project which permit such control by Landlord, or due to such contracts which are cancelable by Landlord without cause on not more than thirty (30) days' notice and replaceable with contracts from other equally capable providers of substantially the same services or items for the Project, but specifically excluding all taxes and assessments of any kind or nature, utility expenses and insurance premiums. To the extent that vendor, manufacturer, contractor or other warranties are in effect for computer systems, elevators, HVAC or other equipment or components of the Project, Controllable Operating Expenses shall include estimates of costs and expenses which would have been incurred by Landlord without the benefit of such warranties (the estimates shall be reasonably determined by the vendors, manufacturers or contractors with whom Landlord would have contracted for such services or items, and such reasonable estimates shall be binding and inclusive on Landlord and Tenant). If the Term of the Lease expires on a date other than December 31 of a calendar year, the last calendar

year will be prorated on a per diem basis and the calculation of the Controllable Expense Cap adjusted appropriately. This Section shall survive the expiration or termination of the Lease.

Payments of Common Area Costs, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "Additional Rent", and the Base Rent and the Additional Rent are herein collectively referred to as "Rent." All amounts due under this Article 7 as Additional Rent shall be payable for the same periods, to the same address and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 7 shall survive the expiration of the Lease Term. For purposes of this Lease, the term "Expense Year" shall mean each calendar year in which any portion of the Term falls, through and including the calendar year in which the Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Percentage Share of Common Area Costs shall be equitably adjusted for any Expense Year involved in any such change.

Landlord may adjust the monthly estimate of Common Area Costs at the end of each Expense Year on the basis of Landlord's reasonably anticipated Common Area Costs for the following Expense Year. Within sixty (60) days after the end of the Base Year, Landlord shall furnish to Tenant a statement which sets forth in reasonable detail on a line-item basis, the total Base Year Common Area Costs for the Project

7.3.1 Annual Statement. Within one hundred twenty (120) days after the end of each Expense Year, Landlord shall furnish to Tenant a statement which sets forth in reasonable detail on a line-item basis, the total Common Area Costs Taxes for the Project, and Tenant's Percentage Share of the Common Area Costs for such Expense Year, and the payments made by Tenant with respect to such Expense Year. Each statement shall be prepared and signed by Landlord, or its agent. Tenant's liability for Common Area Costs and Real Property Taxes for the Expense Year in which this Lease terminates shall be appropriately prorated.

7.3.2 Payment of Common Area Costs. If Tenant's Percentage Share of actual Common Area Costs for the Expense Year exceeds the estimated payments made by Tenant, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of Landlord's statement. If Tenant's estimated payments made for the Expense Year exceed Tenant's Percentage of the actual Common Area Costs for such Expense Year, Landlord shall pay the excess amount to Tenant at the time Landlord furnishes the statement to Tenant.

7.3.3 Final Determination of Common Area Costs. Even though the Term has expired or has been sooner terminated, when the final determination is made of Tenant's Percentage Share for the calendar year in which this Lease terminates (which determination shall be made not later than one hundred and eighty (180) days following the expiration of the calendar year in which this Lease expires or terminates), Tenant shall pay, within thirty (30) days of written demand, any increase due over the estimated Common Area Costs paid, and conversely, any overpayment made by Tenant shall be refunded by Landlord to Tenant with the delivery of the final statement. The obligations of Landlord and Tenant as set forth in the preceding sentence shall survive the expiration or earlier termination of this Lease.

7.4 Common Area Costs Defined. "Common Area Costs" mean and include all costs and expenses incurred by Landlord in operating, maintaining and managing the Project and the Common Areas, specifically including, but not limited to, (i) Real Property Taxes levied and assessed against the Project pursuant to Section 6.2, (ii) costs of maintenance and repair of sidewalks and curbs, parking lot repair and maintenance, including resurfacing and re-striping, cleaning and sweeping, (iii) trash removal, sanitary control and pest control, (iv) landscape and irrigation maintenance, including the repair and maintenance of sprinklers and irrigation systems, (v) the cost of maintenance and repair of all signs in the Project which the tenants of the Project are not otherwise obligated to maintain and repair, including directional signs and other markers and car stops, (vi) costs of operation, maintenance, replacement and repair of all Common Area and exterior lighting, utility systems (including telephone cabling), alarm systems, storm drain and fire protection systems and all utility charges for the Common Area and the Project (except those, if any, which are separately metered to the Premises or the premises of any other tenant within the Project), (vii) all items scheduled for maintenance and repair at regular intervals under a maintenance contract, (viii) regular roof maintenance and repairs [such as patching] which are not covered by Landlord's roof warranty

and building repairs (ix) capital improvements for the purpose of reducing Common Area Costs and/or to comply with governmental rules and regulations enacted following the Commencement Date (provided, however, that the cost of any such capital improvements shall be amortized over a commercially reasonable period), (x) reasonable depreciation allowance on machinery and equipment used in connection with the Common Areas, (xi) premiums on all liability, property damage, fire, rent loss and other insurance carried by Landlord pursuant to this Lease, (xii) reasonable reserves for replacements and repairs, including asphalt reserves and roof reserves, (xiv) the costs incurred for the painting of the exterior of the buildings in the Project (including reserves therefor) at intervals which are customary for commercial buildings similar to the buildings within the Project, (xv) the cost of security guards, security equipment and/or any other security measures (if provided); (xvi) an amount payable to Landlord (or to a third party manager) for management and supervision of the Project and for accounting, bookkeeping and collection of Common Area Costs; (xvii) assessments levied against the Project; and (xviii) other costs necessary in Landlord's reasonable judgment for the maintenance and operation of the Project and the Common Areas. In addition to the foregoing, Landlord, in its reasonable discretion, may allocate additional costs and expenses to Tenant resulting from Tenant's disproportionate and excessive use of Common Areas (i.e., water/sewer). If Landlord acquires, constructs or makes available exclusively for Common Area purposes, additional adjacent land or improvements not shown on the Site Plan, then Common Area Costs shall, subject to the limitations set forth in this Lease, also include all of the expenses itemized above incurred and paid in connection with such additional land or improvements.

7.4.1 Exclusions From Common Area Costs. However, Common Area Costs shall not include: (i) repairs, replacements or improvements made to the Common Areas and the Project prior to the Commencement Date; (ii) repairs necessitated by the failure of Landlord to cure violations of law applicable to the Project in effect on or before the Commencement Date; (iii) interest and amortization of indebtedness or any cost of financing or refinancing, depreciation or ground rent; (iv) leasing commissions or advertising expenses; (v) legal fees, other than those incurred by Landlord in the filing, institution or prosecution of any application or proceeding filed or instituted by Landlord in order to reduce Real Property Taxes; (vi) accounting fees other than those contemplated in Section 7.4 above, (vii) any amounts payable by Landlord by way of indemnity or for damages or which constitute a fine, interest or penalty; (viii) expenditures made by Landlord which are in the nature of capital improvements or replacements (except as specifically permitted in Section 7.4 above); (ix) the costs of any improvements made to the Project for the primary benefit of a single tenant; (x) expenses for which Landlord is reimbursed by insurance companies or others; (xi) costs of any items for which Landlord has previously accumulated reserves (such as the costs of asphalt or roof replacements or the painting of the exterior of the Project); or (xii) costs incurred in relation to other premises within the Project that are similar to costs that Tenant is required to bear separately, or for which Tenant is charged separately, in relation to the Premises.

7.5 Additional Provisions Applicable to Common Area Costs. If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Common Area Costs) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Common Area Costs shall be deemed to be increased by an amount equal to the additional Common Area Costs which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least one hundred percent (100%) occupied during all or a portion of the Base Year or any Expense Year, Landlord may elect to make an appropriate adjustment to the components of Common Area Costs for such year to determine the amount of Common Area Costs that would have been incurred had the Project been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Common Area Costs for such year. Only as provided below in items (1) and (2), below, in the event Landlord incurs costs or expenses associated with or relating to separate items or categories or subcategories of Common Area Costs which were not part of Common Area Costs during the entire Base Year, Common Area Costs for the Base Year shall be deemed increased by the amounts Landlord would have incurred during the Base Year with respect to such costs and expenses had such separate items or categories or subcategories of Common Area Costs been included in Common Area Costs during the entire Base Year. The foregoing shall only apply as follows: (1) in the event any portion of the Project is covered by a warranty at any time during the Base Year, Common Area Costs for the Base Year shall be deemed increased by such amount as Landlord would have incurred during the Base Year with respect to the items or matters covered by the subject warranty, had such warranty not been in effect at the time during the Base Year; and (2) any insurance premium resulting from any new forms of insurance including earthquake insurance shall be deemed to be included in Common Area Costs for the Base Year. Common Area Costs for the Base Year shall not include market-wide cost increases due to extraordinary circumstances, including, but not limited to, Force Majeure, boycotts, strikes,

conservation surcharges, embargoes or shortages, or amortized costs relating to capital improvements. In no event shall the components of Direct Expenses for any Expense Year related to Project insurance, security or utility costs be less than the components of Direct Expenses related to Project insurance, security or utility costs, respectively, in the Base Year. Landlord agrees that since the purpose of Common Area Costs and the gross-up provision described above is to allow Landlord to require Tenant to pay for the Common Area Costs attributable to the Premises, Landlord agrees that (i) Landlord will not collect or be entitled to collect Common Area Costs from all of its tenants in an amount which is in excess of one hundred percent (100%) of the Common Area Costs actually accrued or paid by Landlord for any given Expense Year in connection with the operation of the Project, and (ii) Landlord shall make no profit from Landlord's collection of Common Area Costs. The foregoing shall not be construed to prohibit Landlord from including in Common Area Costs any administrative or management fee to the extent permitted under this Lease.

8. Use

8.1 Tenant's Permitted Use. Except to the extent otherwise specifically permitted elsewhere in this Lease, Tenant shall use the Premises only for the Permitted Use specified in Section 17 of the Basic Lease Provisions and for no other use or purpose, and shall operate the Premises under the trade names stated in Section 3 of the Basic Lease Provisions. Tenant may, however, change the trade names under which it operates the Premises if Tenant changes the name of substantially all of its stores then operating in the Southern California area. Prior to the Commencement Date, Tenant shall furnish Landlord with copies of all licenses and permits required by the City of National City ("City") or any other governmental body or agency to conduct Tenant's business on the Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the suitability or fitness of the Premises or the Project either for the conduct of Tenant's business or for any other purpose.

8.2 Tenant's Activities. Tenant's use of the Premises as provided in this Lease shall be subject to the following:

(i) Tenant shall not do, bring, or keep anything in or about the Project or Premises that will cause an increase in the existing rate of insurance (unless Tenant agrees to pay the full amount of any such premium increase), or a cancellation of any insurance covering the Project or Premises.

(ii) Tenant shall not use the Premises in any manner that will constitute waste, nuisance, or unreasonable annoyance including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises, or use the Premises in any way which may disturb the quiet enjoyment of the other tenants of the Project.

(iii) Tenant shall not use the Premises for sleeping, cooking (except warming of food in the employee lounge, coffee making, and heating of food that is catered for the grand opening), or the preparation, manufacture, or mixing of anything that might emit any odor or objectionable noises or lights from the Premises.

(iv) No secondhand store, auction, distress or fire sale, or bankruptcy or going-out-of-business sale may be conducted on the Premises. Tenant shall not store, sell or display merchandise outside the confines of the Premises or in any portion of the Common Areas.

(v) Tenant shall not do anything on the Premises that will cause damage to the Premises. No machinery, apparatus, or other appliance shall be used or operated in or on the Premises that will unreasonably injure, vibrate, or shake the Premises or unreasonably interfere with the business operations of any other tenant of the Project.

(vi) Tenant shall not obstruct or otherwise misuse the Common Areas adjacent to the Premises by, for example, displaying or selling merchandise, and/or allowing grocery carts or other similar devices within the control of Tenant to be stored or remain outside the exterior walls and doorways of the Premises.

8.3 Compliance With Laws. Tenant shall, at Tenant's sole cost and expense, fully, diligently and in a timely manner, comply with all "Applicable Laws," which term means and includes all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record (including, without limitation, the Declarations), permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the reasonable recommendations of Landlord's engineers and/or consultants, relating in any manner to the use of the Premises by Tenant (including, without limitation, the obligation of Tenant, at Tenant's cost to alter, maintain, or restore the Premises in compliance and conformity with all Applicable Laws relating to Tenant's specific use and occupancy of the Premises during the Term), including but not limited to matters pertaining to (i) industrial hygiene, (ii) environmental conditions on, in, under or about the Premises, including soil and ground water conditions, and (iii) the presence, use, generation, manufacture, production, installation, maintenance, removal, disposal, transportation, storage, spill or release of any Hazardous Materials (as defined below), now in effect or which may hereafter come into effect, and whether or not reflecting a change in Applicable Law or policy from any previously existing Applicable Law or policy. Tenant shall, within ten (10) days after receipt of Landlord's written request, provide Landlord with copies of all documents and information, including, but not limited to, permits, registrations, manifests, applications, reports and certificates, evidencing Tenant's compliance with any Applicable Law specified by Landlord, and shall promptly upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Tenant or the Premises to comply with any Applicable Law.

8.3.1 Americans with Disabilities Act. Despite any provision of this Lease to the contrary, the following provisions shall govern the responsibility of the Landlord and Tenant to comply with the Americans with Disabilities Act of 1990 and its implementing regulations, as amended or supplemented from time-to-time ("ADA"). Landlord, at no cost to Tenant, shall be responsible for the ADA compliance of the Common Areas of the Project (including, without limitation, parking facilities, barrier removal, and auxiliary aids and services) as now required by the ADA. Following the Commencement Date, Tenant, at no cost to Landlord, shall be responsible for the ADA compliance of the Premises (including, without limitation, barrier removal, and auxiliary aids and services) as now or hereafter required by the ADA if such ADA compliance is required as a result of (i) any Alterations made or requested by Tenant; or (ii) Tenant's specific use and occupancy of the Premises, even if such compliance entails costs to Tenant of a substantial nature and even if compliance requires structural alterations. If Tenant's specific use of the Premises results in the need for modifications or alterations to any portion of the Common Areas of the Project in order to comply with the ADA, then Tenant shall be responsible for the cost of such modifications and alterations. Landlord's approval of the plans, specifications and working drawings for Tenant's initial improvements to the Premises or any subsequent Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities, including the ADA. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of any notices relating to the Premises which either allege a violation of ADA, present or threaten to present any claim regarding noncompliance with ADA of the Premises, and/or provide notice of any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with ADA.

8.4 Hazardous Materials. Tenant shall not cause or permit any "Hazardous Materials" to be brought upon, kept or used in or about the Premises or the Project by Tenant, its agents, employees, contractors or invitees. If the presence of Hazardous Materials within the Premises or the Project caused by Tenant, its agents, employees, contractors or invitees (sometimes hereinafter collectively the "Tenant Parties") results in contamination of the Premises or any other portion of the Project by Hazardous Materials, then Tenant shall be liable and responsible for, without limitation, (a) the removal from the Premises and Project of any Hazardous Materials and the cost of such removal, (b) damages to persons or property in or on the Premises or Project, (c) all claims resulting therefrom, (d) fines imposed by any governmental agency, and (e) any other liability as provided by law. Tenant shall be solely responsible for providing any notice of the use, generation, possession, manufacture and/or disposal of a Hazardous Material by Tenant or any Tenant Party to persons occupying or entering the Premises and to neighboring properties. Upon termination of the Lease, Tenant shall, at its sole cost and expense, upon Landlord's request and in compliance with all Applicable Law: (i) remove, remediate, abate, dispose of any Hazardous Materials stored or otherwise located in, on or under the Premises as a consequence of the action or inaction of Tenant or any Tenant Party; (ii) remove any above or below ground storage tank placed on the Premises or the Project by Tenant or any Tenant Party; (iii) remove, remediate, abate, dispose of and/or replace any contaminated soil (and compact the same as then required by law or by Landlord) that results from any action or inaction of

Tenant or any Tenant Party; and (iv) remediate, remove, abate and/or dispose of any contamination of the surface water, or ground water that was caused by the action or inaction of Tenant or any Tenant Party. In addition to the foregoing, Tenant shall indemnify, defend and hold Landlord, its agents, employees and contractors harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in value of the Premises or Project or any portion of the real property surrounding the Property (the "Adjacent Property"), damages for the loss or restriction on use of rentable or usable space within the Project, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, which arise during or after the Term as a result of such contamination caused by any of the Tenant Parties. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any governmental agency because of Hazardous Materials present in the soil or ground water on or under the Property and arising out of a breach of Tenant's obligations under this Section. Without limiting the foregoing, if the presence of any Hazardous Materials within the Project caused by any of the Tenant Parties results in any contamination of the Premises or any other portion of the Project, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises and any other portions of the Project to the condition existing prior to the introduction of any such Hazardous Material, provided that Landlord's approval of such action shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long term or short term effect on the Project and are permitted by any lender of Landlord having the first priority lien on the Project. As used in this Lease, the term "Hazardous Materials" or "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. Notwithstanding the foregoing, Tenant may bring upon, keep or use in or about the Premises, reasonable quantities of those substances and materials which are typically found in the operation of Tenant's Permitted Use even though such substances and materials may be classified as Hazardous Materials; subject, however to the following condition: Tenant's transportation, use, storage and disposal shall at all times be in strict accordance with all applicable federal, state or local laws, statutes, ordinances, governmental rules, regulations or requirements now in force or which may hereafter be enacted or promulgated.

8.4.1 **Hazardous Materials Handling/Duty To Inform Landlord.** Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the Premises. Subject to Tenant's compliance with the provisions of this Section 8.4, Tenant shall, to the extent required by Applicable Laws, cause any and all Hazardous Materials used, stored, released, generated, manufactured or produced on the Premises to be removed, transported and disposed of solely by duly licensed haulers to duly licensed facilities for final disposal of such Hazardous Materials. If Tenant knows, or has reasonable cause to believe, that a Hazardous Material, or a condition involving or resulting from same, has come to be located in, on, under or about the Premises under circumstances that constitute a violation of Applicable Laws or the terms of this Lease, Tenant shall immediately give written notice of such fact to Landlord. Tenant shall also immediately give Landlord a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action or proceeding given to, or received from, any governmental authority or private party, or persons entering or occupying the Premises, concerning the presence, spill, release, discharge of, or exposure to, any Hazardous Materials or contamination in, on, or about the Premises, in each case if the circumstances give rise to a violation of Applicable Laws or the provisions of this Lease. Tenant acknowledges that it, and not Landlord, is in charge of the Premises for purposes of all reporting requirements under any Applicable Law that arise due to the actions or failures to act of Tenant or any Tenant Party.

8.4.2 **Inspection; Compliance.** Landlord and Landlord's lender(s) shall have the right to enter the Premises at any time, in the case of an emergency (which for purposes of this Lease means situations in which there is an imminent threat to persons and/or property within the Premises or Project), and otherwise at reasonable times (provided prior notice is given and such entry is with the accompaniment of a representative of Tenant), for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Law, and to employ experts and/or consultants in connection therewith and/or to advise Landlord with respect to Tenant's activities, including but not limited to the installation, operation, use, monitoring, maintenance, or removal of any Hazardous Materials on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a violation of Applicable Law or a contamination, caused or materially contributed to by Tenant, is found to exist or be imminent in Landlord's subjective, good faith judgment, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In any such case, Tenant shall upon request

reimburse Landlord or Landlord's lender, as the case may be, for the costs and expenses of such inspections. Prior to or after the expiration or termination of the Term, Landlord may retain a registered environmental consultant ("Consultant") to conduct an investigation of the Premises ("Environmental Assessment"). Tenant shall perform, at its sole cost and expense, any clean-up or remedial work recommended by the Consultant which is necessary to remove, mitigate or remediate any Hazardous Materials contamination of the Premises or Project that arose in connection with the activities of Tenant or Tenant's Representatives. Prior to surrendering possession of the Premises, Tenant shall also remove any personal property, equipment, fixtures (except for any fixture installed by Landlord, unless otherwise directed by Landlord) and/or storage device or vessel on or about the Premises which is contaminated by Hazardous Materials as a consequence of any action or failure to act by Tenant or any Tenant Party.

8.5 Covenant to Open/Hours of Operation. Tenant covenants that it shall, no later than _____ days following the Commencement Date, open for business in the Premises, and thereafter keep the Premises open for business and conduct business for the Permitted Use; provided, however, that such _____-day period shall be extended to the extent (if at all) that Tenant's opening for business at the Premises is delayed by force majeure events or by Landlord's actions. As of the date of such opening Tenant shall have an adequate stock of merchandise to service and supply the usual and ordinary demands and requirements of its customers and shall maintain adequate personnel for the efficient operation of its business. Tenant shall open not later than _____ a.m., and shall close not earlier than _____ p.m., at least five days each week, except that Tenant may close for holidays observed by Tenant. Tenant further agrees to continuously illuminate its window displays and exterior signs and exterior advertising displays after dark during the normal business hours for the Project. Despite the foregoing, Tenant shall be permitted to close the Premises (or limit its operations thereon) on a temporary basis in the event of strikes, labor unrest, damage or destruction of the Premises, condemnation, or Tenant's remodeling of the Premises.

8.5.1 Continuous Operations. Except as otherwise permitted in Section 8.5 above, Tenant shall continuously operate its business in the Premises and shall use the Premises for the Permitted Use, carrying on Tenant's business diligently and energetically, throughout the entire Term of this Lease. Subject to inability by reason of strikes or labor disputes, Tenant shall keep and maintain at all times within and upon the Premises sufficient personnel and a sufficient stock of merchandise of such size, character and quality as shall be reasonably designed to service the usual and ordinary demands and requirements of its customers except when prevented from doing so for causes beyond its control and except as otherwise permitted in Section 8.5. Tenant shall not abandon or vacate the Premises at any time during the Term, except as otherwise permitted under this Lease. In the event Tenant does abandon or vacate the Premises in violation of the terms of this Lease, all personal property, fixtures or equipment belonging to Tenant shall be deemed abandoned.

8.6 Deliveries to Tenant. All deliveries to Tenant and servicing of the Premises shall be made through the rear "service" doors and loading docks, if any, and shall, to the extent reasonably possible, be made in such a manner as to minimize disturbance to the Common Area and other occupants of the Project. However, Tenant shall, to the extent permitted by Applicable Laws, be permitted to load and unload small delivery trucks and semi tractor-trailers 24 hours per day, seven days per week.

8.7 Rules and Regulations. Tenant shall faithfully observe and comply with the "Rules and Regulations" attached hereto as **Exhibit D** and all reasonable and non-discriminatory modifications and additions thereto of which Tenant shall have at least thirty (30) days prior written notice; provided, however, that neither the attached Rules and Regulations nor any such modifications shall diminish any rights reserved to Tenant hereunder or impose any economic or operational burdens upon Tenant which are not otherwise provided for in this Lease. However, Landlord shall not be responsible to Tenant for the violation or nonperformance by any other tenant or occupant of the Project of any of the Rules and Regulations, provided that Landlord shall use commercially reasonable efforts to enforce the Rules and Regulations, and shall do so at all times in a reasonable and non-discriminatory manner. The Rules and Regulations shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of this Lease. Subject to the requirements of this Section, Tenant shall be responsible for the observance of all of the Rules and Regulations by Tenant's Representatives, contractors, subcontractors, customers, clients, invitees and guests. In the event of any conflict between the provisions of this Lease and the provisions of the Rules and Regulations, the provisions of this Lease shall control.

9. Repairs and Maintenance.

9.1 Tenant's Repair Obligations. Except as otherwise specifically provided in this Lease (or in the Exhibits hereto), Tenant shall, at its sole cost and expense, keep in good order, condition and repair the Premises and each and every part thereof, including without limitation, all of Tenant's personal property, plate glass, windows, doors, all interior walls, floors, ceilings (including repair and painting thereof), doors and truck doors, loading docks, dock levelers (if any), dock bumpers, plumbing, heating and air conditioning systems ("HVAC System"), electrical and lighting facilities and equipment within the Premises. Tenant shall be solely responsible for glass breakage in the Premises, whether due to vandalism or otherwise. If Tenant fails to keep the Premises neat and clean, or fails to comply with Tenant's repair obligations hereunder, Landlord may, in its sole discretion, following prior written notice to Tenant, enter the Premises during reasonable hours in order to clean or repair same. Tenant shall immediately pay to Landlord its actual cost thereof as set forth in Landlord's statement submitted to Tenant for payment; provided, however, any such payment shall not be deemed a cure of Tenant's default and Landlord shall have all remedies available to it under this Lease.

9.1.1 HVAC Maintenance. Tenant acknowledges that Tenant is responsible for maintaining the HVAC System that specifically serves the Premises. Tenant will separately contract for the service of the HVAC System serving the Premises with a licensed HVAC contractor. Tenant shall, from time to time at Landlord's request, cause such contractor to provide copies of inspection reports and maintenance records directly to Landlord.

9.1.2 Rubbish Removal/Recycling. In addition to Tenant's maintenance obligations as described above, and notwithstanding anything to the contrary in this Lease, Tenant agrees that Tenant shall cause the areas immediately outside of the Premises to be maintained in a clean condition (i.e., free from rubbish and waste) and shall not cause or permit waste or other materials to be placed or stored outside of the Premises by Tenant or by any of Tenant's agents, representatives, employees, customers, guests, or invitees. Tenant agrees to keep the Premises neat, clean and free from dirt and rubbish at all times, and Tenant further agrees to store all trash and garbage either inside the Premises or in a trash dumpster or similar container approved by Landlord as to type, location and screening. In addition, Tenant acknowledges that Tenant is required to contract and pay for trash removal services to the Premises, and to comply, at its own expense, with any governmental requirements, rules and regulations with respect to the implementation of any recycling and solid waste plans which may be applicable to Tenant's specific permitted use of the Premises.

9.2 Landlord's Repair Obligations. Notwithstanding the provisions of Section 9.1 above, Landlord shall, at its cost, maintain the structural parts of the Premises and the building of which they are a part, which structural parts include only the foundations, bearing and exterior walls (excluding glass and doors), and roof (full replacement only and provided Tenant has made no alterations or modifications to the roof; provided however, Landlord shall provide for regular roof maintenance and repairs [such as patching] which are not covered by Landlord's roof warranty, the cost of regular roof maintenance and repairs will be charged to Tenant as part of Common Area Costs), except however, any damage caused by any act or negligence of Tenant or Tenant's employees, agents, invitees, licensees or contractors, which damage Landlord shall repair at Tenant's sole cost and expense.

9.3 Tenant's Failure to Repair. In the event Tenant fails to perform Tenant's repair obligations under Section 9.1 above, Landlord may give Tenant notice to do such acts as are reasonably required to fulfill such obligations. If Tenant fails to perform the work within thirty (30) days of written request by Landlord to do so, or to diligently prosecute the same to completion, Landlord shall have the right, but not the obligation, to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform or complete such work. Any amount so expended by Landlord shall be paid by Tenant to Landlord as Additional Rent promptly after demand with interest at the Interest Rate from the date the expenditures were made by Landlord. In no event shall Landlord have any liability to Tenant for any damage, inconvenience or interference with Tenant's use of the Premises as a result of performing any such work, except, and to the extent of Landlord's gross negligence or willful misconduct.

9.4 Surrender; Condition Upon Termination. Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in good condition, with all of Tenant's personal property and

furniture, trade fixtures, and equipment removed, broom clean, ordinary wear and tear and damage by fire, earthquake, acts of God or the elements alone excepted. Tenant shall also remove all Tenant signage upon the expiration or earlier termination of the Lease. Tenant, at its sole cost and expense, agrees to repair any damage to the Premises caused by or in connection with the removal of any items of personal property, business or trade fixtures, signage, machinery, equipment, cabinet work, furniture, or movable partitions, including without limitation, repairing the floor and patching and painting the walls where required by Landlord. Within five (5) days prior to the expiration or earlier termination of this Lease, a representative of Landlord and a representative of Tenant shall conduct a walk-through inspection of the Premises and shall jointly prepare a list of those items which are required to be repaired to bring the Premises into the condition required by this Lease. The list shall be signed by Landlord and Tenant and all items on the list shall be completed by Tenant prior to Tenant's surrender of possession of the Premises to Landlord. The obligations of Tenant set forth in this Section shall survive the expiration or earlier termination of the Lease. All property of Tenant not removed from the Premises within thirty (30) days after the day of the expiration or earlier termination of the Term shall be deemed abandoned. Tenant hereby appoints Landlord as its agent to remove, at Tenant's expense, all property of Tenant from the Premises upon the expiration or earlier termination of the Lease and to cause its transportation and storage for Tenant's benefit, all at the sole cost and risk of Tenant.

9.5 Maintenance and Standard Tenant Services. From and after the Commencement Date, Tenant shall clean the Premises at its own cost and expense, and shall maintain the Premises and every portion thereof, in a clean and wholesome condition, free from any reasonably objectionable noise, odors or nuisances, and shall comply with all health, safety and police regulations in all respects. Tenant shall pay for and will be solely responsible for the installation, operation, and maintenance of all kitchen equipment. Tenant shall operate and maintain such equipment so as to prevent the emission of offensive odors or smoke from the Premises. Tenant's maintenance and service contracts for its kitchen equipment shall be with maintenance and service companies approved by Landlord, and Tenant shall not terminate or amend such contracts without Landlord's prior approval, which approval shall not be unreasonably withheld. Tenant shall be solely responsible, at Tenant's sole cost and expense, subject to Landlord's approval of Tenant's choice of service provider, for the following:

9.5.1 Tenant shall regularly wash the interior windows and sweep and clean the Premises.

9.5.2 Tenant shall, (i) provide separate and suitable watertight receptacles within the Premises for all garbage and refuse produced or accumulated on the Premises, and (ii) at the close of each day (and more often if required by Landlord, in Landlord's reasonable discretion), remove the same to any common trash receptacle for the Project which may be designated or set aside by Landlord for such use by Tenant (in common with other tenants or occupants of the Project). All trash containers within the Premises must be covered and stored in a manner to prevent the emanation of odors into the Premises or the Project and so as not to be readily visible to customers or to tenants or visitors of the Project. If Tenant shall at any time leave any garbage or refuse in any Common Areas (other than in a receptacle designated for such use), Tenant shall pay for the removal thereof.

9.5.3 Tenant shall cause any spills, waste or damage in all Common Areas of the Project occasioned by deliveries to the Premises or the consumption of food, beverages and other items sold by Tenant to be properly cleaned and repaired.

9.5.4 Tenant shall clean dirt and grease from any kitchen exhaust ducts, fans, registers, louvers and filters; such filters shall be cleaned by high temperature hot water or steam, and such ducts shall be cleaned and inspected at least as often as required by municipal or state authorities.

9.5.5 Tenant shall not discharge any corrosive or clogging substances through the drain lines from the Premises. Should Tenant fail to observe this duty, Tenant shall be solely responsible for the cost of freeing, cleaning and replacing such pipes and any other damage resulting therefrom.

9.5.6 Tenant agrees that the term "clean," as used in this Section 9.5 shall be deemed to mean clean, sanitary and pest-free. Tenant shall at all times maintain a state of cleanliness throughout the Premises in accordance with standards established by any health department having jurisdiction over the Premises or Tenant's operations therein. Further, Tenant shall hire a pest control company duly licensed by the State of

California and acceptable to Landlord to provide to the Premises pest control service regularly and as necessary for the purpose of preventing and/or eliminating rodents and pests from the Premises.

9.6 Landlord's Inspection Right. Landlord shall have the right to inspect the Premises upon reasonable notice to Tenant and to require Tenant to provide additional cleaning, if necessary. In the event Tenant shall fail to provide any of the services described in Section 9 to be performed by Tenant, or shall fail to comply with any of the other covenants set forth herein, within thirty (30) days (except in the case of emergency) after notice from Landlord, which notice shall not be required in the event of an emergency, Landlord shall have the right to provide such services and/or perform such covenants, and any charge or cost incurred by Landlord in connection therewith shall be deemed additional Rent due and payable by Tenant upon receipt by Tenant of a written statement of cost from Landlord.

10. Alterations and Additions

10.1 Landlord's Consent Required. Tenant shall not make any alterations, additions or modifications (collectively "Alterations") to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld. Tenant's request for Landlord's consent to any Alterations shall include a request for a determination by Landlord as to whether or not Landlord will require the removal of such Alterations upon the expiration or earlier termination of the Term. Any such request for consent shall be granted or denied by Landlord within ten (10) business days of Landlord's receipt of such request. Any Alterations so approved by Landlord shall remain on and be surrendered with the Premises on expiration or termination of the Term, unless Landlord elects at the time of Landlord's approval of the Alterations, to require Tenant to remove any such Alterations by the expiration or earlier termination of the Term. If Landlord requires Tenant to remove any Alterations, Tenant shall, at its sole cost and expense, cause such Alterations to be removed on or before the expiration or earlier termination of the Term and shall repair any damage to the Premises caused by such removal to the reasonable satisfaction of Landlord. If Tenant does not so repair the Premises, then Landlord shall have the right, but not the obligation, to do so and the cost thereof shall be reimbursed by Tenant to Landlord with interest at the Interest Rate. Despite the foregoing, Landlord's consent shall not be required for interior, non-structural alterations to the Premises which do not affect the plumbing, mechanical or HVAC systems of the Premises or of the building of which the Premises are a part, do not materially affect the electrical systems of the Premises or of the building of which the Premises are a part, and cumulatively in any single calendar year do not exceed _____ Thousand Dollars (\$_____) in cost.

10.2 Construction of Alterations. Tenant shall give Landlord at least _____ (____) days written notice prior to the commencement of any Alterations (other than Tenant's Work or any Alterations that cost less than \$_____) so that Landlord shall have the opportunity to post and record an appropriate notice of non-responsibility. In addition, Tenant shall, prior to the commencement of any Alterations, obtain all governmental approvals and/or permits that may be required and provide copies of the same to Landlord. Tenant shall use only licensed contractors and obtain Landlord's prior written approval of all plans and specifications for any Alterations that require Landlord's consent. During the period any Alterations to which Landlord has consented are under construction, Tenant shall procure, or cause its contractor to procure, at no expense to Landlord, builder's "all risk" insurance and worker's compensation insurance reasonably satisfactory to Landlord. Landlord shall be named as an additional insured under the builder's "all risk" insurance, and the required insurance shall be kept in full force and effect during the entire construction period, and copies of such policies or certificates of the insurance shall be furnished to Landlord prior to the commencement of construction. All Alterations shall be accomplished in a good and workmanlike manner and in conformity with all applicable laws and regulations. In connection with the construction of any Alterations, Tenant shall provide its own trash containers for construction debris and use service entrances to the Premises, if any. In addition, Tenant shall conduct any construction activities in the Premises during such hours and in such a manner as to not unreasonably interfere with the quiet enjoyment or business operations of other tenants in the Project and shall have the work performed in such a manner as not to obstruct access to the Premises of any other tenant in the Project. Upon completion of any Alterations which require governmental approval of plans and specifications, Tenant shall provide Landlord with "as built" plans, if such plans are required to be submitted to any governmental agency. Except to the extent otherwise expressly provided in this Lease (or on the Exhibits hereto), in no event shall Landlord be obligated or required to make or pay for any Alterations in, on or about the Premises. Except as specifically provided in this Lease (or in the Exhibits hereto), Landlord makes no warranties whatever regarding the condition of the Premises, and further, does not warrant that

Tenant will be able to obtain any construction permits, licenses, or approvals necessary to build upon or make Alterations.

10.3 Removal of Alterations/Personal Property/Trade Fixtures. Unless Landlord requires the removal of Alterations to the Premises as provided above, all Alterations shall, at the expiration or earlier termination of the Term, become the property of Landlord and remain upon and be surrendered with the Premises. Notwithstanding the foregoing, personal property, business and trade fixtures, cabinet work, furniture, movable partitions, machinery and equipment shall remain the property of Tenant and may be removed by Tenant subject to the provisions of this Section and Section 9.4 above, at the termination of the Term of this Lease.

10.4 Roof Top. Tenant shall not use the roof areas for any purpose, under any circumstances.

11. Utilities

11.1 Responsibility for Payment. Subject to the provisions of Section 11.4 below, and except for those utilities which are to be reimbursed to Landlord as a part of Common Area Costs, Tenant shall pay for and maintain all utilities furnished to or used by Tenant at the Premises including without limitation all electricity, water, gas, and sewer utilities. Except to the extent constituting Landlord's Work, Tenant specifically acknowledges that all conduits for telephone wires and security alarms within the Premises, and any other work related to installation of telephone service and security alarms, shall be installed at Tenant's expense.

11.2 Tenant's Share. In the event that any utilities are furnished by Landlord (other than as set forth in Section 11.4), Tenant shall pay to Landlord its pro rata share of the cost thereof in the manner set forth in Section 7.3 (Payment of Common Area Costs). Tenant's pro rata share shall be based upon (a) that proportion of the utility costs which the Rentable Area of the Premises bears to the total Rentable Area of the premises in the Project serviced by such meter and (b) any extraordinary use which may be made by Tenant, as determined by Landlord in its reasonable discretion.

11.3 Non-Liability of Landlord. Landlord reserves the right to interrupt, curtail, stop or suspend (collectively "Interruption") the furnishing of utilities when necessary in Landlord's reasonable discretion, by reason of accident or emergency, or for repairs, alterations, replacements or improvements or as a result of difficulty or inability in securing supplies or labor, or of strikes, or for any other cause beyond the reasonable control of Landlord, whether such cause be similar or dissimilar to those hereinabove specifically mentioned, until such cause has been removed. There shall be no diminution or abatement of Rent or other charges due under this Lease as a result of any Interruption of utility services, nor shall this Lease be affected or any of Tenants' obligations hereunder be reduced. Landlord shall have no responsibility or liability for any such Interruption of services or systems as provided for in this Section 11, except that Landlord shall exercise reasonable diligence to eliminate the cause of same.

11.4 Installation of Additional Utilities. Landlord reserves the right to install new or additional utility facilities throughout the Project for the benefit of the Landlord or Tenant, or any other tenants of the Project, including, but not by way of limitation, such utilities as plumbing, electrical systems, communication systems and fire protection and detection systems, including entry into the Premises for such purposes, so long as such installations do not unreasonably interfere with Tenant's use of the Premises.

12. Liens

Tenant shall keep the Premises free from any liens arising out of work (including Alterations) performed, materials furnished, or obligations incurred by Tenant and shall indemnify, defend, and hold harmless Landlord from any and all liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. In the event that Tenant shall not, within twenty (20) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, Landlord shall have the right, in addition to all other remedies provided herein and by law, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by Landlord in connection therewith including attorneys' fees and costs shall be deemed Additional Rent and shall be payable to Landlord by Tenant on demand with interest at the Interest Rate. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required

by law, or which Landlord shall deem proper, for the protection of Landlord and the Premises, or any other party having an interest therein, from mechanics' and materialmen's liens.

13. Landlord's Access

In addition to Landlord's rights as set forth in Section 8.4.2 above, Landlord and Landlord's agents shall have the right during Tenant's business hours and upon twenty-four (24) hours prior written notice (except that Landlord may give verbal notice to Tenant's site manager and no notice shall be required in the event of an emergency), to enter the Premises to inspect the same or to perform any maintenance or repair work that Landlord is permitted to perform under this Lease or to show the Premises to prospective purchasers, tenants (during the last six (6) months of the Term or at any time during the Term if Tenant is in default of its obligations under this Lease following the expiration of all applicable notice and cure periods), or lenders. Landlord may at any time during the last ninety (90) days of the Term place on or about the Premises any ordinary "for lease" signs. Tenant hereby waives any claim for abatement of rent or for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss arising out of Landlord's entry onto the Premises; provided however, Landlord shall use its commercially reasonable best efforts to minimize any interference with Tenant's business operations in connection with any such entry onto the Premises and will make reasonable attempts to schedule any such entry with Tenant.

14. Indemnification

14.1 Tenant's Indemnity. Tenant shall defend, indemnify and hold Landlord harmless against and from any and all liabilities, losses and claims arising from (i) Tenant's or Tenant's customers, invitees, agents, employees or contractor's use of the Premises for the conduct of its business; (ii) any activity, work or other thing done, permitted or suffered by Tenant and/or Tenant's Representatives, in or about the Project; (iii) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; (iv) any act, omission, willful misconduct or negligence of the Tenant, Tenant's Representatives or any invitee of Tenant; (v) mechanics' and materialmen's liens in connection with any Alterations or other work performed by or at the direction of Tenant; (vi) any other risk which Tenant has agreed in this Lease to indemnify Landlord against; (vii) the sale or consumption of alcohol on or from the Premises and any and all so-called "Dram Shop" liability and (viii) all reasonable attorneys' fees and costs, expenses and liabilities incurred in connection with any and all of the foregoing (the foregoing are sometimes hereinafter referred to collectively as "Tenant Indemnified Risk"). If any case, action, claim or proceeding be brought or asserted against Landlord in connection with a Tenant Indemnified Risk, upon written request from Landlord, Tenant, at its sole expense, shall defend Landlord against the Tenant Indemnified Risk by counsel, expert witnesses (if applicable), and consultants (if applicable). Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause other than the (a) willful misconduct or negligence of Landlord and/or (b) Landlord's breach of its obligations under this Lease. Tenant's obligation to indemnify and defend Landlord shall include reasonable attorneys' fees, court costs, the costs of all required expert witnesses and consultants, the costs of investigation, and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is or may be made against Landlord. Tenant's duty of defense and indemnity set forth in this Section 14.1 shall survive the expiration or sooner termination of this Lease as to any Tenant Indemnified Risk accruing or arising prior to such expiration or termination, even if discovered thereafter.

14.2 Damage to Tenant's Property. Landlord shall not be liable for injury or damage which may be sustained by the person, goods, wares, employees, invitees or customers of any other person in or about the Premises caused by or resulting from any peril which may affect the Premises, including fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, of the Premises, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Project or from other sources, except and to the extent such injury or damage is caused by the negligence or willful misconduct of Landlord or Landlord's agents, contractors, employees, servants, tenants or concessionaires and, unless, and to the extent such damage is covered by insurance required to be carried by Tenant pursuant to this Lease. Landlord shall not be liable for any damages arising from any act or neglect of: (i) any other tenant of the Project; or (ii) any officer, employee, agent, representative, customer, business visitor, or invitee of any such tenant.

15. Insurance

15.1 Tenant's Insurance. Tenant shall at all times during the Term and any other period of occupancy, at its own expense, keep in full force and effect the following insurance:

(i) Workers' Compensation Insurance as required by State law; provided, however, that (a) Tenant may, in lieu of purchasing such insurance, comply with any workers' compensation self-insurance option that may be available under applicable law; and (b) the provisions of Section 15.2 below shall not apply to any Workers' Compensation Insurance that may be maintained by Tenant.

(ii) Employer's liability insurance covering all Tenant's employees for injury or illness suffered in the course of or arising out of their employment, providing statutory worker's compensation benefits and employer's liability limits of not less than one million dollars (\$1,000,000.00).

(iii) Standard form property insurance insuring against the perils of fire and other perils ordinarily insured against by prudent tenants in the business of Tenant. This insurance policy shall cover all personal property owned by Tenant or that was installed at Tenant's expense, and which is located in the Premises including, without limitation, furniture, fittings, trade fixtures, equipment and any other personal property, in an amount not less than the full replacement cost thereof.

(iv) A Commercial General Liability Insurance Policy (or an equivalent) insuring Landlord and Tenant on an occurrence basis against liability arising out of the leasing, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in the amount of not less than two million dollars (\$2,000,000) Combined Single Limit for bodily injury including death of one or more persons, property damage to property of others, or personal injury to one or more persons. The policy shall also cover contractual liability (covering the indemnity contained in Section 14.1 hereof) and shall not contain any intra-insured exclusions as between insured persons or organizations. All insurance carried by Tenant shall be primary to and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only. Nothing contained herein shall prohibit Tenant from providing the initial portion of such coverage by way of primary coverage and the additional coverage required herein by way of umbrella coverage.

(v) Loss of income and extra expense insurance in amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants in the business of Tenant or attributable to prevention of access to the Premises as a result of such perils.

(vi) Liquor Liability coverage in the amount of not less than Two Million Dollars (\$2,000,000). Prior to the sale, storage, use or giving away of alcoholic beverages on or from the Premises by Tenant or any other person, Tenant, at the expense of Tenant, shall obtain a policy or policies of insurance having limits for bodily injury (fatal or non-fatal) to any person of \$2,000,000.00 or arising out of any one accident, issued by a responsible insurance company in a form acceptable to Landlord protecting Landlord and the Premises against any and all damages, claims, liens, judgments, expenses and costs arising under any present or future law, statute or ordinance by reason of any storage, sale, use or giving away of alcoholic beverages on or from the Premises. Tenant must provide Landlord with a copy of all permits required to sell alcoholic beverages which Tenant has obtained from a governmental entity having jurisdiction prior to the sale or serving of alcoholic beverages from the Premises.

(vii) Tenant may elect to have deductibles in connection with the policies of insurance required to be maintained by Tenant under this Section 15, provided such deductibles are reasonable in light of Tenant's overall financial situation and scope of business operations. If Tenant elects to maintain such deductibles, Tenant shall be liable for paying the full amount of any deductibles in the event of a loss or casualty. Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant, provided the coverage will not be reduced or diminished by reason of the use of such blanket policy of insurance, and provided further that the requirements set forth herein are otherwise satisfied.

15.2 Policy Requirements. All policies obtained by Tenant shall be written in a form reasonably satisfactory to Landlord; shall be maintained with insurance companies qualified and admitted to do business in the State of California holding a General Policy-holder's Rating of "A-" or better, and a financial rating of "VIII", or better, as set forth in the most current issue of Best's Key Rating Guide; and shall require thirty (30) days advance written notice to Landlord of any cancellation or modification. Prior to Tenant's occupancy of the Premises, Tenant shall deliver to Landlord, Certificates of Insurance ("Certificates") evidencing the above coverage with limits not less than those specified above. The Certificates representing Tenant's commercial general liability insurance shall be accompanied by an endorsement which shall add Landlord and Landlord's agents, and any mortgagee(s) designated by Landlord as additional insureds. Tenant shall, prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof. If Landlord obtains any insurance that is the responsibility of Tenant under this Section 15 (following ten (10) days notice and opportunity to Tenant to obtain such insurance), Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall thereupon pay the same to Landlord as Additional Rent. Landlord makes no representation that the limits or forms of coverage of insurance specified in this Section are adequate to cover Tenant's property or obligations under this Lease.

15.3 Landlord's Insurance. Landlord shall insure the Project (excluding any property which Tenant is obligated to insure) against damage with property insurance (full replacement cost), liability insurance and other insurance for such risks and all in such amounts and with such endorsements and deductibles as are typically carried by prudent owners of comparable commercial developments. Landlord may, but shall not be obligated to, obtain and carry any other form or forms of insurance as it or Landlord's mortgagees may reasonably determine advisable, all in such amounts and with such endorsements and deductibles as are typically carried by sophisticated Landlords of comparable commercial developments in the immediate market area of the Project, including, without limitation, terrorism coverage. Notwithstanding any contribution by Tenant for the cost of insurance premiums, as provided herein, Tenant acknowledges that it has no right to receive any proceeds from any insurance policies carried by Landlord. The cost of all such insurance obtained by Landlord shall be included as a Common Area Cost pursuant to Section 7. Landlord, if required by any lender of Landlord (but not otherwise), may insure the Project for losses or damage resulting from the perils of flood and/or earthquake. In such event, the cost of such insurance shall also be included within Common Area Costs. Landlord covenants that it will seek commercially competitive rates and deductibles on all insurance to be carried by Landlord pursuant to this Lease.

15.4 Tenant's Activities. If Tenant's occupancy or business in, or on, the Premises, whether or not Landlord has consented to the same, results in any increase in premiums for the insurance carried by Landlord with respect to the Project, Tenant shall pay any such increase in premiums as Additional Rent within ten (10) days after being billed therefore by Landlord. In determining whether increased premiums are a result of Tenant's use of the Premises, a schedule issued by the organization computing the insurance rate on the Project or any tenant improvements showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up such rate. Tenant shall promptly comply with all reasonable requirements of the insurance company or any present or future insurer relating to the Project or Premises. Tenant acknowledges that if Landlord incurs additional insurance expense related to the quality of tenant improvements or alterations within the Premises in excess of standard improvements which Landlord insures under the terms of this Lease, such additional insurance expense identified by the insurer relating to Tenant's Premises shall be paid solely by Tenant.

15.5 Mutual Waiver of Subrogation. All policies of property insurance carried, or required to be carried, hereunder shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured before the occurrence of injury or loss. Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the members, officers, directors, shareholders, partners, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving party's property or the property of owners under its control to the extent that such loss or damage arises under perils that are insured against under any policy of property insurance carried by such waiving party (without respect to the amount of insurance carried, or any deductibles), or to the extent that such perils would have been insured against had the waiving party maintained the insurance coverage that is required to be maintained by it pursuant to the provisions of this Lease. Landlord and Tenant shall give notice to their insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

16. Damage or Destruction

16.1 Definitions. For purposes of this Section 16:

16.1.1 “Premises Partial Damage” shall mean damage or destruction to the Premises, the repair time for which, as reasonably determined by Landlord or Landlord’s contractor will not exceed one hundred eighty (180) days from the date of the damage or destruction and if Landlord (subject to the rights of Landlord’s lenders) will receive insurance proceeds sufficient to cover the cost of such repairs. Landlord shall notify Tenant in writing within ninety (90) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

16.1.2 “Premises Total Destruction” shall mean damage or destruction to the Premises, the repair time for which, as reasonably determined by Landlord or Landlord’s contractor will not exceed one hundred eighty (180) days from the date of the damage or destruction. Landlord shall notify Tenant in writing within ninety (90) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

16.1.3 “Insured Loss” shall mean damage or destruction to the Premises which was caused by an event required to be covered by the insurance described in Section 15.4 above.

16.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Landlord shall, at Landlord’s expense, repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

16.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, Landlord shall, at Landlord’s election, either (i) repair such damage as soon as reasonably possible at Landlord’s expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice. In the event Landlord elects to terminate this Lease, Tenant shall have the right within ten (10) days after receipt of the termination notice to give written notice to Landlord of Tenant’s commitment to pay for the repair of such damage without reimbursement from Landlord. Tenant shall provide Landlord with said funds or satisfactory assurance thereof within thirty (30) days after making such commitment. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Tenant does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

16.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate ninety (90) days following such Destruction.

16.5 Damage Near End of Term. If at any time during the last twelve (12) months of the term of this Lease (as it may previously have been extended) there is damage to the Premises for which the cost to repair exceeds one month’s Base Monthly Rent, whether or not an Insured Loss, Landlord may terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving a written termination notice to Tenant within thirty (30) days after the date of occurrence of such damage.

16.6 Temporary Abatement of Rent. In the event of Premises Partial Damage or Premises Total Destruction, the Rent payable by Tenant pending completion of the repair or restoration of such damage shall be abated in proportion to the degree to which Tenant’s use of the Premises is impaired. Tenant shall not be entitled to any compensation or damages for loss of use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

16.7 Tenant’s Termination Right. If Landlord shall be obligated to repair or restore the Premises and does not commence such repair or restoration within one hundred eighty (180) days after such obligation shall accrue, Tenant may, at any time prior to the commencement of such repair or restoration, give

written notice to Landlord and to any of Landlord's lenders of which Tenant has actual notice, of Tenant's election to terminate this Lease on a date not less than ninety (90) days following the giving of such notice. If Tenant gives such notice and such repair or restoration is not commenced within thirty (30) days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such thirty (30) days, this Lease shall continue in full force and effect.

16.8 Limits of Landlord's Obligations. It is hereby expressly agreed that Landlord will not be obligated to carry insurance of any kind on Tenant's furniture, furnishings, fixtures, equipment including kitchen and food service equipment and other equipment peculiar to tenant's occupancy or other personal property (collectively "Personal Property") and in the event of damage or destruction to the Premises or the Project, under no circumstances shall Landlord be required to repair any injury or damage by fire or other cause, or to make any repairs to, or replacements of, Tenant's Personal Property.

16.9 Waiver. If the existing laws do not permit the restoration of the Premises to substantially the condition existing at the time of such damage or destruction, either party may terminate this Lease immediately following receipt of notice that restoration is forbidden, by giving written notice to the other party. Landlord and Tenant hereby waive the provisions of any statutes or court decisions which relate to the abatement of rent or termination of leases when leased property is damaged or destroyed, specifically including, without limitation, the provisions of California Civil Code Sections 1932(2) and 1933(4) and agree that such event shall be exclusively governed by the terms of this Lease.

17. Condemnation

17.1 Substantial or Total Taking. If all of the Premises are taken by exercise of the power of eminent domain (or conveyed by Landlord in lieu of such exercise) this Lease will terminate on a date ("Termination Date") which is the earlier of (i) the date upon which the condemning authority takes possession of the Premises; or (ii) the date on which title to the Premises is vested in the condemning authority. If more than ____ percent (____%) of the Rentable Area of the Premises is so taken, Landlord or Tenant will have the right to cancel this Lease (effective as of the Termination Date) by written notice to the other party given no later than ____ (____) days after the Termination Date. If less than ____ percent (____%) of the Rentable Area of the Premises is so taken, or if neither party cancels this Lease according to the preceding sentence, the Rent will be abated in the proportion that the Rentable Area of the Premises so taken bears to the Rentable Area of the Premises immediately before such taking.

17.2 Partial Taking of Project or Common Area. If more than _____ percent (____%) of the Rentable Area of the improvements in the Project is taken by Condemnation, Landlord may terminate, at Landlord's option, this Lease as of the Termination Date by delivering written notice to Tenant within thirty (30) days after Landlord's receipt of written notice of such taking. If the Common Areas of the Project are taken by eminent domain, this Lease shall remain in full force and effect except that if _____ percent (____%) or more of the Common Areas are taken by eminent domain or such taking materially interferes with Tenant's ability to conduct its business in the Premises, then either Landlord or Tenant shall have the option to terminate this Lease effective as of the Termination Date. If either party elects to terminate this Lease under the preceding sentence, it must terminate by giving written notice to the other party within thirty (30) days after the Termination Date. If this Lease is not terminated within the thirty (30) day period, it shall continue in full force and effect.

17.3 Condemnation Award. In the event of any such taking, the entire award will be paid to Landlord and Landlord's mortgagees, as their interests may appear, and Tenant will have no right or claim to any part of such award; however, Tenant will have the right to assert a claim against the condemning authority (so long as Landlord's and Landlord's lender's award is not reduced by such claim), for (i) Tenant's moving expenses, (ii) goodwill; and (iii) the unamortized value of any leasehold improvements or Alterations owned and paid for by Tenant .

17.4 Right to Terminate This Lease for Taking. Neither party shall have the right to terminate this Lease in the event of a partial taking of the Premises, other than as is specifically provided for in this Section 17. Both parties agree that the provisions of this Section 17 shall govern the rights and obligations of the parties in the event of any condemnation of the Premises or the Common Areas. Each party specifically waives the

provisions of California Code of Civil Procedure Section 1265.130 (and any successor provision) allowing either party to petition the superior court to terminate this Lease in the event of a partial taking of the Premises or the Project.

18. Assignment and Subletting

18.1 Landlord's Consent Required. Tenant shall not, voluntarily or involuntarily (i.e., by operation of law, merger, dissolution, or otherwise), pledge, hypothecate, encumber, assign, sublet, allow another person or entity to occupy, or otherwise transfer all or any part of the Premises and/or any interest in this Lease (any or all of which events are referred to collectively as a "Transfer"), except with the prior written consent of Landlord, which consent, subject to the provisions of this Section 18, shall not be unreasonably withheld, conditioned or delayed. For purposes of this Section 18, the term "Transferee" includes without limitation, assignees, subtenants, concessionaires or any other party who acquires an interest in the Premises or this Lease by way of pledge, hypothecation or encumbrance. Any Transfer made in violation of the provisions of this Section 18 shall be void and shall constitute an Event of Default under this Lease in which case Landlord may elect, among other remedies, to terminate this Lease. Any consent to any Transfer that may be given by Landlord shall not constitute a waiver by Landlord of the provisions of this Section 18 or a release of Tenant from the full performance by it of the covenants in this Lease.

18.2 Change of Permitted Use and/or Trade Names. Tenant may, in connection with any Transfer, change the Permitted Use and/or the Trade Names under which the Premises are operated, in each case with Landlord's prior written consent, which shall be granted or withheld in Landlord's sole discretion.

18.3 Transfer Notice. At least thirty (30) days prior to the proposed effective date of the Transfer, Tenant shall give Landlord advance written notice ("Transfer Notice"), of its intention to make a Transfer and shall submit in writing to Landlord the name of the proposed Transferee, a description of the proposed Transferee's business (if any) to be carried on in the Premises, whether Tenant proposes to assign the Lease, sublet the Premises, enter into a license or concession agreement, or otherwise, the proposed effective date of the Transfer, all the material terms and conditions of the proposed Transfer relating specifically to the Lease, financial statements, income statements and balance sheets for the two (2) most recent completed fiscal or calendar years of the proposed Transferee, if available, and a bank reference. The Transfer Notice shall be accompanied by a copy of the proposed agreement(s) documenting the Transfer, or if none, a copy of any final offers, draft agreements, letters of commitment or intent, and other documents pertaining to the proposed Transfer. Thereafter, Tenant shall furnish such supplemental information as Landlord may reasonably request concerning the proposed Transfer or Transferee. Within ten (10) days after the submission of all required information described in the preceding sentence, Landlord shall give notice to Tenant of its election under Section 18.4 below. If Landlord fails to give such notice, Landlord shall be presumed to have denied Tenant's request for such Transfer.

18.4 Landlord's Election. Upon receiving a request for a Transfer, and compliance with Section 18.3 above, Landlord shall do one of the following:

(i) Landlord may consent to the proposed Transfer, subject to any reasonable conditions on such Transfer, which conditions may include without limitation, (a) that the proposed Transferee assume the Tenant's obligations under the Lease (without, however, releasing Tenant therefrom); (b) in the case of a proposed sublease, that the subtenant agree that Landlord shall have the right to enforce any and all of the terms of the sublease directly against such subtenant, and that in the event the Lease is terminated prior to the expiration of the sublease, that at the election of Landlord, the sublease shall not terminate and the subtenant will attorn to the Landlord; and (c) Landlord shall be entitled to _____ percent (____%) of the Rent and other economic consideration that Tenant receives from a Transferee which exceed, in the aggregate, (x) the total sums which Tenant is obligated to pay Landlord under this Lease during the term of the assignment or sublease in question (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (y) any real estate brokerage commissions or fees, tenant improvement costs, or other reasonable costs actually incurred by Tenant in connection with the Transfer.

(ii) Landlord may deny its consent to the proposed Transfer on any reasonable ground. Such reasonable grounds shall include, without limitation, any one or more of the following: (a) the

Transferee intends to use the Premises for a use not permitted by law; (b) there is a continuing and uncured Event of Default by Tenant under this Lease; (c) Landlord has not received assurances acceptable to Landlord that all past due amounts owing from Tenant to Landlord (if any) will be paid and all other defaults by Tenant will be fully cured prior to the effective date of the proposed Transfer; (d) in the reasonable judgment of Landlord, the Transferee does not have sufficient financial strength to reliably support the financial obligations of this Lease; (e) the Transferee and the Transferee's intended use of the Premises may have a possible material adverse effect upon the reputation of the Project from the nature of the business to be conducted; (f) the proposed Transferee has a reputation for financial reliability which is unsatisfactory in the reasonable judgment of Landlord; or (g) the proposed use is inappropriate in light of the Project's existing tenant mix.

(iii) Landlord may elect to terminate this Lease as provided in Section 18.5 below.

18.5 Termination of Lease. Except with respect to Transfers which may be effected without Landlord's consent, Landlord may, subject to Section 18.4 above, terminate this Lease as of the date of the proposed Transfer. If Tenant receives a bona fide offer to make a Transfer of the Lease, Tenant may give Landlord notice thereof and, without limitation of Tenant's rights under Section 18.4, request that Landlord, within ten (10) days after the receipt of such notice, elect in writing to waive its rights under this Section 18.5 with respect to the Transfer contemplated by the bona fide offer. Tenant's Transfer Notice shall contain the information described in Section 18.3. Landlord's failure to respond within such ten (10) day period shall be deemed to be an election to waive its rights hereunder. If Landlord does waive its rights hereunder, such waiver shall be effective only for the Transfer specifically covered in Tenant's notice for a period of sixty (60) days after the date of the waiver. If Landlord does not waive its rights under this Section 18.5, Tenant shall have the right to withdraw its request to the proposed Transfer within ten (10) days of Landlord's failure to waive its rights, in which case Landlord shall have no right to terminate the Lease in accordance with the terms of this Section 18.5 unless a new Transfer Notice is given. If Landlord exercises its rights hereunder and terminates the Lease, Landlord shall have the right to enter into a lease or other occupancy agreement directly with the proposed transferee, and Tenant shall have no right to any of the rents or other consideration payable by such proposed transferee under such other lease, even if such rents and other consideration exceed the rent payable under this Lease by Tenant. Landlord shall have the right to lease the Premises to any other tenant, or not lease the Premises, in its sole and absolute discretion. Tenant's failure to request such waiver by Landlord shall not in any way prejudice or diminish Landlord's right to exercise its rights under this subsection at any time. No such election to waive its rights under this Section 18.5 shall in any way prejudice or diminish Landlord's other rights to approve or disapprove the proposed transferee, or to receive additional rent, in accordance with the other terms and provisions of this Section and the Lease. Upon any termination of this Lease under any of the provisions of this Section, the parties shall be released thereby, without further obligation to the other, from the date possession of the Premises is surrendered to the Landlord, except for items which have heretofore accrued and are then unpaid, and those obligations, if any, which by the terms of this Lease expressly survive such termination. If Landlord elects not to terminate the Lease, Tenant may thereafter enter into an assignment or sublease with respect to the Premises.

18.6 No Release. No consent to any Transfer which may be given by Landlord, or the acceptance of any Rent, charges or other consideration by Landlord from Tenant or any third party, shall constitute a waiver by Landlord of the provisions of this Lease or a release of Tenant from the full performance of the covenants on the part of Tenant herein contained. Any consent given by Landlord to any Transfer shall not relieve Tenant (or any Transferee of Tenant) from the above requirements for obtaining the written consent of Landlord to any subsequent Transfer.

18.7 Transfer Costs. Tenant shall pay to Landlord all actual out-of-pocket expenses incurred by Landlord in connection with any request for Landlord's approval of a Transfer, including attorneys' fees and costs, whether or not such consent is granted.

18.8 Continuing Liability of Tenant. If Tenant's Transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the Transferee. Tenant agrees to defend, indemnify and hold Landlord harmless with respect to all costs (including attorneys' fees of Landlord in connection with) and liability for compensation claimed by any broker or agent in connection with any Transfer of Tenant's interest pursuant to this Lease.

18.9 Assumption of Lease Obligations. Each permitted Transferee who is an assignee of this Lease shall expressly assume and be deemed to have assumed this Lease and shall be and remain liable, jointly and severally, with Tenant for the payment of the Rent and for the due performance or satisfaction of all provisions of this Lease to be performed or satisfied by Tenant. No Transfer to an assignee of this Lease shall be binding on Landlord unless such Transferee or Tenant shall deliver to Landlord an executed counterpart original of the instrument evidencing such Transfer and assumption.

18.10 Permitted Transfers. Notwithstanding the previous provisions of this Section 18, and anything to the contrary contained in this Lease, Tenant may assign this Lease or sublet all or any portion of the Premises (herein a "Permitted Transfer") without the consent of Landlord, without providing any advanced notice or other information to Landlord, without providing Landlord with any option to terminate this Lease or any right to share in any profits derived from such assignment or subletting, and without thereby giving rise to any breach, default, or Event of Default under this Lease, to any corporation, partnership, limited liability company or other entity which is or becomes a parent, subsidiary or affiliate of Tenant, or to a corporation, partnership, limited liability company or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Tenant, or to any successor of Tenant by reason of merger, consolidation, other business combination, public offering, reorganization, dissolution, or sale of all of the stock or all of the assets of Tenant (collectively, an "Affiliate"); provided that: (i) if an assignment, the Transferee assumes, in full, the obligations of Tenant under this Lease (or if a sublease, the Transferee of a portion of the Premises or Term assumes, in full, the obligations of Tenant with respect to such portion); and (ii) Tenant remains fully liable under this Lease. In the event of any such assignment of this Lease to an Affiliate, Tenant shall, within thirty (30) days after such assignment, provide Landlord with a written assumption of the Lease in which such Affiliate shall assume the Lease and agree to timely pay, perform and discharge all Tenant's obligations accruing from and after the effective date of such assignment. In the event of any subletting of all or any portion of the Premises to an Affiliate as provided herein, Tenant shall, within thirty (30) days after such subletting, provide Landlord with a copy of such sublease.

18.11 Conditions Deemed Reasonable. Tenant acknowledges and agrees that each of the rights of Landlord set forth in this Section 18 above in the event of a proposed Transfer is a reasonable restriction on Transfer for purposes of California Civil Code Section 1951.4 (and any successor provision).

19. Default

The occurrence of any of the following events shall constitute an "Event of Default" under this Lease:

19.1 Failure to Pay. Any failure by Tenant to pay Rent or any other monetary sums required to be paid hereunder, where such failure continues for three (3) days after the date such payment was due.

19.2 Abandonment. The abandonment of the Premises by Tenant as defined in California Civil Code Section 1951.3 (or any successor provision).

19.3 Failure to Perform. Any failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for twenty (20) days after written notice thereof by Landlord to Tenant; provided however, that if the nature of such failure is such that it cannot be reasonably cured within such twenty (20) day period, an Event of Default shall not be deemed to have occurred if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

19.4 Insolvency. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant the same is dismissed within sixty (60) days); or the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such appointment is not discharged within thirty (30) days. Landlord and Tenant acknowledge and agree that this Lease is a lease of real property in a "shopping center" within the meaning of 11 U.S.C. Section 365(b)(3), as evidenced by the following factors, among other things: parking, a cluster of commercial leases held by one lessor, agreements regarding types of permissible business activity, and areas with common management.

20. Remedies of Landlord on Default

Upon the occurrence of an Event of Default, Landlord shall have the following remedies, which are not exclusive, but cumulative and in addition to any remedies now or later allowed by law.

20.1 Termination of Possession. Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. As used in Sections 20.1(i) and 20.1(ii) above, the "worth at the time of award" is computed by allowing interest at the maximum rate an individual is permitted to charge by law (except that to the extent that interest is allowed in determining the "worth at the time of award," Landlord may not concurrently assess interest under Section 5.2 above). As used in Section 20.1(iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the _____ at the time of award plus ____ percent (___%).

20.2 Re-Entry and Removal. In the event that Landlord terminates the Lease under Section 20.1 above, Landlord shall also have the right to re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

20.3 Remedy Provided Under California Civil Code Section 1951.4. In addition to its other rights under this Lease, Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover Base Monthly Rent, and/or Common Area Costs as they become due, if Tenant has the right to sublet or assign, subject only to reasonable limitations, Tenant hereby acknowledging that it does have the right to sublet or assign subject only to reasonable limitations).

20.4 No Waiver. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in said waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

20.5 Arbitration of Disputes.

ANY CLAIM OR CONTROVERSY OF WHATEVER NATURE INCLUDING BUT NOT LIMITED TO THE ISSUE OF ARBITRABILITY (EXCEPT FOR ANY MONETARY DEFAULTS BY TENANT, WHICH SHALL BE SUBJECT TO THE CALIFORNIA UNLAWFUL DETAINER STATUTE) ARISING OUT OF OR RELATING TO THIS LEASE, OR THE BREACH THEREOF, SHALL BE SETTLED BY FINAL AND BINDING ARBITRATION. THE ARBITRATION SHALL BE PURSUANT TO SUCH RULES AND PROCEDURES AS THE PARTIES MAY DETERMINE AT THE TIME OF THE DISPUTE, OR, IF THE PARTIES FAIL TO AGREE, IN ACCORDANCE WITH THE THEN RULES OF PRACTICE AND PROCEDURE (RULES OF PRACTICE AND PROCEDURE FOR ARBITRATION OF COMMERCIAL DISPUTES) OF _____, ("_____"), OR A SUCCESSOR ORGANIZATION IF _____ IS NO LONGER IN OPERATION AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

NOTICE: BY SIGNING THIS LEASE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS "ARBITRATION OF DISPUTES" PROVISION DECIDED BY

NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE AT THE END OF THIS SECTION 20.5, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

BY SIGNING THIS LEASE, LANDLORD AND TENANT ACKNOWLEDGE AND AGREE THAT EACH HAS READ AND UNDERSTANDS THE FOREGOING AND AGREES TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

21. Signs

21.1 Sign Regulations. Tenant shall neither affix nor maintain within _____ (____) inches of any window or upon the exterior of the building any signs, decorations, awning, canopy, advertising placards, names, insignias, trademarks or other descriptive material without the prior written approval of Landlord (which approval shall not be unreasonably withheld or delayed) as to size, type, color, location, copy, nature, material and display qualities. Any sign that Tenant has the right to place, construct, and maintain shall comply with Landlord's sign criteria (a copy of which is attached hereto as **Exhibit C**). Except as specifically provided in this Section 21, Tenant shall not place, erect or maintain any sign or any other type of advertising medium (i.e. balloons, banners, flags) on or upon the exterior of the Premises, and/or in or upon the Project, including the Common Areas, except with the Landlord's prior written approval, and except in compliance with the provisions of **Exhibit C**, the applicable provisions of the Declarations, and all applicable laws and governmental regulations. Prior to the installation of any sign, the permitting and installation of which shall be at Tenant's sole cost and expense, Tenant shall submit to Landlord, for Landlord's review and approval, drawings and specifications setting forth all aspects of the sign, including, without limitation, design, style, size, color and location, all of which shall conform with the requirements of **Exhibit C**. Tenant shall maintain any approved sign in good condition and repair and shall indemnify, defend and hold Landlord harmless (in the manner required by Section 7), from and against any loss, cost or damage as a result of the installation, maintenance or repair of the same. All permitted signs and advertising devices (whether tower signage, building signage or monument/directional signage, as applicable) shall be designed, fabricated, furnished, installed, operated maintained and replaced by Tenant at its expense. Landlord agrees to use its best efforts to cooperate with Tenant to obtain any and all necessary approvals and permits with respect to Tenant's signage as provided for herein. Upon the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, within thirty (30) days of Landlord's request, remove all of Tenant's signs and repair any damage caused by the installation and removal thereof. The obligations of Tenant set forth in the preceding sentence shall survive the expiration or earlier termination of this Lease. Anything to the contrary in this Lease or in Landlord's sign criteria notwithstanding, however, but subject in each case to Tenant's full compliance with Applicable Laws, Tenant shall be permitted, without Landlord's consent, to place professionally printed temporary signs on the interior surfaces of the exterior windows of the Premises from time to time to advertise Tenant's periodic sales.

21.2 Prohibited Advertising. Tenant shall not, without Landlord's consent, install any exterior amplifiers or similar exterior devices or use in, upon or about the Premises any flashing lights, search lights, loudspeakers, phonographs, radio broadcasts or similar media that may be heard or seen outside of the Premises. Landlord may withhold its consent in its sole and absolute discretion. Tenant shall not, without Landlord's written consent, which may be withheld in its sole and absolute discretion, solicit business in the Common Areas, nor distribute any hand bills or other advertising matter in the Common Areas.

21.3 Temporary Removal of Exterior Sign. If, as a result of (a) a renovation of the Project, (b) a change in Landlord's sign criteria, or (c) modification of the sign facade, Landlord requests that Tenant's exterior sign(s) on the building be removed, and Tenant (in Tenant's reasonable discretion) agrees to permit Landlord to do so, any and all costs associated with such removal (including storage costs, reinstallation costs and costs of fabrication of different sign(s), if required) shall be at the sole cost and expense of Landlord.

Notwithstanding the foregoing, Tenant shall not be entitled to withhold its consent to a temporary removal of Tenant's exterior sign(s) for purposes of repainting or required repairs to the exterior of the Premises. In any and all such cases (except in the case of an emergency), Landlord shall first notify Tenant in writing at least ten (10) days prior to the date of such proposed removal, advising of the reasons for said removal and the proposed removal and re-installation dates for such sign(s) or replacement(s). Anything contained in this Section 21.4 to the contrary notwithstanding, in no event shall Tenant's exterior sign(s) be removed without professionally manufactured temporary banner(s), with Tenant's trade name and logo in Tenant's standard colors, being installed in their place by Landlord, at Landlord's sole cost and expense.

22. Subordination

22.1 Subordination. This Lease shall, at Landlord's sole option, be subject and subordinate at all times to (i) all ground leases or underlying leases which now exist or may hereafter be executed affecting the Project, and (ii) the lien of any mortgages in any amounts whatsoever now or hereafter placed on or against the Project (or any portion thereof) or on or against Landlord's interest or estate therein and any renewals, modifications, consolidations, replacements or extensions thereof without the necessity of having further instruments on the part of Tenant to effectuate such subordination. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed as a result of any foreclosure or deed in lieu of foreclosure of any mortgage or cancellation of any ground lease or underlying lease previously or hereafter placed on or against the Project, if and so long as Tenant is not in default of any of its obligations under this Lease beyond all applicable notice and cure periods, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, ground landlord or underlying landlord elects to have this Lease deemed to be prior to the lien of its mortgage, ground lease or underlying lease, and shall give written notice thereof to Tenant, then this Lease shall be deemed to be prior to such instrument, regardless of whether this Lease is dated prior or subsequent to the execution or recording date of such mortgage, ground lease or underlying lease.

22.2 Attornment. In the event of the cancellation or termination of any or all ground or underlying leases affecting all or any part of the Project in accordance with their terms or by the surrender thereof, whether voluntary, involuntary or by operation of law, or by summary proceedings, or in the event of any foreclosure of any or all mortgages encumbering the Project by trustee's sale, voluntary agreement, deed in lieu of foreclosure, or by the commencement of any judicial action seeking foreclosure, Tenant, at the request of the then Landlord under this Lease, shall attorn to and recognize upon the terms and conditions set forth in this Lease (i) the ground or underlying landlord, under the ground or underlying lease being terminated or canceled, or (ii) the mortgagee or purchaser at the foreclosure sale, as Tenant's Landlord under this Lease, and Tenant agrees to execute and deliver at any time upon request of such ground or underlying landlord, mortgagee, purchaser, or their successors, any commercially reasonable instrument to further evidence such attornment. Tenant hereby waives its right, if any, to elect to terminate this Lease or to surrender possession of the Premises in the event of any such ground or underlying lease cancellation or termination or mortgage foreclosure.

22.3 Delivery of Documents. Tenant covenants and agrees to execute and deliver, within ten (10) business days of demand, such further commercially reasonable instruments evidencing such subordination of this Lease as may be required by Landlord, provided that said instruments recognize that Tenant's right to quiet possession of the Premises shall not be disturbed if and so long as there is no Event of Default by Tenant under this Lease. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver any such instruments for or in the name of Tenant in the event that Tenant fails to execute and deliver any such instruments within the ten (10) business day period set forth above.

23. Quiet Possession

Landlord covenants and agrees with Tenant that upon Tenant paying Rent and other monetary sums due under this Lease and performing its covenants and conditions under this Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the Term.

24. Estoppel Certificates

Each party shall within ten (10) days after receipt of a request therefor from the other party execute, acknowledge and deliver to the other party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, and the date to which the Base Monthly Rent and other charges are paid in advance, if any), and (ii) acknowledging that there are not, to such party's knowledge, any uncured defaults on the part of the other party hereunder, or specifying such defaults if any are claimed. Failure to deliver such statement within such time shall be conclusive upon such party (i) that this Lease is in full force and effect without modification except as may be represented by the requesting party, (ii) that there are no uncured defaults in such party's performance, and (iii) that no Rent has been paid in advance.

25. Sale of Premises by Landlord

In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises, other than a transfer for security purposes only, Landlord shall be relieved, from and after the date specified in a written notice to Tenant of such transfer, of all obligations and liabilities accruing thereafter on the part of Landlord so long as such obligations and liabilities are assumed in writing by the transferee, provided that any funds in the hands of Landlord at the time of transfer in which Tenant had an interest shall be delivered to the successor of Landlord. This Lease shall not be affected by any such sale or conveyance and Tenant agrees to attorn to the purchaser or transferee.

26. Limitation on Liability/Landlord's Breach

26.1 Landlord's Breach. If Landlord fails to perform any covenant, condition or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such failure (or if such failure cannot reasonably be cured within thirty (30) days, if Landlord does not commence to cure the failure within that 30-day period and thereafter diligently prosecute such cure to completion), then such failure shall constitute a default hereunder, and, subject to the limitations set forth in Section 26.2 below, Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's default. Tenant shall not have the right to terminate this Lease or to withhold, reduce or offset any amount against any payments of Rent or any other charges due and payable under this Lease, except as otherwise specifically provided herein. Tenant agrees to send, by certified or registered mail to any mortgagee or deed of trust beneficiary of the Project whose address has been furnished to Tenant, a copy of any notice of failure to perform served by Tenant on Landlord, and such mortgagee or deed of trust beneficiary shall have the same rights (during the same time period, plus thirty (30) additional days) as Landlord to cure any failure specified in such notice.

26.2 Limitation of Liability. In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, judgment shall be satisfied only out of the rents, issues, profits and other income (including insurance proceeds) actually received on account of Landlord's right, title and interest in the Project, or from Landlord's right, title and interest in the Project (or the proceeds thereof), and no other real, personal or mixed property of Landlord (or of the members, officers, shareholders, directors, partners, trustees or principals of Landlord, if any), wherever situated, shall be subject to levy, attachment or execution, or otherwise used to satisfy any such judgment. Tenant hereby waives any right to satisfy a judgment against Landlord except from the rents, issues, profits and other income actually received on account of Landlord's right, title and interest in the Project or from Landlord's right, title and interest in the Project (or the proceeds thereof). Tenant shall not have the right to terminate this Lease or to withhold, reduce or offset any amount against any payments of Rent or any other charges due and payable under this Lease, except as otherwise specifically provided herein.

27. Parking

27.1 Tenant Parking. Tenant and Tenant's Representatives and invitees shall have the right to use portions of the Common Area areas designated by Landlord from time to time for parking automobiles and trucks on a non-exclusive, non-reserved basis, and on terms and conditions to be established by Landlord from time to time during the Term; provided, however, that Landlord shall ensure that at all times Tenant and Tenant's Representatives, customers and invitees have adequate parking available for their use in the Common Areas

convenient to the Premises. Landlord shall have the right to designate where parking spaces shall be located and may reserve certain spaces for Tenant's use as Landlord, in its sole discretion, may determine. Tenant acknowledges that, although Tenant is entitled to the use of non-exclusive parking spaces, Landlord cannot control the actions of other tenants and the invitees of such tenants and that Landlord is not required to monitor the use of the parking areas. Despite the foregoing, Landlord will use commercially reasonable efforts to ensure that the occupants of the Project comply with any parking rules for the Project.

27.2 Employee Parking. In order to discourage non-customer parking in the Common Area, Landlord may designate what portions of the Common Area shall be used for automobile or other parking by tenants and their employees, concessionaires, subtenants and licensees. Tenant, Tenant's Representatives and concessionaires shall not park in the areas which Landlord may designate as exclusive parking for customers of the Project. Landlord may, but shall not be obligated, to designate parking areas for use by Tenant's employees and concessionaires and such designation may be changed from time to time; provided that such parking areas are reasonably accessible to Tenant's employees and concessionaires. Tenant, its employees and concessionaires shall park their cars only in such designated areas, if any are so designated.

27.3 Additional Parking Regulations. Parking lot spaces shall be used only for parking by vehicles no larger than normal size passenger vehicles, SUVs or trucks, or if so designated, for smaller vehicles. There shall be no overnight parking in parking areas provided by Landlord without Landlord's prior written consent. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's Representatives to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities.

28. Changes To the Project.

28.1 Changes to Project. Landlord reserves the right, at any time and from time-to-time during the term of this Lease, to remodel, expand, contract, add, delete or otherwise alter or change any portion or portions of the entire Project without the consent of Tenant. Landlord expressly reserves unto itself, and Tenant has no interest in the area above the ceiling of the Premises, nor any interest in the area below the floor of the Premises; nor any interest whatever in the land beneath the Premises. Landlord shall have the right to modify the location, shape, size, design or any other component of the Project, including the Common Areas, and any such modification shall, as of its completion, be deemed to be part of the Project as described in this Lease. However, Landlord may not exercise any right described above in this Section 28.1 if such exercise would change or affect the layout or Rentable Area of the Premises, materially limit or affect any specific rights granted to Tenant under this Lease, have a material adverse effect upon Tenant's business operations at the Premises, or leave the Premises with inadequate parking in reasonable proximity to the Premises. Landlord makes no warranties or representations as to the present occupants or occupancy level of the Project, or of future occupancy commitments. Tenant waives any duty or obligation, expressed or implied, on the part of Landlord to keep the Project leased or occupied in whole or part or for any specific purpose or use.

28.2 Easement and Licenses. Landlord reserves unto itself, and Tenant hereby grants to Landlord, such licenses, easements and other rights in, over or under the Premises or any portion thereof as shall be required for the construction, installation, repair, replacement and/or maintenance of structural supports and members, mains, conduits, pipes or other facilities to serve the Project, or any part thereof, as the same may be altered as provided in Section 28.1 above, including without limitation the premises of any occupant, provided; however, that Landlord shall pay for any such alterations required on the Premises as a result of any such exercise, occupancy, use or enjoyment of any such license, easement or other right; and provided further, that Landlord may not take any action under the terms of this sentence that would materially limit or affect any specific rights granted to Tenant under this Lease or have a material adverse effect upon Tenant's business operations at the Premises. Landlord further reserves the right, from time-to-time, to grant such non-exclusive easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of parcel or subdivision maps, covenants, conditions and restrictions, reciprocal easement agreements and like instruments, so long as such instruments do not materially limit or affect any specific rights granted to Tenant under this Lease or have a material adverse effect upon Tenant's business operations at the Premises, and so long as Landlord provides Tenant with copies of any such instruments that could reasonably be expected to have any effect material adverse upon Tenant's business operations at the Premises before such instruments become effective.

29. General Provisions.

29.1 Captions. The captions of the Sections of this Lease shall not be deemed to be relevant in resolving any question of interpretation of any Section of this Lease. Any exhibits, addendum and schedules attached hereto are deemed by attachment to constitute part of this Lease and are incorporated herein.

29.2 Landlord Defined. The term "Landlord" shall mean the owner or owners, at the time in question, of fee title to the Premises. The obligations contained in this Lease to be performed by Landlord shall be binding on Landlord's successors and assigns only during their respective periods of ownership.

29.3 Governing Law. This Lease shall be governed by the laws of the State of California.

29.4 Binding Effect. Except as otherwise specifically provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

29.5 Entire Agreement. This Lease, along with any exhibits and attachments hereto, constitutes the entire agreement between Landlord and Tenant relative to the Premises and this Lease and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant.

29.6 Partial Invalidity. If any term or provision of this Lease shall be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

29.7 Attorneys' Fees. If either party incurs any costs or expenses in connection with any legal action (including, without limitation, litigation, bankruptcy proceedings, arbitration and appeals from either) instituted to resolve any dispute pursuant to this Lease, to recover any sum due under this Lease, to seek legal or equitable relief for the breach of this Lease by either party, or for any other relief in connection with this Lease, then all reasonable, documented costs and expenses of such legal action or actions, including without limitation, reasonable professional fees (e.g., fees of appraisers, accountants, and attorneys), incurred by the prevailing party in such action shall be paid by the other party, which costs and expenses shall be paid whether or not such action or proceeding is prosecuted to judgment.

29.8 Time of Essence. Time is of the essence of this Lease and each and every provision hereof. For purposes of this Lease a "business day" is any Monday through Friday, except for any nationally recognized holiday when there is no regular mail delivery by the United States Postal Service.

29.9 Remedies Cumulative. All rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity.

29.10 No Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver or breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Any waiver by Landlord or Tenant of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the Lease. No delay or omission in the exercise of any right or remedy by a party arising due to any default by the other party shall impair such a right or remedy or be construed as a waiver. No act or conduct of Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term.

29.11 No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of the Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

29.12 Holding Over. Tenant shall vacate the Premises upon the expiration or earlier termination of this Lease. If Tenant does not vacate the Premises upon the expiration or earlier termination of this Lease, and Landlord thereafter accepts Rent from Tenant, Tenant's occupancy of the Premises shall be a "month-to-month" tenancy, subject to all of the terms of this Lease. Such month-to-month tenancy shall be terminable on thirty (30) days' written notice given at any time by either party. In no event shall Landlord's acceptance of Rent after the expiration or earlier termination date be construed as or constitute a renewal of this Lease. During any such month-to-month tenancy, Tenant shall pay all Rent and all other sums payable by Tenant pursuant to this Lease, except at a rental rate equal to two hundred percent (200%) of the Base Monthly Rent in effect upon the date of such expiration or earlier termination date. If Tenant fails to surrender the Premises upon the expiration or earlier termination date, despite demand to do so by Landlord, Tenant shall indemnify, defend and hold Landlord harmless from all of Landlord's damages or liability, including, but not limited to, any claim made by any succeeding tenant founded on or resulting from such failure to surrender, and any reasonable attorneys' fees and costs. During any such hold-over period, all options and exclusives, if any, granted under this Lease, shall be deemed terminated and be of no further effect. The foregoing provisions of this Section are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord pursuant to this Lease, or as otherwise available to Landlord at law or in equity. Tenant acknowledges and agrees that this Section shall confer upon Tenant no occupancy rights beyond the expiration or earlier termination date.

29.13 Notices. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or by nationally or locally recognized overnight or same day delivery service which provides for acknowledgment of receipt (e.g., Federal Express) or by facsimile machine capable of confirming transmission and receipt. Notices to Landlord and Tenant shall be delivered to the addresses set forth in Section 15 of the Basic Lease Provisions. All notices shall be effective upon personal delivery or three (3) days after deposit in the U.S. Mail. Either party may change its notice address upon written notice to the other party.

29.14 Authority. If Landlord or Tenant is a corporation, each person signing this Lease on behalf of Landlord or Tenant, as applicable, represents and warrants that he has full authority to do so. If requested by Landlord, concurrently with the execution of this Lease, Tenant shall deliver to Landlord a certified copy of a resolution authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Landlord. If Landlord or Tenant is a partnership, each person signing this Lease for Landlord or Tenant, as applicable, represents and warrants that he has full authority to sign for the partnership. If Landlord or Tenant is a limited liability company, each person signing this Lease for Landlord or Tenant, as applicable, represents and warrants that he has full authority to sign for the limited liability company.

29.15 Brokers. Each party represents to the other that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Each party shall hold the other harmless from all damages resulting from any claims that may be asserted against the other party by any broker, finder, or other person, with whom the first party has or purportedly has dealt.

29.16 Financial Statements. No more frequently than two (2) times per calendar year, Tenant shall within ten (10) days of written request from Landlord, provide Landlord with such quarterly and annual financial statements which Landlord is authorized to provide to Landlord's lender (or prospective lender) if and to the extent requested by such lender. Such financial statements shall be prepared in accordance with generally accepted accounting principles and shall be audited by an independent certified public accountant if such is the normal practice of Tenant. In addition, Tenant shall, within ten (10) days of written request from Landlord, provide such financial statements to any lender designated by Landlord as may be required from time to time to facilitate the financing or refinancing of the Project. All such financial statements shall be kept confidential.

29.17 Force Majeure. The period for performance of any obligation by either party shall be extended (except for Tenant's obligations to pay Base Monthly Rent, and any and all other charges due under this Lease which obligations shall not be extended) by the period of any delay in performance caused by an act of God, labor strike, adverse weather conditions, shortage of materials, war, invasion, acts of terrorism, acts of a public enemy, governmental preemption in connection with a national emergency, riot, laws, rules, regulations or order of governmental or military authorities, or failure or defect in the supply, quantity or character of utilities furnished to

the Project or Premises, or any other cause beyond the reasonable control of the party so obligated (collectively "Force Majeure Event"), excluding from all the foregoing financial inability.

29.18 Joint and Several Liability. If more than one person or entity executes this Lease as Tenant, each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be performed by Tenant. The act of or notice from, or notice or refund to, or the signature of any one or more of them, with respect to the tenancy of this Lease, including, but not limited to any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed.

29.19 Modifications for Lender. If, in connection with obtaining construction, interim or permanent financing or refinancing for the Project, Landlord's lender should require, as a condition to such financing, non-material, non-monetary modifications to this Lease which do not increase any of Tenant's obligations or diminish any of Tenant's rights hereunder, Tenant shall, promptly upon Landlord's request, execute an amendment to this Lease that incorporates such modifications.

29.20 Memorandum of Lease. Tenant shall not record this Lease or a short form memorandum of this Lease without the prior written consent of Landlord. If Landlord consents to the recordation of such a memorandum, (i) it shall be in a form and content acceptable to Landlord, and (ii) Tenant agrees, that no later than ten (10) days following the expiration or earlier termination of this Lease, to execute, acknowledge and deliver to Landlord a quitclaim deed or similar instrument which evidences the termination of Tenant's right, title and interest in this Lease and the Premises. The obligation of Tenant to execute, acknowledge and deliver such quitclaim deed or instrument shall survive the expiration or earlier termination of this Lease. All costs of recordation of such memorandum and the quitclaim, shall be borne by Tenant.

29.21 Security Measures. Tenant hereby acknowledges that the Rent payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Project. Tenant assumes all responsibility for the protection of Tenant, its agents, employees and invitees, and the property of Tenant, of the Tenant's agents, employees and invitees from the acts of third parties. However, nothing herein contained shall prevent Landlord, at Landlord's sole option, from providing security protection for the Project, or any part thereof, in which event the cost thereof shall be included within Common Area Costs.

29.22 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent or other sums payable by Tenant pursuant to this Lease shall be deemed to be other than on account of the earliest Rent or other sum due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent or other sums payable by Tenant be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or other sum and/or pursue any other remedy provided in this Lease, at law or in equity. Tenant specifically acknowledges and agrees that the acceptance of Rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular Rent so accepted.

29.23 Consent of Landlord and Tenant. Wherever in this Lease consent, approval or a determination is required from either party to any action by the other, such consent, approval or determination shall be given in writing and shall not be unreasonably withheld, conditioned or delayed, unless a different standard is specified in this Lease. Landlord shall not be deemed to have withheld its consent unreasonably where Landlord's right to give its consent is conditioned on Landlord obtaining the consent of any other person, agency or authority having the right to withhold its consent pursuant to any agreement or law, and such person, agency or authority does withhold its consent; this requirement applies whether or not so stated or conditioned in any particular provision requiring Landlord's consent.

29.24 Tenant's Covenant Regarding the Declarations. Subject to the provisions of Section 1.2 of this Lease, Tenant agrees that Tenant will conform to and will not violate the terms of the Declarations.

29.25 Effective Date. This Lease shall become effective and binding upon both parties upon the last date set forth below signifying execution by the parties to this Lease; the Effective Date shall be the date Landlord executes this Lease.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

LANDLORD:

_____,
a _____ limited liability company

By: _____

Name: _____

Title: _____

Dated: _____

By: _____

Name: _____

Title: _____

Dated: _____

TENANT:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT A

THE PREMISES AND THE PROJECT

EXHIBIT B

FORM OF GUARANTY

GUARANTY OF LEASE

The undersigned _____ (“Guarantor”), as a material inducement to and in consideration of the execution by _____, a _____ limited liability company (“Landlord”) of that certain Standard/Commercial Retail Lease (the “Lease”), dated for reference purposes as of _____, 20____, between Landlord and _____, a _____ corporation (“Tenant”), relating to certain real property located in the City of _____, County of _____, State of _____, as described more fully in the Lease, hereby agrees as set forth below. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Lease.

Guarantor hereby unconditionally guarantees the performance of, and unconditionally promises to perform, all of the obligations of Tenant under this Lease and any and all extensions, expansions and modifications thereof, including, but not limited to, the obligation to pay Rent thereunder.

In such manner, upon such terms and at such times as Landlord shall deem best, and without notice to or the consent of Guarantor, Landlord may alter, compromise, extend or change the time or manner for the performance of any obligation hereby guaranteed, substitute or add any one or more guarantors, accept additional or substituted security for the performance of any such obligation, or release or subordinate any security therefor, any and all of which may be accomplished without any effect on the obligations of Guarantor hereunder. No exercise or non-exercise by Landlord of any right hereby given, no dealing by Landlord with Tenant, any other guarantor or other person, and no change, impairment or suspension of any right or remedy of Landlord shall in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse against Landlord.

Guarantor hereby waives and agrees not to assert or take advantage of the following:

Any right to require Landlord to proceed against Tenant or any other person or to proceed or exhaust any security held by Landlord at any time or to pursue any other remedy in Landlord’s power before proceeding against Guarantor, including the provisions of Sections 2845 and 2850 of the Civil Code of California;

Any defense based on the statute of limitations in any action hereunder or in any action for the performance of any obligation hereby guaranteed; provided, however, that nothing in this Section shall prevent Guarantor from asserting the statute of limitations as a defense to the performance of an obligation of Tenant under this Lease to the extent that Tenant could assert such defense against Landlord;

Any defense that may arise by reason of the incapacity, lack of authority, bankruptcy, death or disability of any other person or persons or the failure of Landlord to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons, including the provisions of Section 2810 of the Civil Code of California;

Any right to receive demands, protests and notices of any kind including, but not limited to, notice of the existence, creation or incurring of any new or additional obligation or of any action or non-action on the part of Tenant, Landlord or any other person;

Any defense based on an election of remedies including, but not limited to, any action by Landlord which shall destroy or otherwise impair any subrogation right of Guarantor or the right of Guarantor to proceed against Tenant for reimbursement, or both;

Any duty on the part of Landlord to disclose to Guarantor any facts Landlord may now or hereafter know about Tenant, regardless of whether Landlord has reason to believe that such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is

fully responsible for being and keeping informed of the financial condition of Tenant and of all circumstances bearing on the risk of nonperformance of any obligation hereby guaranteed;

Any right to receive notice of or to consent to any amendments that may hereafter be made to this Lease, including the provisions of Section 2819 of the Civil Code of California; and

Any defense based on the fact that Guarantor's obligations hereunder are larger or more burdensome than that of Tenant's under this Lease, including the provisions of Section 2809 of the Civil Code of California.

Until all obligations hereby guaranteed shall have been fully performed, Guarantor shall have no right of subrogation and waives any right to enforce any remedy which Landlord now has or may hereafter have against Tenant and any benefit of, and any right to participate in, any security now or hereafter held by Landlord, including the provisions of Sections 2847, 2848 and 2849 of the Civil Code of California. Guarantor agrees that nothing contained herein shall prevent Landlord from suing on this Lease or from exercising any rights available to Landlord thereunder and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor. Guarantor expressly waives any and all benefits under the second sentence of California Civil Code Section 2822(a). In addition, Guarantor agrees that Landlord (and not Tenant) shall have the right to designate the portion of Tenant's obligations under this Lease that is satisfied by a partial payment by Tenant.

All existing and future obligations of Tenant to Guarantor, or any person owned in whole or in part by Guarantor, and the right of Guarantor to cause or permit itself or such person to withdraw any capital invested in Tenant are hereby subordinated to all obligations hereby guaranteed, and, without the prior written consent of Landlord, such obligations to Guarantor shall not be performed, and such capital shall not be withdrawn, in whole or in part, while Tenant is in default under this Lease.

All rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor shall be cumulative and not alternative, and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord at law or in equity. This Guaranty of Lease is in addition to and exclusive of the guarantee of any other guarantor of any obligation of Tenant to Landlord.

The obligations of Guarantor hereunder are independent of the obligations of Tenant under this Lease, and, in the event of any default hereunder or under this Lease, a separate action or actions may be brought and prosecuted against Guarantor, whether or not Tenant is joined therein or a separate action or actions are brought against Tenant. Landlord may maintain successive actions for other defaults. Landlord's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless all obligations hereby guaranteed shall have been fully performed.

Guarantor shall pay to Landlord, without demand, reasonable attorneys' fees and all costs and other expenses which Landlord shall expend or incur in collecting or compromising any obligation hereby guaranteed or in enforcing this Guaranty of Lease against Guarantor, whether or not suit is filed including, but not limited to, attorneys' fees, costs and other expenses incurred by Landlord in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceeding involving Guarantor which in any way affects the exercise by Landlord of its rights and remedies hereunder.

Should any one or more provisions of this Guaranty of Lease be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

This Guaranty of Lease shall inure to the benefit of Landlord and its successors and assigns, and shall bind the heirs, executors, administrators, successors and assigns of Guarantor. This Guaranty of Lease may be assigned by Landlord either independently or concurrently with the transfer of title to Property covered by this Lease, and, when so assigned, Guarantor shall be liable to the assignees without in any manner affecting the liability of Guarantor hereunder. This Guaranty of Lease shall continue until the full performance of all obligations hereby guaranteed.

No provision of this Guaranty of Lease or right of Landlord hereunder can be waived or modified, nor can Guarantor be released from Guarantor's obligations hereunder, except by a writing duly executed by Landlord.

When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

If two (2) or more entities are signing this Guaranty of Lease as Guarantor, then all such entities shall be jointly and severally liable for the obligations of Guarantor hereunder.

This Guaranty of Lease shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of law. In any action brought under or arising out of this Guaranty of Lease, Guarantor hereby consents to the jurisdiction of any competent court within the State of California and hereby consents to service of process by any means authorized by California law. This Guaranty of Lease shall constitute the entire agreement of Guarantor with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Landlord unless expressed herein.

Dated: , 20__

Guarantor:

EXHIBIT C

SIGN CRITERIA

All signage constructed by Tenant shall be designed, fabricated and installed in accordance with all governmental laws, rules and requirements and in accordance with plans and specifications approved by Landlord in advance. Signage shall be affixed to the Premises, and shall be consistent in size, shape, style and color of the signage of the adjoining units in the Project. Tenant may use the words "[_____]" only (subject to governmental approvals). No other words may be used or alterations made to the Premises without Landlord's prior written consent.

No signage shall be permitted in the windows of the Premises except for standard and tasteful notices setting forth Tenant's hours of business, denoting whether the Premises is open or closed, and emergency contact information.

No signage shall be permitted which contains offensive or profane language or that is otherwise deemed by Landlord, in its sole discretion, not to be in keeping with the character of the Project or otherwise offensive or disruptive to customers or other tenants.

Landlord may require Tenant to remove any signage that Landlord deems, in its sole discretion, to be in violation of this Exhibit C.

EXHIBIT D

RULES AND REGULATIONS

Landlord reserves the right to make reasonable changes to these Rules and Regulations from time to time as needed. Any changes by Landlord in the Rules and Regulations shall be delivered in writing to Tenant and Tenant shall not be bound by any such changes until Tenant has received such changes in writing. Landlord shall enforce all Rules and Regulations on a non-discriminatory basis.

1. Except as otherwise provided in the Lease, no sign, placard, picture, balloon, advertisement, name or notice shall be installed or displayed on any part of the exterior of the Premises without the prior written consent of Landlord. Except as otherwise permitted in the Lease, no temporary signs (i.e., paper, painted or similar advertising medium) shall be permitted to be placed on the windows of the Premises. Landlord shall have the right to remove, at Tenant's expense, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be professionally prepared, printed, painted, affixed or inscribed at the expense of Tenant.

2. Except as otherwise provided in the Lease, Tenant shall not install or permit to be installed in the Premises any food vending or similar machines for the dispensing of food or beverages (other than machines for use by Tenant's employees) without Landlord's prior written consent, which shall not be unreasonably withheld.

3. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.

4. No deliveries shall be made which unreasonably impede or interfere with other tenants or the operation of the Project.

5. Tenant shall not place a load upon any floor of the Project or Premises which exceeds the load per square foot which such floor was designed to carry.

6. Tenant agrees to cooperate fully and to comply with any governmental energy-saving rules, laws or regulations of which Tenant has actual notice.

7. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

8. Tenant shall not make any room-to-room solicitation of business from other tenants in the Project. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Project are prohibited, and Tenant shall cooperate to prevent such activities.

9. Except as may be specifically authorized by Landlord, Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof or exterior walls of the Premises nor shall Tenant install or use in or about the Premises any advertising medium which may be unreasonably heard or seen outside the Premises, such as amplifiers, flashing lights, searchlights, loudspeakers, phonographs or radio broadcasts. Tenant shall not unreasonably interfere with radio or television broadcasting or reception from or in the Project or elsewhere.

10. Except as otherwise permitted in the Lease, Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with normal decorating practices. Tenant shall not cut or bore holes for wires except as permitted under the Lease. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

11. Tenant shall store all its trash and garbage within its Premises or in other facilities provided by Landlord, or otherwise in accordance with the terms of the Lease. Tenant shall not place in any trash box or receptacle any

material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with reasonable directions issued from time to time by Landlord.

12. The Premises shall not be used for lodging of any kind, nor shall the Premises be used for any unlawful purpose.

13. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord for the benefit of one tenant shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project.

14. It shall be Tenant's responsibility to instruct its employees or vendors who take trash to the trash dumpster of the following rules: (i) No pallets, tires, or hazardous substances can be disposed of in the dumpster or beside the dumpster; (ii) All trash must be put inside the dumpster and should not be left outside the dumpster in the trash enclosure under any circumstances; (iii) Boxes should be broken down prior to being disposed of in order to conserve space in the trash dumpster; and (iv) Landlord reserves the right to charge Tenant a fine for the improper disposal of trash that results in extra work by Landlord's personnel to clean or properly dispose of said trash.

In the event of any inconsistency between the foregoing Rules and Regulations and the terms and conditions of the Lease between Landlord and Tenant, the terms and conditions of the Lease shall control

STANDARD COMMERCIAL/RENTAL LEASE

BY AND BETWEEN

_____,
a _____

(AS LANDLORD)

AND

_____,
a _____

(AS TENANT)

DATED: _____, 20____

_____, CA

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ADDENDUM

<u>EXHIBIT A</u>	THE PREMISES
<u>EXHIBIT B</u>	FORM OF GUARANTY
<u>EXHIBIT C</u>	SIGN CRITERIA
<u>EXHIBIT D</u>	RULES AND REGULATIONS