

**COMMERCIAL LEASE AGREEMENT – FULL SERVICE GROSS
MISSION SQUARE OFFICE BUILDING**

by and between

**THE CITY OF RIVERSIDE,
a California charter city and municipal corporation**

("Landlord")

and

**DAVID D. L. HORTON, ESQ. AND ASSOCIATES,
a professional corporation**

("Tenant")

LEASE AGREEMENT

BASIC LEASE INFORMATION

1. Effective Lease Date: _____, 2019. The date this Agreement has been approved by the governing body of Landlord and executed by the Parties.
2. Landlord: CITY OF RIVERSIDE, a California charter city and municipal corporation
3. Landlord's Address: City of Riverside
Riverside Public Utilities
3750 University Avenue, Suite 300
Riverside, CA 92501
Attn: General Manager
All notices sent to Landlord under this Lease shall be sent to the above address, with copies to:

City of Riverside
Community & Economic Development Department
3900 Main Street, 3rd Floor
Riverside, CA 92522
Attn: Community & Economic Development Director

Newmark Knight Frank
4675 MacArthur Court, Suite 1600
Newport Beach, CA 92660
Attn: Cheryl H. Bartlo
Telephone: (949) 608-2057 e-mail: cheryl.bartlo@ngkf.com

City of Riverside
c/o Newmark Knight Frank
500 W. Monroe Street, Suite 2900
Chicago, IL 60661
4. Tenant: DAVID D. L. HORTON, ESQ. AND ASSOCIATES,
a professional corporation
5. Tenant's Contact Person: David Horton
6. Tenant's Address and Telephone Number: 3750 University Avenue, Suite 560
Riverside, California 92501
Telephone: (909) 900-4311/e-mail: david@hortonesq.com

7. Premises Square Footage: Approximately one thousand five hundred twenty-one (1,521) rentable square feet, or as measured by Landlord, located on the fifth floor of the Property
8. Premises Address: 3750 University Avenue, Suite 560, Riverside, CA 92501
9. Property: The Property is the real property commonly known as Mission Square Office Building located at 3750 University Avenue, in the City of Riverside, County of Riverside, State of California. The Property includes all buildings, improvements and facilities, now or subsequently located on the Property from time to time.
10. Building: The office building located on the Property, containing approximately 125,020 rentable square feet.
11. Tenant's Proportionate Share of Common Area: 1.22%
12. Length of Term: Thirty-Six (36) months plus one (1) three (3) year option to extend.
13. Commencement Date: Effective Lease Date.
14. Expiration Date: Thirty-Six (36) months after Commencement Date.
15. Base Rent: Two Dollars and Sixty-Five Cents (\$2.65) per square foot per month, plus a three percent (3%) increase on each Commencement Date annual anniversary date.
16. Prepaid Base Rent: \$4,030.65
17. Additional Rent: Based on Tenant's share of 1.22%
18. Month(s) to which Prepaid Base Rent will be Applied: Month one (1)
19. Rent Abatement: None
20. Base Year: 2019
21. Rent Commencement: Landlord's delivery of Premises.
22. Security Deposit: \$5,345.15
23. Permitted Use: Tenant shall use the Premises for general office purposes and administration in a manner consistent with a Class "A" office building.
24. Tenant Improvement Allowance: None

25. Parking Spaces: Six (6) parking spaces (reserved and/or unreserved) at current prevailing parking garage rates, which rates are subject to change.
26. Broker(s): Newmark Knight Frank, John Daciolas (Landlord and Tenant Broker)
27. Guarantors: David D. L. Horton
28. Exhibits: Exhibit "A" Legal Description/Site Map of Premises/Project
Exhibit "B" Rules and Regulations
Exhibit "C" Date of Delivery of Possession
Exhibit "D" Landlord Sign Criteria
Exhibit "E" Guaranty

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Exhibit "A"	Legal Description of the Premises
Exhibit "B"	Rules and Regulations
Exhibit "C"	Date of Delivery of Possession
Exhibit "D"	Landlord's Sign Criteria
Exhibit "E"	Guaranty

TERMS AND CONDITIONS

1. Premises, Parking and Common Areas

1.1 **Parties.** This Lease ("**Lease**"), dated _____, 2019 ("Effective Lease Date"), is made by and between THE CITY OF RIVERSIDE, a California charter city and municipal corporation ("**Landlord**") and DAVID D. L. HORTON, ESQ. AND ASSOCIATES, a professional corporation ("**Tenant**"). Collectively the Landlord and Tenant are referred to as "**Parties**," or individually as "**Party**."

1.2 Premises.

1.2.1 **Initial Premises.** That certain portion of the Building, including all improvements therein are to be provided by Landlord under the terms of this Lease, commonly known by the street address of 3750 University Avenue, Suite 560, located in the City of Riverside, County of Riverside, State of California, 92501, as referenced on Exhibit "A" attached hereto and incorporated herein by reference, consisting of approximately 1,521 square feet of leasable space ("**Premises**"). The "**Building**" is that certain building containing the Premises and generally described as a 6-story mixed use (retail and office uses) building known as "Mission Square" located at the southeast corner of University Avenue and Market Street. In addition to Tenant's rights to use and occupy the Premises as hereinafter specified, Tenant shall have non-exclusive rights to the Common Areas (as defined in Section 1.8 below) as hereinafter specified, but shall not have any rights to the roof, exterior walls or utility raceways of the Building. The Premises, the Building, the Common Areas, and the land upon which they are located are herein collectively referred to as the "**Project**."

1.3 **Letting.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental and/or Common Area Operating Expenses, is an approximation which Landlord and Tenant agree is reasonable, and the rental and Tenant's Share shall be subject to revision once Tenant has finished constructing the space.

1.4 **Condition.** By taking possession of the Premises, Tenant accepts the Premises as suitable for Tenant's intended use and as being in good and sanitary operating order, condition and repair, AS IS, and without representation or warranty by Landlord as to the condition, use or occupancy which may be made thereof. Any exceptions to the foregoing must be by written agreement executed by Landlord and Tenant.

1.5 **Acceptance of Premises.** Tenant hereby acknowledges: (a) that it has been advised to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical and fire sprinkler systems, security, environmental aspects, seismic and earthquake requirements, and compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations and any covenants or restrictions of record (collectively, "**Applicable Laws**") and the present and future suitability of the Premises for Tenant's intended use; (b) that Tenant has made such investigation as it deems

necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relates to Tenant's occupancy of the Premises and/or the terms of this Lease; and (c) that neither Landlord, nor any of Landlord's agents, has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. As required by California Civil Code No 1938, an ADA Survey has not been conducted by a Certified Access Specialist for the Premises and/or surrounding Common Areas. A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

1.6 Vehicle Parking. Tenant shall be entitled to use six (6) reserved/unreserved parking spaces, at Tenant's discretion. Tenant shall be responsible for payment of all parking fees to the operator of the parking garage. The parking rates for said parking will be the prevailing rates for reserved and unreserved parking at the Building, which rates are subject to increase from time to time. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called "**Permitted Size Vehicles.**" Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as directed by Landlord in the Rules and Regulations as set for in Exhibit "B" attached hereto and incorporated herein by reference.

1.6.1 Parking in Non-Designated Spaces Prohibited. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, or contractors to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities.

1.6.2 Landlord's Rights and Remedies. If Tenant permits or allows any of the prohibited activities described in this Section, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord.

1.7 Common Areas. The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways within the Premises that are provided and designated by the Landlord from time to time for the general non-exclusive use of Landlord, Tenant and other Tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas.

1.7.1 Rules and Regulations. Landlord or such other person(s) as Landlord may appoint, shall have the exclusive control and management of the Common Areas and shall have the

right, from time to time, to establish, modify, amend and enforce reasonable Rules and Regulations. Tenant agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform, provided, however, that no such Rules and Regulations shall result in a material negative impact on Tenant's ability to conduct its business.

1.7.2 Tenant's Rights. Landlord hereby grants to Tenant, for the benefit of Tenant and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Landlord under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property temporarily or permanently in the Common Areas. Any such storage shall be permitted only by the prior written consent of Landlord or Landlord's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Tenant, which cost shall be immediately payable by Tenant.

1.7.3 Changes. Landlord shall have the right, in Landlord's sole discretion, from time to time:

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;
- (d) To add additional buildings and improvements to the Common Areas;
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Landlord may, in the exercise of sound business judgment, deem to be appropriate.

2. Term.

2.1 **Original Term.** The term shall be for three (3) years ("**Original Term**") commencing upon the Effective Lease Date ("**Commencement Date**"). The Commencement Date shall be documented in writing by the Parties with the execution of the Date of Delivery of Possession document attached hereto as Exhibit "C" and incorporated herein by reference. This Lease may be extended by exercise of Lease Extension pursuant to Section 2.2. The Original Term shall expire at the end of three (3) years following the Commencement Date ("**Expiration Date**"). Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date of the term, however, such occupancy shall be subject to all of the provisions of this Lease. Said early possession shall not advance the termination date of this Lease.

2.1.1 **Rent Commencement Date.** The Rent Commencement Date shall be upon the execution of the Date of Delivery of Possession attached hereto as Exhibit "C."

2.1.2 **Due Diligence Period.** Tenant has already completed its Due Diligence and accepts the Premises subject to Landlord completing the improvements set forth in Section 3.8 below.

2.1.3 **Delay in Possession.** Intentionally deleted.

2.2 **Lease Extension.** As used in this Lease, the word "**Lease Extension**" means the right to extend the term of this Lease. Provided Tenant has not defaulted more than three times in any previous single lease year or is not in default under the Lease at the time of notice and Tenant is still operating under the permitted use and provided that Tenant has provided Landlord with no more than twelve (12) months' and no less than six (6) months' prior written notice of Tenant's exercise of such Lease Extension, the Tenant shall have one (1) three (3) year option period upon the same terms and conditions at the then fair market rate and shall escalate at three percent (3%) annually thereafter.

2.2.1 **Lease Extensions Personal to Tenant.** The Lease Extension granted to Tenant in this Lease may not be voluntarily or involuntarily assigned to or exercised by another person or entity other than said original Tenant unless by an approved or permitted subletting or assignment pursuant to the terms of this Lease, such approval or permission not to be unreasonably withheld by Landlord.

2.2.2 **Multiple Lease Extensions.** In the event that Tenant has any multiple Lease Extensions to extend or renew this Lease, a later Lease Extension cannot be exercised unless the prior Lease Extensions to extend or renew this Lease have been validly exercised.

2.2.3 **Effect of Default on Lease Extensions.** Tenant shall have no right to exercise a Lease Extension, notwithstanding any provision in the grant of Lease Extension to the contrary, (i) during the period commencing with the giving of any notice of Default under Paragraph 11.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Landlord from Tenant is unpaid (without regard to whether notice thereof is given Tenant), or (iii) during the time Tenant is in Breach of this Lease, or (iv) in the event

that Landlord has given to Tenant three (3) or more notices of separate Defaults under Paragraph 11.1 during the twelve (12) month period immediately preceding the exercise of the Lease Extension, whether or not the Defaults are cured. The period of time within which a Lease Extension may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise a Lease Extension because of the provisions of this Section. All rights of Tenant under the provisions of a Lease Extension shall terminate and be of no further force or effect, notwithstanding Tenant's due and timely exercise of the Lease Extension, if, after such exercise and during the term of this Lease, (i) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of thirty (30) days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant) or (ii) Landlord gives to Tenant three (3) or more notices of separate Defaults under Paragraph 11.1 during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if Tenant commits a Breach of this Lease.

2.3 Surrender. Tenant agrees that on the last day of the Term or on the sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition and repair (damage by acts of God, fire, and normal wear and tear excepted), but with all interior walls cleaned and repaired, any carpets cleaned, and all floors cleaned and waxed. Normal wear and tear shall not include any damage or deterioration that would have been prevented by proper maintenance by Tenant or Tenant otherwise performing all of its obligations under this Lease. On or before the expiration or sooner termination of this Lease, (1) Tenant shall remove all of Tenant's Property (as hereinafter defined) and Tenant's signage from the Premises, the Building and the Property and repair any damage caused by such removal, and (2) Landlord may, by notice to Tenant given not later than ninety (90) days prior to the Expiration Date (except in the event of a termination of this Lease prior to the scheduled Expiration Date, in which event no advance notice shall be required), require Tenant at Tenant's expense to remove any or all Alterations and to repair any damage caused by such removal. Any of Tenant's Property not so removed by Tenant as required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and disposition of such property; provided, however, that Tenant shall remain liable to Landlord for all costs incurred in storing and disposing of such abandoned property of Tenant. All Tenant Improvements and Alterations except those which Landlord requires Tenant to remove shall remain in the Premises as the property of Landlord.

2.4 Effect of Holding Over. If Tenant remains in possession of the Premises after the expiration of the Lease term or any authorized Lease Extension with the consent of Landlord (either express or implied) and without executing a new Lease, then such holding over shall not be considered a renewal of this Lease, but rather shall be construed as a tenancy from month to month, subject to all conditions, provisions, and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy; provided, however, that Tenant shall pay as rent to Landlord, for each month that Tenant holds over, an amount equal to one hundred fifty percent (150%) of the rent for the last full calendar month during the regular term of this Lease, or any authorized Lease Extension. Notwithstanding the foregoing, nothing contained in this Lease shall be deemed consent by Landlord to occupancy or possession of the Premises by Tenant after the expiration or termination of this Lease.

3. Rent.

3.1 **Definition.** As used in this Lease, the word “**Rent**” shall include all monetary obligations of Tenant to Landlord.

3.2 **Payment of Rent.** On the Rent Commencement Date and on the first day of the month, each month, after the Rent Commencement Date, Tenant shall pay the Base Rent, the Additional Rent, and other charges, as the same may be adjusted from time to time, to Landlord in lawful money of the United States, without offset or deduction, on or before the day on which it is due under the terms of this Lease. Checks are to be made payable to City of Riverside, and shall be mailed to Newmark Knight Frank, 4675 MacArthur Court, Suite 1600, Newport Beach, California 92660 Attn: Cheryl H. Bartlo, or to such other person or place as Landlord may, from time to time, designate to Tenant in writing. Base Rent, the Additional Rent, and all other charges for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved.

3.3 **Base Rent.** Lessee’s Base Rent shall be \$2.65 per square foot per month and includes a three percent (3%) increase on each anniversary date of the lease. Base Rent is as follows:

<u>Period</u>	<u>Monthly Base Rent</u>
Year 1	\$4,030.65
Year 2	\$4,151.57
Year 3	\$4,276.12

3.4 **Rent Abatement.** None.

3.5 **Late Charges.** Tenant acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, 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 upon Landlord by the terms of any ground lease, master lease, mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or other sum due from Tenant is not received by Landlord or Landlord's designee within ten (10) days after such amount is due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to ten percent (10%) of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur 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 or Breach with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding Paragraph 3.3 or any other provision of this Lease to the contrary, Base Rent shall, at Landlord's option, become due and payable quarterly in advance.

3.6 **Additional Rent.** As used in this Lease the term “Additional Rent” shall mean all sums of money, other than the Base Rent, that shall become due from and payable by Tenant pursuant to this Lease.

3.6.1 **Additional Rent Defined.** During the Term, in addition to the Base Rent from and after the first twelve (12) months from the Rent Commencement Date, Tenant shall pay to Landlord as Additional Rent, in accordance with this Section, (a) Tenant's Proportionate Share(s) of the total dollar increase, if any, in Operating Expenses (as defined below) attributable to each Computation Year (as defined below) over Base Operating Expenses (as defined below), (b) Tenant's Proportionate Share(s) of the total dollar increase, if any, in Insurance Expenses (as defined below) attributable to each Computation Year over Base Insurance Expenses (as defined below), (c) Tenant's Proportionate Share(s) of the total dollar increase, if any, in Utility Expenses (as defined below) attributable to each Computation Year over Base Utility Expenses (as defined below), and (d) Tenant's Proportionate Share(s) of the total dollar increase, if any, in Taxes (as defined below) attributable to each Computation Year over Base Taxes (as defined below).

3.6.2 **Definitions.** As used in this Lease, the following terms shall have the meanings specified:

a. **"Operating Expenses"** means the total costs and expenses paid or incurred by Landlord in connection with the ownership, operation, maintenance, management and repair of the Premises, the Building and/or the Property or any part thereof, including, without limitation, all the following items:

i. *Capital Improvements.* The cost of capital improvements or other costs incurred in connection with the Property (i) which are intended to effect economies in the operation or maintenance of the Property, or any portion thereof, (ii) that are required to comply with present or anticipated conservation programs, (iii) which are replacements or modifications of structural or nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, or (iv) that are required under any governmental law or regulation.

ii. *Common Area Operating Expenses.* All costs to operate, maintain, repair, replace, supervise, insure and administer the Common Areas, including, without limitation, any Parking Areas owned by Landlord for the use of tenants, and further including, without limitation, supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas, including Parking Areas (including, without limitation, all costs of resurfacing and restriping Parking Areas), signs and directories on the Building and/or the Property, landscaping (including, without limitation, maintenance contracts and fees payable to landscaping consultants), amenities, sprinkler systems, sidewalks, walkways, driveways, curbs, Property signs, lighting systems and security services, if any, provided by Landlord for the Common Areas, and any charges, assessments, costs or fees levied by any association or entity of which the Property or any part thereof is a member or to which the Property or any part thereof is subject.

iii. *Life Safety Costs.* All costs to install, maintain, repair and replace all life safety systems, including, without limitation, all fire alarm systems, serving the Premises, the Building and/or the Property or any part thereof (including all maintenance contracts and fees payable to life safety consultants) whether such systems are or shall be required by Landlord's insurance carriers, Laws (as hereinafter defined) or otherwise.

iv. *Maintenance and Repair Costs.* All costs to maintain, repair, and replace the Premises, the Building and/or the Property or any part thereof and the personal property used in conjunction therewith, including without limitation, (i) all costs paid under maintenance, management and service agreements such as contracts for janitorial, security and refuse removal, (ii) all costs to maintain, repair and replace the roof coverings of the Building or the Property or any part thereof, (iii) all costs to maintain, repair and replace the heating, ventilating, air conditioning, plumbing, sewer, drainage, electrical, fire protection, escalator, elevator, life safety and security systems and other mechanical, electrical and communications systems and equipment serving the Premises, the Building and/or the Property or any part thereof (collectively, the “**Systems**”), (iv) the cost of all cleaning and janitorial services and supplies, the cost of window glass replacement and repair, and (v) the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by Landlord) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Building.

v. *Management and Administration.* All costs for management and administration of the Premises, the Building and/or the Property or any part thereof, including, without limitation, a property management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and protection of the Building and the Property, whether located on the Property or off-site, payroll taxes and legal and accounting costs, fees for licenses and permits related to the ownership and operation of the Property, and office rent for the Building and/or Property management office or the rental value of such office if it is located within the Building and/or Property.

vi. *Parking Charges; Public Transportation Expenses.* Any parking charges or other costs levied, assessed or imposed by, or at the direction of, or resulting from statutes or regulations, or interpretations thereof, promulgated by any governmental authority or insurer in connection with the use or occupancy of the Building or the Property, and the cost of maintaining any public transit system, vanpool, or other public or semi-public transportation imposed upon Landlord's ownership and operation of the Building and/or the Property.

Notwithstanding anything in this Section to the contrary, Insurance Expenses, Utility Expenses and Taxes shall not be deemed to constitute “**Operating Expenses**” for purposes of this Paragraph.

b. “**Insurance Expenses**” means the total costs and expenses paid or incurred by Landlord in connection with the obtaining of insurance on the Premises, the Building and/or the Property or any part thereof or interest therein, including, without limitation, premiums for property insurance, commercial general liability insurance, rent loss or abatement insurance, earthquake insurance, flood or surface water coverage, and other insurance as Landlord deems necessary in its sole discretion, and any deductibles paid under policies of any such insurance. The foregoing shall not be deemed an agreement by Landlord to carry any particular insurance relating to the Premises, Building, or Property.

c. “**Utility Expenses**” means the cost of all electricity, water, gas, sewers, oil and other utilities (collectively, “**Utilities**”), including any surcharges imposed, serving the Premises, the Building and the Property or any part thereof that are not separately metered to Tenant

or any other tenant, and any amounts, taxes, charges, surcharges, assessments or impositions levied, assessed or imposed upon the Premises, the Building or the Property or any part thereof, or upon Tenant's use and occupancy thereof, as a result of any rationing of Utility services or restriction on Utility use affecting the Premises, the Building and/or the Property, as contemplated in Section 6 below.

d. **"Taxes"** means all real estate taxes and assessments, which shall include any form of tax, assessment (including any special or general assessments and any assessments or charges for Utilities or similar purposes included within any tax bill for the Building or the Property or any part thereof, including, without limitation, entitlement fees, allocation unit fees and/or any similar fees or charges), fee, license fee, business license fee, levy, penalty (if a result of Tenant's delinquency), sales tax, rent tax, occupancy tax or other tax (other than net income, estate, succession, inheritance, transfer or franchise taxes), imposed by any authority having the direct or indirect power to tax, or by any city, county, state or federal government or any improvement or other district or division thereof, whether such tax is determined by the area of the Premises, the Building and/or the Property or any part thereof, or the Rent and other sums payable hereunder by Tenant or by other tenants, including, but not limited to: (i) any gross income or excise tax levied by any of the foregoing authorities, with respect to receipt of Rent and/or other sums due under this Lease; (ii) upon any legal or equitable interest of Landlord in the Premises, the Building and/or the Property or any part thereof; (iii) upon this transaction or any document to which Tenant is a party creating or transferring any interest in the Premises, the Building and/or the Property; (iv) levied or assessed in lieu of, in substitution for, or in addition to, existing or additional taxes against the Premises, the Building and/or the Property, whether or not now customary or within the contemplation of the parties; or (v) surcharged against the Parking Areas. **"Taxes"** shall also include legal and consultants' fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce taxes, Landlord specifically reserving the right, but not the obligation, to contest by appropriate legal proceedings the amount or validity of any taxes. Tenant and Landlord acknowledge 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 purposes as fire protection, street, sidewalk, road, utility construction and maintenance, refuse removal and for other governmental services which may formerly have been provided without charge to property owners or occupants. It is the intention of the parties that all new and increased assessments, taxes, fees, levies and charges due to any cause whatsoever are to be included within the definition of real property taxes for purposes of this Lease.

e. **"Possessory Interest Tax/Property Taxes"** means Tenant recognizes and understands that this Lease may create a possessory interest subject to taxation and that Tenant may be assessed for the payment of taxes levied on such interest. Tenant and Landlord have agreed that Landlord shall pay any possessory interest taxes assessed to Tenant during the Term of this Lease, so long as (1) Tenant is current on the payment of all rent due as of a date which is thirty (30) days prior to the due date for payment of the tax to the Riverside County Treasurer and (2) Tenant has submitted the tax bill to the Landlord at least 30 days prior to the due date for the tax payment. If the tax bill to be paid is not submitted to Landlord at least 30 days prior to the due date, Tenant shall pay the tax, any penalties, and any collection costs due, to the County Treasurer. Tenant shall be reimbursed by Landlord for any such payment of the tax, but not any penalties or collection costs paid by Tenant, so long as Tenant is current on all rent due and has submitted verification of payment

of the tax to Landlord. Tenant shall also be responsible for all personal property tax assessed, including those for any fixtures, inventory, business tangible or other personal property located on the Premises.

f. **"Base Year"** shall mean the calendar year specified in the Basic Lease Information.

g. **"Base Operating Expenses"** shall mean the amount of Operating Expenses for the Base Year. For purposes of determining Base Operating Expenses, Operating Expenses shall not include one-time special assessments, charges, costs or fees or extraordinary charges or costs incurred in the Base Year only, including those attributable to boycotts, embargoes, strikes or other shortages of services or supplies or amortized costs relating to capital improvements.

h. **"Base Insurance Expenses"** shall mean the amount of Insurance Expenses for the Base Year.

i. **"Base Taxes"** shall mean the amount of Taxes for the Base Year. When calculating Taxes for purposes of establishing Base Taxes, Taxes shall not include Taxes attributable to one-time special assessments, charges, costs, or fees arising from modifications or changes in governmental laws or regulations, including, but not limited to, the institution of a split tax roll during the Base Year. If after the Commencement Date Taxes are reduced, then for purposes of all subsequent Lease years including the Lease year in which the reduction occurs, Base Taxes shall be proportionately reduced. Such reduction in Base Taxes shall not be limited to the initial reduction, if any, but may, at Landlord's election, be subject to reduction annually upon each subsequent reduction in Taxes.

j. **"Base Utility Expenses"** shall mean the amount of Utility Expenses for the Base Year. For purposes of determining Base Utility Expenses, Utility Expenses shall not include any one time special charges, costs or fees or any extraordinary charges or costs incurred in the Base Year only, including, without limitation, utility rate increases and other costs arising from extraordinary market circumstances such as by way of example, boycotts, black-outs, brown-outs, the leasing of auxiliary power supply equipment, embargoes, strikes or other shortages of services or fuel (whether or not such shortages are deemed actual or manufactured), or any conservation surcharges, penalties or fines incurred by Landlord. Furthermore, notwithstanding any contrary provision in this Lease, if at any time after the Commencement Date, the amount of Utility Expenses decreases, then for purposes of the calendar year in which such decrease in Utility Expenses occurs, and for all subsequent calendar years, Base Utility Expenses shall be reduced by an amount equal to such decrease in Utility Expenses. Such decrease in Base Utility Expenses shall not be limited to the initial decrease, if any, but may, at Landlord's election, be subject to decrease annually upon each subsequent decrease in Utility Expenses.

k. **"Computation Year"** shall mean each twelve (12) consecutive month period commencing January 1 of each year during the Term following the Base Year, provided that Landlord, upon notice to Tenant, may change the Computation Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Proportionate Share(s) of Operating Expenses over Base Operating Expenses, of Insurance Expenses over Base

Insurance Expenses, of Utility Expenses over Base Utility Expenses, and of Taxes over Base Taxes shall be equitably adjusted for the Computation Years involved in any such change.

3.6.3. **Payment of Additional Rent.**

a. Within ninety (90) days of the end of the Base Year and each Computation Year or as soon thereafter as practicable, Landlord shall give to Tenant notice of Landlord's estimate of the total amounts that will be payable by Tenant under this Section 3.6 for the following Computation Year, and Tenant shall pay such estimated Additional Rent on a monthly basis, in advance, on the first day of each month. Tenant shall continue to make said monthly payments until notified by Landlord of a change therein. If at any time or times Landlord determines that the amounts payable under this Section for the current Computation Year will vary from Landlord's estimate given to Tenant, Landlord, by notice to Tenant, may revise the estimate for such Computation Year, and subsequent payments by Tenant for such Computation Year shall be based upon such revised estimate. By April 1 of each calendar year following the initial Computation Year, Landlord shall endeavor to provide to Tenant a statement showing the actual Additional Rent due to Landlord for the prior Computation Year. If the total of the monthly payments of Additional Rent that Tenant has made for the prior Computation Year is less than the actual Additional Rent chargeable to Tenant for such prior Computation Year, then Tenant shall pay the difference in a lump sum within ten (10) days after receipt of such statement from Landlord. Any overpayment by Tenant of Additional Rent for the prior Computation Year shall, at Landlord's option, be either credited towards the Additional Rent next due or returned to Tenant in a lump sum payment within ten (10) days after delivery of such statement.

b. Landlord's then-current annual operating and capital budgets for the Building and the Property or the pertinent part thereof shall be used for purposes of calculating Tenant's monthly payment of estimated Additional Rent for the current year, subject to adjustment as provided above. Landlord shall make the final determination of Additional Rent for the year in which this Lease terminates as soon as possible after termination of such year. Even though the Term has expired and Tenant has vacated the Premises, with respect to the year in which this Lease expires or terminates, Tenant shall remain liable for payment of any amount due to Landlord in excess of the estimated Additional Rent previously paid by Tenant, and, conversely, Landlord shall promptly return to Tenant any overpayment. Failure of Landlord to submit statements as called for herein shall not be deemed a waiver of Tenant's obligation to pay Additional Rent as herein provided.

c. With respect to Operating Expenses, Insurance Expenses, Utility Expenses or Taxes which Landlord allocates to the Building, Tenant's "**Proportionate Share**" shall be the percentage set forth in the Basic Lease Information as Tenant's Proportionate Share of the Building, as adjusted by Landlord from time to time for a re-measurement of or changes in the physical size of the Premises or the Building, whether such changes in size are due to an addition to or a sale or conveyance of a portion of the Building or otherwise. With respect to Operating Expenses, Insurance Expenses, Utility Expenses or Taxes which Landlord allocates to the Property as a whole or to only a portion of the Property, Tenant's "**Proportionate Share**" shall be, with respect to Operating Expenses, Insurance Expenses, Utility Expenses or Taxes which Landlord allocates to the Property as a whole, the percentage set forth in the Basic Lease Information as Tenant's

Proportionate Share of the Property and, with respect to Operating Expenses, Insurance Expenses, Utility Expenses or Taxes (collectively, "**Basic Costs**"), which Landlord allocates to only a portion of the Property, a percentage calculated by Landlord from time to time in its sole discretion and furnished to Tenant in writing, in either case as adjusted by Landlord from time to time for a re-measurement of or changes in the physical size of the Premises or the Property, whether such changes in size are due to an addition to or a sale or conveyance of a portion of the Property or otherwise. Notwithstanding the foregoing, Landlord may equitably adjust Tenant's Proportionate Share(s) for all or part of any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Building and/or the Property or that varies with the occupancy of the Building and/or the Property. Without limiting the generality of the foregoing, Tenant understands and agrees that Landlord shall have the right to adjust Tenant's Proportionate Share(s) of any Utility Expenses based upon Tenant's use of the Utilities or similar services as reasonably estimated and determined by Landlord based upon factors such as size of the Premises and intensity of use of such Utilities by Tenant such that Tenant shall pay the portion of such charges reasonably consistent with Tenant's use of such Utilities and similar services. If Tenant disputes any such estimate or determination of Utility Expenses, then Tenant shall either pay the estimated amount or, with the prior written approval of Landlord, which approval may be given or withheld in Landlord's sole and absolute discretion, cause the Premises to be separately metered at Tenant's sole expense. In addition to the foregoing, Landlord shall have the right, from time to time, to equitably allocate some or all of the Operating Expenses, Taxes, Insurance Expenses and Utility Expenses among different tenants and/or different buildings of the Property (the "**Cost Pools**"). Such Cost Pools may include, without limitation, retail space tenants and retail space tenants in the Property and may be modified to take into account the addition of any additional buildings within the Property. Accordingly, in the event of such allocation into Cost Pools, Tenant's Proportionate Shares with respect to the Building and the Property shall be appropriately adjusted to reflect such allocation.

d. In the event the average occupancy level of the Building or the Property for the Base Year and/or any subsequent Computation Year is not ninety-five percent (95%) or more of full occupancy, then the Operating Expenses for such year shall be apportioned among the tenants by the Landlord to reflect those costs which would have occurred had the Building or the Property, as applicable, been ninety-five percent (95%) occupied during such year.

e. For purposes of this Lease: (1) "Rentable Area," and "Usable Area" shall be calculated pursuant to the Standard Method For Measuring Floor Area in Office Buildings (ANSI/BOMA Z65.1, 1996) (reaff'd 2001); (2) "Rentable Square Feet" and "Rentable Footage" shall have the same meaning as the term "Rentable Area"; and (3) "Usable Square Feet" and "Usable Square Footage" shall have the same meaning as the term "Usable Area." Without limiting the terms of this Section, Landlord reserves the right from time to time to re-measure the Premises, the Building and/or the Property and to thereafter adjust the Proportionate Share(s) of Tenant and any other affected tenants of the Building and/or Property.

3.6.4 **Statements Binding.** Every statement given by Landlord pursuant to this Section shall be conclusive and binding upon Tenant unless within ninety (90) days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness thereof, specifying the particular respects in which the statement is claimed to be incorrect. Pending the determination

of such dispute by agreement or arbitration as aforesaid, Tenant shall, within ten (10) days after receipt of such statement, pay Additional Rent in accordance with Landlord's statement and such payment shall be without prejudice to Tenant's position. If the dispute shall be determined in Tenant's favor, Landlord shall forthwith pay Tenant the amount of Tenant's overpayment of Additional Rent resulting from compliance with Landlord's statement.

3.7 Interest on Past-Due Obligations. Any monetary payment due Landlord hereunder, other than late charges, not received by Landlord within ten (10) days following the date on which it was due, shall bear interest from the date due at the prime rate charged by the largest state chartered bank in the state in which the Premises are located plus the maximum interest rate permitted by law, in addition to the potential late charge provided for in Paragraph 3.5.

3.8 Tenant Improvement. Landlord agrees, at its sole cost and expense, to make the following improvements to the Premises:

- (a) install a demising wall to separate the Premises from Suite 550;
- (b) relocate door for entry into neighboring tenant's space and close off opening;
- (c) replace any damaged or missing ceiling tiles to match existing;
- (d) restain two (2) existing wood accents on existing built-in work stations and on planter areas;
- (e) replace flooring in kitchen with new luxury vinyl tile;
- (f) remove existing kitchen cabinets and sink and replace and install new upper and lower cabinets and sink; and
- (g) repaint Premises throughout.

Tenant acknowledges and agrees that Landlord may have to perform such work while Tenant is occupying the Premises. Landlord will take all steps so as not to disrupt Tenant during normal working hours.

4. Security Deposit.

4.1 Due at Execution. As of the Effective Lease Date, Tenant has paid to Landlord a security deposit in the amount of Five Thousand Three Hundred Forty-Five Dollars and Fifteen Cents (\$5,345.15) ("Security Deposit").

4.2 Use of Security Deposit. If Tenant is in Default with respect to any provision of this Lease, Landlord may, but shall have no obligation to, use the Security Deposit or any portion of the Security Deposit to cure such default or to compensate Landlord for any damage or reasonable expense sustained by Landlord and resulting from such default, but only after providing Tenant with

an opportunity to cure such default pursuant to the provisions of Section 11.1. Landlord shall provide Tenant with evidence of damages incurred as result of a default by Tenant.

4.3 **Return of Security Deposit.** Within ten (10) days after the Expiration or Termination of this Lease, Landlord shall return that portion of the Security Deposit not used or applied by Landlord, and if any portion is applied by Landlord, an itemized accounting of such portion used.

5. Use.

5.1 **Permitted Use.** Tenant shall use and occupy the Premises only for the Permitted Use set forth in Basic Lease Information and for no other purpose. Tenant shall not use or permit the use of the Premises in a manner that is unlawful, creates waste or a nuisance, or that unreasonably disturbs owners and/or occupants of, or causes damage to the Premises or neighboring premises or properties. Tenant shall also comply with the following:

a. Tenant may not change the use of the Premises without the prior written consent of Landlord.

b. Tenant's use may not violate any exclusive use or use restrictions which have been granted to other occupants of the Project prior to the Commencement Date.

c. Landlord represents that Tenant's Use of the Premises does not conflict with exclusive use provisions granted by Landlord in other leases for the Building. Landlord further agrees that it shall, in the future, not grant an exclusive use privilege to any other tenant in the Building that will prevent Tenant from continuing to use the Premises for its Use nor will Landlord lease any space within the Building wherein the primary business is the sale of donuts.

d. Tenant shall obtain an occupancy permit for general office use.

5.2 **Compliance with Governmental Regulations and Private Restrictions.** Tenant and Tenant's agents shall, at Tenant's expense, faithfully observe and comply with (1) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "Laws"), now in force or which may hereafter be in force pertaining to the Premises or Tenant's use of the Premises, the Building or the Property; (2) all recorded covenants, conditions and restrictions affecting the Property ("Private Restrictions") now in force or which may hereafter be in force; and (3) the Rules and Regulations. Without limiting the generality of the foregoing, to the extent Landlord is required by the city or county in which the Building is located to maintain carpooling and public transit programs, Tenant shall cooperate in the implementation and use of these programs by and among Tenant's employees. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Landlord and Tenant.

5.3 **Compliance with Americans with Disabilities Act.** Landlord and Tenant hereby agree and acknowledge that the Premises, the Building and/or the Property may be subject to, among

other Laws, the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq., including, but not limited to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented including Title 24 enacted by the State of California (collectively, the "ADA"). Any Tenant Improvements to be constructed hereunder shall be in compliance with the requirements of the ADA, and all costs incurred for purposes of compliance therewith shall be a part of and included in the costs of the Tenant Improvements. Tenant shall be solely responsible for conducting its own independent investigation of this matter and for ensuring that the design of all Tenant Improvements strictly complies with all requirements of the ADA. If any barrier removal work or other work is required to the Building or the Common Areas under the ADA, then such work shall be the responsibility of Landlord at the sole cost and expense of Landlord; provided, if such work is required under the ADA as a result of Tenant's specific use of the Premises or any work or Alteration (as hereinafter defined) made to the Premises by or on behalf of Tenant, then such work shall be performed by Landlord at the sole cost and expense of Tenant. Except as otherwise expressly provided in this provision, Tenant shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA with respect to the Premises but only while Tenant has possession of such Premises. Within ten (10) days after receipt, Tenant shall advise Landlord in writing, and provide Landlord with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened orally or in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises, the Building or the Property. Tenant shall and hereby agrees to protect, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and Landlord's Agents harmless and indemnify Landlord and Landlord's Agents from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's or Tenant's Agent's violation or alleged violation of the ADA. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease.

5.4 No Roof Access. At no time during the Term shall Tenant have access to the roof of the Building or have the right to install, operate or maintain a satellite-earth communications station (antenna and associated equipment), microwave equipment and/or an FM antenna on the Building.

5.5 Hazardous Substances.

5.5.1 Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment, or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for

potential liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil or any products or by-products thereof. Tenant shall not engage in any activity in or about the Premises, which constitutes a Reportable Use (as hereinafter defined), of Hazardous Substances without the express prior written consent of Landlord and compliance in a timely manner (at Tenant's sole cost and expense) with all Applicable Requirements (as defined in Paragraph 6.3). "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to that with which a report, notice, registration or business plan is required to be filed with any governmental authority, and (iii) the presence in, on or about the Premises of a Hazardous Substance with respect to which any Applicable Laws require that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may, without Landlord's prior consent, but upon notice to Landlord and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Tenant in the normal course of the Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises or the Project to any meaningful risk of contamination or damage or expose Landlord to any liability therefore. In addition, Landlord may (but without any obligation to do so) condition its consent to any Reportable Use of any Hazardous Substance by Tenant upon Tenant's giving Landlord such additional assurances as Landlord, in its reasonable discretion, deems necessary to protect itself, the public, the Premises and the environment against damage, contamination or injury and/or liability thereto, including but not limited to the installation (and, at Landlord's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete easements) and/or the deposit of additional Security Deposit.

5.5.2 Duty to Inform Landlord. If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises or the Building, other than as previously consented to by Landlord, Tenant shall immediately give Landlord written notice thereof, together with 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 concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance including but not limited to all such documents as may be involved in any Reportable Use involving the Premises. Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on, under or about the Premises (including, without limitation, through the plumbing or sanitary sewer system).

5.5.3 Indemnification. Tenant shall indemnify, protect, defend and hold Landlord, its agents, employees, lenders and ground Landlord, if any, and the Premises, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Tenant or by anyone under Tenant's control. Tenant's obligations under this Section shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or

release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Landlord in writing at the time of such agreement.

5.6 Inspection; Compliance with Law. Landlord, Landlord's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lenders") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times upon two (2) days' prior written notice to Tenant, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Requirements (as defined in Paragraph 6.3). Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant's activities, including but not limited to Tenant's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Tenant or a violation of Applicable Requirements or a contamination, caused or materially contributed to by Tenant, is found to exist or to be imminent, 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 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.

6. Obligations; Improvements; Maintenance.

6.1 Tenant's Obligations. At all times during the Term of this Lease, and any Lease Extension thereof, Tenant shall have the obligation to keep the interior of the Premises in good order and condition and to not commit any damage or destruction to the same, normal wear and tear excepted.

6.2 Tenant Improvements. Tenant shall be entitled to construct improvements approved by Landlord in and on the Premises to the extent allowed by applicable laws and regulatory governing agencies. Tenant will also obtain Landlord's prior written consent for structural matters affecting building-wide systems, which consent shall not be unreasonably withheld, conditioned, or delayed.

6.3 Landlord's Obligations.

6.3.1 Landlord Improvements. Landlord shall perform the work at Landlord's sole cost and expense as set forth in Section 3.8 above.

6.3.2 Maintenance. Landlord, subject to reimbursement pursuant to Paragraph 3.6, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler and/or standpipe and hose (if located in the Common Areas) or other automatic fire extinguishing system including fire alarm and/or smoke detection system and fire hydrants, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof as well as providing the services for which Additional Rent is incurred pursuant to Paragraph 3.6. Landlord shall not be obligated to paint the interior surfaces or walls. Landlord shall, within seventy-two (72) hours of

notice by Tenant, repair any damages deemed an emergency. Emergency shall be defined as those items necessary for the continued operation of the business and which are Landlord's responsibility to maintain and repair. Should Landlord fail to timely perform any emergency repair, then Tenant may perform said repair and seek reimbursement from Landlord.

6.4 Utility, Utility Installations, Trade Fixtures, Alterations.

6.4.1 Utilities. For all utilities, other than telephone, cable, internet or other such services, Tenant shall pay to Landlord its pro-rata share to be determined by Landlord of all such charges jointly metered or billed with other premises in the Building for all utility services. Tenant will be assessed and charged its appropriate share as Additional Rent sent forth in Section 3.6 above. Tenant will be solely responsible for the cost and installation of all telephone, cable, internet or other such services.

6.4.2 Hours.

a. From 7:00 a.m. to 6:00 p.m. on weekdays and 9:00 a.m. to 1:00 p.m. on Saturdays ("Normal Business Hours" (excluding legal holidays)), Landlord shall furnish to the Premises water, heat and air conditioning, and common elevator service. Landlord shall provide janitorial services for the Premises five (5) days per week (excluding legal holidays). Tenant shall separately arrange with, and pay directly to, the applicable local public authorities or utilities, as the case may be, for the furnishing, installation and maintenance of all telephone and internet services and equipment as may be required by Tenant in the use of the Premises. Landlord shall not be liable for any damages resulting from interruption of, or Tenant's inability to receive such service, and any such inability shall not relieve Tenant of any of its obligations under this Lease.

b. Tenant shall pay be separately charged for heat and air conditioning at times other than Normal Business Hours at a rate established by Landlord, which charge shall be paid by Tenant as Additional Rent, payable concurrently with the next installment of Base Rent.

c. Landlord makes no representation with respect to the adequacy or fitness of the air-conditioning or ventilation equipment in the Building to maintain temperatures which may be required for, or because of, any equipment of Tenant, other than normal fractional horsepower office equipment, and Landlord shall have no liability for loss or damage in connection therewith. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, equipment or lighting other than building standard lights in the Premises, which may affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord pursuant to the terms of this Section. If such consent is given, Landlord shall have the right to install supplementary air conditioning units or other facilities in the Premises, including supplementary or additional metering devices, and the cost thereof, including the cost of installation, operation and maintenance, increased wear and tear on existing equipment and other similar charges, shall be paid by Tenant to Landlord upon billing by Landlord. Tenant shall not use water or heat or air conditioning in excess of that normally supplied by Landlord. Tenant's consumption of electricity shall not exceed the Building's capacity considering all other tenants of the Building.

d. Tenant shall cooperate fully at all times with Landlord, and abide by all reasonable regulations and requirements which Landlord may prescribe for the proper functioning and protection of the Building's services and systems. Tenant shall not use any apparatus or device in, upon or about the Premises which may in any way increase the amount of services or utilities usually furnished or supplied to the Premises or other premises in the Building. In addition, Tenant shall not connect any conduit, pipe, apparatus or other device to the Building's water, waste or other supply lines or systems for any purpose. Neither Tenant nor its employees, agents, contractors, licensees or invitees shall at any time enter, adjust, tamper with, touch or otherwise in any manner affect the mechanical installations or facilities of the Building.

6.4.3 Definitions; Consent Required. The term "**Utility Installations**" is used in this Lease to refer to all air lines, power panels, electrical distribution, security, fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Premises. The term "**Trade Fixtures**" shall mean Tenant's machinery and equipment, which can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements on the Premises, which are provided by Landlord under the terms of this Lease, other than Utility Installations or Trade Fixtures, and which become permanently affixed to the Premises. "**Tenant-Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Tenant that are not yet owned by Landlord pursuant to this Section. Tenant shall not make nor cause to be made any Alterations or Utility installations in, on, under or about the Premises without Landlord's prior written consent. Tenant may, however, make non-structural Utility Installations not requiring a Building Permit to the interior of the Premises (excluding the roof) without Landlord's consent but upon notice to Landlord, so long as they are not visible from the outside of the Premises, do not involve puncturing or removing the roof or any existing walls, or changing or interfering with the fire sprinkler or fire detection systems, and the cumulative cost thereof during term of this Lease as extended does not exceed \$10,000.00, or \$5,000.00 for any one alteration.

6.4.4 Consent. Any Alterations or Utility installations that Tenant shall desire to make and which require the consent of Landlord shall be presented to Landlord in written form with detailed plans. All consents given by Landlord, whether by virtue of this Section or by subsequent specific consent, shall be deemed conditioned upon: (i) Tenant's acquiring all applicable permits required by governmental authorities; (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Alteration or Utility Installation to Landlord prior to commencement of the work thereon; and (iii) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner. Any Alterations or Utility Installations by Tenant during the term of this Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with all Applicable Requirements. Tenant shall promptly upon completion thereof furnish Landlord with as-built plans and specifications therefore. Landlord may (but without obligation to do so) condition its consent to any requested Alteration or Utility Installation that costs \$2,500.00 or more upon Tenant's providing Landlord with a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation.

6.4.5 Lien Protection. Tenant shall pay, when due, all claims for labor or materials furnished, or alleged to have been furnished, to or for Tenant at or for use on the Premises, which claims are or may be secured by any mechanic's or material men's lien against the Premises or any interest therein. Tenant shall give Landlord not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. If Tenant fails to protect Landlord as described herein above, and upon five (5) days' written notice to Tenant, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in such action.

6.5 Ownership, Removal, Surrender, and Restoration.

6.5.1 Ownership. Subject to Landlord's right to require their removal and to cause Tenant to become the owner thereof as hereinafter provided in this Section, other than all improvements paid for by Landlord which are and continue to be property of Landlord, all Alterations and Utility Installations made to the Premises by Tenant shall be the property of and owned by Tenant, but considered a part of the Premises. Landlord may, at any time and at its option, elect in writing to Tenant to be the owner of all or any specified part of the Tenant-Owned Alterations and Utility Installations. Unless otherwise instructed all Tenant-Owned Alterations and Utility Installations shall, at the expiration or earlier termination of this Lease, become or remain the property of Landlord and remain upon the Premises and be surrendered with the Premises by Tenant.

6.5.2 Removal. Unless otherwise agreed in writing, Landlord may require that Tenant remove Tenant-Owned fixtures and alterations to the Premises by the expiration or earlier termination of this Lease, notwithstanding that their installation may have been consented to by Landlord. Said Alterations shall exclude all fire sprinkler drops, lighting, electrical modifications and ceilings. All utilities protruding outside of walls or ceilings shall be capped off. Landlord may require the removal at any time of all or any part of any Alterations or Utility Installations made without the required consent of Landlord.

6.5.3 Surrender/Restoration. Tenant shall surrender the Premises by end of the last day of the Lease term or any earlier termination date, clean and free of debris and in good operating order, condition and state of repair, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Tenant performing all of its obligations under this Lease. Except as otherwise agreed or specified herein, the Premises, as surrendered, shall include the Alterations and Utility Installations. The obligation of Tenant shall include the repair of any damage occasioned by the installation, maintenance or removal of Tenant's Trade Fixtures, furnishings, equipment, and Tenant-Owned Alterations and Utility Installations. Tenant's Trade Fixtures shall remain the

property of Tenant and shall be removed by Tenant subject to its obligation to repair and restore the Premises per this Lease.

7. Insurance; Indemnity.

7.1 Payment of Premiums. The cost of the premiums for the insurance policies maintained by Landlord under this Section shall be an Insurance Expense. Premiums for policy periods commencing prior to or extending beyond the term of this Lease shall be prorated to coincide with the corresponding Commencement Date or Expiration Date.

7.2 Liability Insurance.

7.2.1 Insurance Required. Lessee shall, at Lessee's sole expense, obtain and maintain during the Term, Business Interruption Insurance, a policy of commercial general liability insurance, including contractual liability insurance, for bodily injury, property damage and personal/advertising liabilities arising out of the use or occupancy of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount satisfactory to Lessor and of not less than \$1,000,000 per occurrence, and \$2,000,000 annual aggregate for all claims. An umbrella policy shall be permitted so long as the primary policy has a minimum of \$1,000,000 per occurrence policy limits.

7.2.2 Deductibles; Proceeds. Lessee's Property and Business Interruption Insurance Lessee shall, at Lessee's sole expense, obtain and maintain during the Term, insurance coverage for Lessee's personal property, inventory, alterations, fixtures and equipment located on the Premises, for the full replacement value thereof without deduction for depreciation, and with a deductible not to exceed Ten Thousand Dollars (\$10,000.00) per occurrence. The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the personal property, inventory, alterations, fixtures and equipment so insured. Lessee shall also maintain insurance for loss of income and extra expense in such amounts as will reimburse Lessee for direct and indirect loss of earnings attributable to all perils commonly insured against by prudent Lessee. Upon request from Lessor, Lessee shall provide Lessor with written evidence that such insurance is in force.

7.3 Delivery of Evidence of Lessee's Insurance. Each such insurance policy or certificate and endorsement thereof as required by this Article shall be delivered to Lessor by Lessee on or before the effective date of such policy and thereafter Lessee shall deliver to Lessor renewal policies or certificates and endorsements at least thirty (30) calendar days prior to the expiration dates of the expiring policies. In the event that Lessee shall fail to insure or shall fail to furnish Lessor the evidence of such insurance as required by this Article, Lessor may from time to time acquire (without any obligation to do so) such insurance for the benefit of Lessee or Lessor or both of them for a period not exceeding one (1) year, and any premium paid by Lessor shall be recoverable from Lessee as additional rent on demand. Lessee's compliance with the provisions of Article VI shall in no way limit Lessee's liability under any of the other provisions of this Lease Agreement. Lessor may at any time, and from time to time, inspect and/or copy any and all insurance policies required by this Lease Agreement.

7.4 Other Insurance Requirements. The insurance to be acquired and maintained by Lessee shall be with companies admitted to do business in the State of California and companies of Best's Rating Guide of A or better and having a financial rating of at least VII. Lessee shall deliver to Lessor, prior to taking possession of the Premises, a certificate of insurance and additional insured endorsements evidencing the existence of the policies required hereunder, and shall certify that the policy:

- a. Names Lessor, its elected officials, employees and agents, and any other entities designated by Lessor, as additional insureds under the Commercial General Liability policy;
- b. Shall not be canceled or altered without thirty (30) calendar days' prior written notice to Lessor;
- c. Insures performance of Lessee's indemnity set forth in this Lease Agreement;
- d. Provide that no act or omissions of Lessee shall affect or limit the obligations of the insurer with respect to other insureds or including Lessor;
- e. Include all waiver of subrogation rights endorsements necessary to effect the provisions below; and
- f. Provide that the commercial general liability policy and the coverage provided shall be primary, that Lessor although an additional insured, shall nevertheless be entitled to recovery under such policy for any damage to Lessor by reasons of acts or omissions of Lessee, and that coverage carried by Lessor shall be noncontributory with respect to policies carried by Lessee.

7.5 Mutual Waiver of Subrogation. The Parties hereto release each other and their respective authorized employees, agents and representatives, from any and all claims, demands, loss, expense or injury to any person, or to the Premises or to personal property, including, but not limited to, furnishings, fixtures or equipment located therein, caused by or resulting from perils, events or happenings which are the subject of insurance in force at the time of such loss. Each Party shall cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither Party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy in effect as required by this Lease Agreement.

7.6 Indemnity. Except for Landlord's sole negligence and/or breach of express warranties, Tenant shall indemnify, protect, defend and hold harmless the Premises, Landlord and its agents, Landlord's master or ground landlord, partners and lenders, from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, loss of permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the occupancy of the Premises by Tenant, the conduct of Tenant's business, any act, omission or neglect of Tenant, its agents, contractors, or employees, whether active or passive, and out of any Default or Breach by Tenant in the performance in a timely manner of any obligation on Tenant's part to be performed under this Lease. The foregoing shall include, but not be limited to, the defense or pursuit

of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Landlord) litigated and/or reduced to judgment. In case any action or proceeding is brought against Landlord by reason of any of the foregoing matters, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified.

7.7 Exemption of Landlord from Liability Unless caused by Landlord's negligent act or omission, Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of Landlord nor from the failure by Landlord to enforce the provisions of any other lease in the Project. Notwithstanding Landlord's negligence or breach of this Lease, Landlord shall under no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

8. Damage or Destruction.

8.1 Definitions.

8.1.1 "Premises-Partial Damage" shall mean damage or destruction to the Premises, other than Tenant-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is less than fifty percent (50%) of the then Replacement Cost of the Premises (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction.

8.1.2 "Premises-Total Destruction" shall mean damage or destruction to the Premises, other than Tenant-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost of the Premises (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction. In addition, damage or destruction to the Building, (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures of any Tenants of the Building), the cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures of any Tenants of the Building) shall, at the option of Landlord, be deemed to be Premises Total Destruction.

8.1.3 **"Insured Loss"** shall mean damage or destruction to the Premises (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures), which was caused by an event required to be covered by the insurance described in Section 7 above irrespective of any deductible amounts or coverage limits involved.

8.1.4 **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Landlord at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of applicable building codes, ordinances or laws, and without deduction for depreciation.

8.1.5 **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 5.6 in, on, or under the Premises.

8.2 **Premises Partial Damage - Insured Loss.** If an Insured Loss occurs to Premises Partial Damage, then Landlord shall, at Landlord's expense, repair such damage (excluding Tenant's Trade Fixtures, Tenant-Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect. In the event, however, that there is a material shortage of insurance proceeds and such shortage is due to the fact that, by reason of the unique nature of the improvements in the Premises, full replacement cost insurance coverage was not commercially reasonable and available, Landlord shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Tenant provides Landlord with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefore. If Landlord receives said funds or adequate assurance thereof within said ten (10) day period, Landlord shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If Landlord does not receive such funds or assurance within said period, and Landlord fails to substantially restore the unique aspects of the Premises, Tenant shall have the right to terminate this Lease on thirty (30) days' written notice to Landlord. Unless otherwise agreed, Tenant shall in no event have any right to reimbursement from Landlord for any funds contributed by Tenant to repair any such damage or destruction. Notwithstanding that there may be some insurance coverage, the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

8.3 **Partial Damage - Uninsured Loss.** If an Uninsured Loss occurs to the Premises-Partial Damage unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense and this Lease shall continue in full force and effect), Landlord may at Landlord's option, either (i) substantially 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) give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such damage of Landlord's desire to terminate this Lease as of the date thirty (30) days following the date of such notice. In the event Landlord fails to substantially restore the unique aspects of the Premises, Tenant shall have the right to terminate the Lease upon thirty (30) days' written notice to Landlord. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the repair of such

damage totally at Tenant's expense and without reimbursement from Landlord. Tenant shall provide Landlord with the required funds or satisfactory assurance thereof within thirty (30) days following such commitment from Tenant. 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 give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Landlord's notice of termination.

8.4 Total Destruction. Notwithstanding any other provision hereof, if Premises-Total Destruction occurs (including any destruction required by any authorized public authority), rent and common area expense charges shall cease upon the date of such Total Destruction, and this Lease shall terminate sixty (60) days following the date of such Premises-Total Destruction, whether or not the damage or destruction is an Insured Loss or was caused by a negligent or willful act of Tenant. In the event, however, that the damage or destruction was caused by Tenant, Landlord shall have the right to recover Landlord's damages from Tenant except as released and waived by Landlord.

8.5 Damage Near End of Term. If at any time during the last six (6) months of the term of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Landlord may, at Landlord's option, terminate this Lease not later than thirty (30) days following the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage. Should such termination be effective, rent and other charges from the date of the occurrence to the date of termination shall be abated. Provided, however, if Tenant at that time has an exercisable right to extend this Lease, then Tenant may preserve this Lease by (a) exercising such right, and (b) providing Landlord with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs, on or before the earlier of (i) the date which is ten (10) days after Tenant's receipt of Landlord's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such right to extend expires. If Tenant duly exercises such Lease Extension during such period and provides Landlord with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Landlord shall, at Landlord's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such Lease Extension and provide such funds or assurance during such period, then this Lease shall terminate as of the date set forth in the first sentence of this Section.

8.6 Abatement of Rent; Tenant's Remedies.

8.6.1 If Tenant Not Legally Responsible. In the event of (i) Premises Partial Damage, or (ii) Hazardous Substance Condition for which Tenant is not legally responsible, the Base Rent, Common Area Operating Expenses and other charges, if any, payable by Tenant hereunder for the period during which such damage or condition, its repair, remediation or restoration continues, shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired, but not in excess of proceeds from insurance required to be carried under Section 7. Except for abatement of Base Rent, Common Area Operating Expenses and other charges, if any, as aforesaid, all other obligations of Tenant hereunder shall be performed by Tenant,

and Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair, remediation, or restoration.

8.6.2 Notice to Terminate. If Landlord is obligated to repair or restore the Premises under the provisions of this Section and does not commence, in a substantial and meaningful way, the repair or restoration of the Premises within sixty (60) 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 Lenders, of which Tenant has actual notice, of Tenant's election to terminate this Lease on a date not less than thirty (30) days following the giving of such notice. If Tenant gives such notice to Landlord and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Landlord or a Lender commences the repair or restoration of the Premises within thirty (30) days after the receipt of such notice, this Lease shall continue in full force and effect. "**Commence**" as used in this Section shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever occurs first. Notwithstanding the foregoing, if such repairs are not substantially completed within One Hundred and Eighty (180) days of the damages occurring, Tenant may terminate this Lease, in its sole discretion, upon thirty (30) days' written notice to Landlord.

8.7 Hazardous Substance Conditions. If a Hazardous Substance Condition occurs, unless Tenant is legally responsible therefore (in which case Tenant shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Landlord's rights under Paragraph 5.6(c) and Section 11), Landlord may at Landlord's option either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible, at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or \$100,000 whichever is greater, give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such Hazardous Substance Condition of Landlord's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or \$100,000, whichever is greater. Tenant shall provide Landlord with the funds required of Tenant or satisfactory assurance thereof within thirty (30) days following said commitment by Tenant. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such investigation and remediation as soon as reasonably possible after the required funds are available. If Tenant does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Landlord's notice of termination.

8.8 Termination - Advance Payments. Upon termination of this Lease pursuant to this Section 8, Landlord shall return to Tenant any advance payment made by Tenant to Landlord and

so much of Tenant's Security Deposit as has not been, or is not then required to be, used by Landlord under the terms of this Lease.

8.9 **Waiver of Statutes.** Landlord and Tenant agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises and the Building with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent it is inconsistent herewith, provided the Landlord's and Tenant's respective counsels opine that such inconsistency exists.

9. **Taxes.**

9.1 **Payment of Taxes.** Landlord is exempt from the payment of real property taxes.

9.2 **Real Property Tax Definition.** As used herein, the term "**Real Property Taxes**" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, any possessory interest or similar tax and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed upon the Project by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage, or other improvement district thereof, levied against any legal or equitable interest of Landlord in the Project or any portion thereof, Landlord's right to rent or other income therefrom, and/or Landlord's business of leasing the Premises. The term "**Real Property Taxes**" shall also include any 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, including but not limited to a change in the ownership of the Project or in the improvements thereon, the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days, which such calendar year and tax year have in common.

9.3 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Landlord from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Landlord's reasonable determination thereof, in good faith, shall be conclusive.

9.4 **Tenant's Taxes.** Tenant shall pay prior to delinquency all taxes assessed against and levied upon Tenant-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Tenant contained in the Premises or stored within the Project, and all possessory interest taxes. When possible, Tenant shall cause its Tenant-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

10. Assignment and Subletting.

10.1 **Landlord's Consent Required.** Tenant shall not voluntarily or by operation of law, assign, transfer, mortgage or otherwise transfer or encumber (collectively "assign") or sublet all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent, not to be unreasonably withheld, given under and subject to the terms of this Section.

10.1.1 **Change in Control.** A change in the control of Tenant shall constitute an assignment requiring Landlord's consent. The transfer, on a cumulative basis, of fifty-one percent (51%) or more of the voting control of Tenant shall constitute a change in control for this purpose. If, however, there is a mere change in name of the business and Tenant still retains one hundred percent (100%) ownership and control of the business, such change in name shall not constitute an assignment.

10.1.2 **Reduction in Net Worth.** The involvement of Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Tenant's assets occurs, which results or shall result in a reduction of the Net Worth of Tenant, as hereinafter defined, by an amount equal to or greater than fifty percent (50%) of such Net Worth of Tenant as it was represented to Landlord at the time of full execution and delivery of this Lease or at the time of the most recent assignment to which Landlord has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time said Net Worth of Tenant was or is greater, shall be considered an assignment of this Lease by Tenant to which Landlord may reasonably withhold its consent. "**Net Worth of Tenant**" for purposes of this Lease shall be the net worth of Tenant (excluding any Guarantors) established under generally accepted accounting principles consistently applied.

10.2 **Default or Breach.** An assignment or subletting of Tenant's interest in this Lease without Landlord's specific prior written consent shall, at Landlord's option, be a Default curable after notice per Paragraph 13.1, or a non-curable Breach without the necessity of any notice and grace period. If Landlord elects to treat such unconsented to assignment or subletting as a non-curable Breach, Landlord shall have the right to either: (i) terminate this Lease, or (ii) upon thirty (30) days' written notice ("**Landlord's Notice**"), increase the monthly Base Rent for the Premises to the then fair market rental value of the Premises, as reasonably determined by Landlord. Pending determination of the new fair market rental value, if disputed by Tenant, Tenant shall pay the amount set forth in Landlord's Notice, with any overpayment credited against the next installment(s) of Base Rent coming due, and any underpayment for the period retroactively to the effective date of the adjustment being due and payable immediately upon the determination thereof. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Tenant shall be subject to similar adjustment to the then fair market value as reasonably determined by Landlord (without the Lease being considered an encumbrance or any deduction for depreciation or obsolescence, and considering the Premises at its highest and best use and in good condition) or one hundred ten percent (110%) of the price previously in effect, (ii) any index-oriented rental or price adjustment formulas contained in this Lease shall be adjusted to require that the base index be determined with reference to the index to the time of such

adjustment, and (iii) any fixed rental adjustments scheduled during the remainder of the Lease term shall be increased in the same ratio as the new rental bears to the Base Rent in effect immediately prior to the adjustment specified in Landlord's Notice. Tenant's remedy for any breach of this Section by Landlord shall be limited to compensatory damages and/or injunctive relief.

10.3 Terms and Conditions Applicable to Assignment and Subletting.

10.3.1 Effective. Regardless of Landlord's consent, any assignment or subletting shall not (i) be effective without the express written assumption by such assignee or subtenant of the obligations of Tenant under this Lease, (ii) release Tenant of any obligations hereunder, nor (iii) alter the primary liability of Tenant for the payment of Base Rent and other sums due Landlord hereunder or for the performance of any other obligations to be performed by Tenant under this Lease. Notwithstanding the above, Landlord and Tenant may negotiate the release of Tenant from (ii) and (iii) on a case by case basis.

10.3.2 Rent Acceptance. Landlord may accept any rent or performance of Tenant's obligations from any person other than Tenant pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of any rent for performance shall constitute a waiver nor estoppel of Landlord's right to exercise its remedies for the Default or Breach by Tenant of any of the terms, covenants or conditions of this Lease.

10.3.3 Consent. The consent of Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Tenant or to any subsequent or successive assignment or subletting by the assignee or subtenant. However, Landlord may consent to subsequent subletting and assignments of the sublease or any amendments or modifications thereto with notice to Tenant or anyone else liable under this Lease or the sublease and without obtaining their consent, and such action shall not relieve such persons from liability under this Lease or the sublease.

10.3.4 Default. In the event of any Default or Breach of Tenant's obligation under this Lease, Landlord may proceed directly against Tenant, any Guarantors or anyone else responsible for the performance of the Tenant's obligations under this Lease, including any subtenant, without first exhausting Landlord's remedies against any other person or entity responsible therefore to Landlord, or any security held by Landlord.

10.3.5 Written Request. Each request or consent to an assignment or subletting shall be in writing, accompanied by information relevant to Landlord's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or subtenant, including but not limited to the intended use and/or required modification of the Premises, if any, together with a non-refundable deposit of \$1,000 or ten percent (10%) of the monthly Base Rent applicable to the portion of the Premises which, is the subject of the proposed assignment or sublease, whichever is less, as reasonable consideration for Landlord's considering and processing the request for consent. Tenant agrees to provide Landlord with such other or additional information and/or documentation as may be reasonably requested by Landlord.

10.3.6 Assumption of Lease. Any assignee of, or subtenant under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed, for the benefit of Landlord, to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Tenant during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Landlord has specifically consented in writing.

10.4 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

a. Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rentals arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Tenant, and Landlord may collect such rent and apply same toward Tenant's obligations under this Lease, provided, however, that until a Breach shall occur in the performance of Tenant's obligations under this Lease, Tenant may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Landlord shall not, by reason of the foregoing provision or any other assignment of such sublease to Landlord, nor by reason of the collection of the rents from a subtenant, be deemed liable to the subtenant for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant under such sublease. Tenant hereby irrevocably authorizes and directs any such subtenant, upon receipt of a written notice from Landlord stating that a Breach exists in the performance of Tenant's obligations under this Lease, to pay to Landlord the rents and other charges due and to become due under the sublease. Subtenant shall rely upon any such statement and request from Landlord and shall pay such rents and other charges to Landlord without any obligation or right to inquire as to whether such Breach exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall have no right or claim against such subtenant, or, until the Breach has been cured, against Landlord, for any such rents and other charges so paid by said subtenant to Landlord.

b. In the event of a breach by Tenant in the performance of its obligations under this Lease, Landlord, at its option and without any obligation to do so, may require any subtenant to attorn to Landlord; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by Tenant to Landlord.

c. No subtenant under a sublease approved by Landlord shall further assign or sublet all or any part of the Premises without Landlord's prior written consent.

d. Landlord shall deliver a copy of any notice of Default or Breach by Tenant to the subtenant, who shall have the right to cure the Default of Tenant within the grace period, if any, specified in such notice. The subtenant shall have a right of reimbursement and offset from and against Tenant for any such Defaults cured by the subtenant.

11. Default; Breach; Remedies.

11.1 Tenant's Default. The occurrence of any one of the following events, if not timely cured, shall constitute an event of default on the part of Tenant ("**Default**"):

- a. The vacation or abandonment of the Premises by Tenant for a period of ten (10) consecutive days or any vacation or abandonment of the Premises by Tenant which would cause any insurance policy to be invalidated or otherwise lapse in each of the foregoing cases irrespective of whether or not Tenant is then in monetary default under this Lease. Tenant agrees to notice and service of notice as provided for in this Lease and waives any right to any other or further notice or service of notice which Tenant may have under any statute or law now or hereafter in effect.
- b. Failure to pay any installment of Rent or any other monies due and payable hereunder, said failure continuing for a period of three (3) days after the same is due. Tenant shall have an absolute right of fifteen (15) days to cure such failure under this section 11.1.2.
- c. A general assignment for the benefit of creditors by Tenant or any guarantor or surety of Tenant's obligations hereunder, including, without limitation, Lease Guarantor, if any, (collectively, "**Guarantor**").
- d. The filing of a voluntary petition in bankruptcy by Tenant or any Guarantor, the filing by Tenant or any Guarantor of a voluntary petition for an arrangement, the filing by or against Tenant or any Guarantor of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Tenant or any Guarantor, said involuntary petition remaining undischarged for a period of sixty (60) days.
- e. Receivership, attachment, or other judicial seizure of substantially all of Tenant's assets on the Premises, such attachment or other seizure remaining un-dismissed or undischarged for a period of sixty (60) days after the levy thereof.
- f. Death or disability of Tenant or any Guarantor, if Tenant or such Guarantor is a natural person, or the failure by Tenant or any Guarantor to maintain its legal existence, if Tenant or such Guarantor is a corporation, partnership, limited liability company, trust or other legal entity. In such case, (i) Tenant shall have an absolute right to substitute a new Guarantor of similar or greater financial wherewithal, and (ii) Tenant shall have an absolute right to cure any issue with its legal existence within thirty (30) days after written notice of the issue from Landlord to Tenant.
- g. Failure of Tenant to execute and deliver to Landlord any estoppel certificate, subordination agreement, or lease amendment within the time periods and in the manner required by Section 13 and/or failure by Tenant to deliver to Landlord any financial statement within the time period and in the manner required by Section 13.
- h. An assignment or sublease, or attempted assignment or sublease, of this Lease or the Premises by Tenant contrary to the provisions of Section 10, unless such assignment or sublease is expressly conditioned upon Tenant having received Landlord's consent thereto.
- i. Failure of Tenant to restore the Security Deposit to the amount provided in Section 4 above, and which failure continues for thirty (30) days after written notice thereof from Landlord to Tenant.

j. Failure in the performance of any of Tenant's covenants, agreements or obligations hereunder (except those failures specified as events of Default), which failure continues for thirty (30) days after written notice thereof from Landlord to Tenant, provided that, if Tenant has exercised reasonable diligence to cure such failure and such failure cannot be cured within such thirty (30) day period despite reasonable diligence, Tenant shall not be in default under this subparagraph so long as Tenant thereafter diligently and continuously prosecutes the cure to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice.

k. Chronic delinquency by Tenant in the payment of Rent, or any other periodic payments required to be paid by Tenant under this Lease. "**Chronic delinquency**" shall mean failure by Tenant to pay Rent, or any other payments required to be paid by Tenant under this Lease within three (3) days after written notice thereof for any three (3) months (consecutive or nonconsecutive) during any period of twelve (12) months.

l. Chronic overuse by Tenant or Tenant's Agents of the number of undesignated parking spaces set forth in the Basic Lease Information. "**Chronic overuse**" shall mean use by Tenant or Tenant's Agents of a number of parking spaces greater than the number of parking spaces set forth in the Basic Lease Information more than three (3) times during any consecutive three (3) month period after written notice by Landlord.

m. Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Lease, and which failure continues for ten (10) days after written notice thereof from Landlord to Tenant.

n. Any failure by Tenant to discharge any lien or encumbrance placed on the Property or any part thereof in violation of this Lease within ten (10) days after the date such lien or encumbrance is filed or recorded against the Property or any part thereof, and which failure continues for thirty (30) days after written notice thereof from Landlord to Tenant.

o. Any notice sent by Landlord to Tenant pursuant to this Section 11 shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161.

11.2 Landlord's Remedies.

11.2.1 **Termination.** In the event of any Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

a. The worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus

b. The worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

c. The worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the Term of this Lease after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

d. Any other amount necessary to compensate Landlord for all the waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and any unamortized portion of the Tenant Improvement Allowance, such Tenant Improvement Allowance to be amortized over the Term in the manner reasonably determined by Landlord, if any; plus

e. Such reasonable attorneys' fees incurred by Landlord as a result of a Default, and costs in the event suit is filed by Landlord to enforce such remedy; plus

f. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

g. The "worth at the time of award" is computed by allowing interest at an annual rate equal to five percent (5%) per annum or the maximum rate permitted by law, whichever is greater. The "worth at the time of award" is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%). Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing including, without limitation, any rights under California Code of Civil Procedure Sections 1174 and 1179 to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

11.3 Continuation of Lease. In the event of any Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations). Landlord shall have a duty to mitigate its damages. However, Landlord shall not be liable in any way whatsoever for its failure or refusal to re-let the Premises. For purposes of this Section 11, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises: (i) acts of maintenance or preservation or efforts to re-let the Premises, including, but not limited to, alterations, remodeling, redecorating, repairs, replacements and/or painting as Landlord shall consider advisable for the purpose of re-letting the Premises or any part thereof, or (ii) the appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

11.4 Re-entry. In the event of any uncured Default by Tenant, Landlord shall also have the right to terminate this Lease, in compliance with applicable law and pursuant to legal proceeding,

or 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.

11.5 Re-letting. In the event of the abandonment of the Premises by Tenant or in the event that Landlord shall elect to re-enter as provided in Paragraph 11.4 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if Landlord does not elect to terminate this Lease as provided in Paragraph 11.6, Landlord may from time to time, without terminating this Lease, re-let the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in Landlord's sole discretion. In the event that Landlord shall elect to so re-let, then rentals received by Landlord from such re-letting shall be applied in the following order: (i) to reasonable attorneys' fees incurred by Landlord as a result of a Default and costs in the event suit is filed by Landlord to enforce such remedies; (ii) to the payment of any costs of such re-letting; (iii) to the payment of the costs of any alterations and repairs to the Premises; (iv) to the payment of Rent due and unpaid hereunder; (v) to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; and (vi) the residue, if any, shall be held by Landlord and applied in payment of future Rent and other sums payable by Tenant hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such re-letting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such re-letting or in making such alterations and repairs not covered by the rentals received from such re-letting.

11.6 Termination. No re-entry or taking of possession of the Premises by Landlord pursuant to this Section 11 shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any re-letting without termination by Landlord because of any Default by Tenant, Landlord may at any time after such re-letting elect to terminate this Lease for any such Default.

11.7 Cumulative Remedies. The remedies herein provided are not exclusive and Landlord shall have any and all other remedies provided herein or by law or in equity.

11.8 No Surrender. No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Tenant prior to the expiration of the Term, and such acceptance by Landlord of surrender by Tenant shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by Landlord. The surrender of this Lease by Tenant, voluntarily or otherwise, shall not work a merger unless Landlord elects in writing that such merger take place, but shall operate as an assignment to Landlord of any and all existing subleases, or Landlord may, at its option, elect in writing to treat such surrender as a merger terminating Tenant's estate under this Lease, and thereupon Landlord may terminate any or all such subleases by notifying the sub-lessee of its election so to do within five (5) days after such surrender.

11.9 Landlord's Lien. In addition to any statutory lien Landlord has, Tenant hereby grants to Landlord a continuing security interest for all sums of money becoming due hereunder upon personal property of Tenant situated on or about the Premises and such property will not be removed therefrom without the consent of Landlord until all sums of money then due Landlord have been first paid and discharged. If a default occurs under this Lease, Landlord will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the Tenant's property at public or private sale upon five (5) days' notice to Tenant. This contractual lien will be in addition to any statutory lien for rent.

11.10 Breach by Landlord. Landlord shall not be deemed in breach of this Lease unless Landlord fails within a reasonable time to perform an obligation to be performed by Landlord. For purposes of this Section, a reasonable time shall in no event be less than thirty (30) days after receipt by Landlord, and by any Lender(s) whose name and address shall have been furnished to Tenant in writing for such purpose, of written notice specifying wherein such obligation of Landlord has not been performed; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days after such notice are reasonably required for its performance, then Landlord shall not be in breach of this Lease if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

12. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "**condemnation**"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas designated for Tenant's parking, is taken by condemnation, Tenant may, at Tenant's option, to be exercised in writing within ten (10) days after Landlord shall have given Tenant written notice at such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur if the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any compensation, separately awarded to Tenant for Tenant's relocation expenses and/or loss of Tenant's Trade Fixtures. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of its net severance damages received, over and above Tenant's Share of the legal and other expenses incurred by Tenant in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. Landlord shall reimburse Tenant for any costs or expense Tenant may incur up to the amount of the award Landlord may receive.

13. Tenancy and Financial Statements

13.1 **Tenancy Statement.** Each Party (as “**Responding Party**”) shall within ten (10) days after written notice from the other Party (the “**Requesting Party**”) execute, acknowledge and deliver to the Requesting Party a “**Tenancy Statement,**” plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party. For the purposes of this Lease, a Tenancy Statement is that document required to confirm the lease relationship between the Parties of any proposed lender of a Party.

13.2 **Financial Statement.** If Landlord desires to finance, refinance, or sell the Premises or the Building, or any part thereof, Tenant shall deliver to any potential lender or purchaser designated by Landlord such financial statements of Tenant as may be reasonably required by such lender or purchaser, including but not limited to Tenant’s financial statements for the past three (3) years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth. Purchaser shall be defined as one who has made an offer in the form of a letter of intent, or similar, and who has signed a confidentiality agreement in connection with the financial statements received.

14. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

15. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

16. **No Prior or Other Agreements.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. This does not include, any agreements with consultants and/or real estate brokers representing either Party which is by separate agreement.

17. Notices.

17.1 **Notice Requirements.** All notices required or permitted by this Lease shall be in writing and shall be delivered in person (by hand, messenger or courier service) or by certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, and shall be deemed sufficiently given if served in a manner specified in this Section to the addresses noted in Section 3 and 6 of the Basic Lease Information. The addresses noted adjacent to a Party’s signature on this Lease shall be that Party’s address for delivery or mailing of notice purposes. Either Party may, by written notice to the other, specify a different address for notice purposes, except that upon Tenant’s taking possession of the Premises, the Premises shall constitute Tenant’s address for the purpose of mailing or delivering notices to Tenant until such time as Tenant is no longer in possession of the Premises. A copy of all notices required or permitted to be given to either party hereunder shall be concurrently transmitted to such Party or Parties at such addresses as either Party may from time to time hereafter designate by written notice to the other Party.

17.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt, or if no delivery date

is shown, the postmark thereon. Notices delivered by courier or by an overnight delivery service, shall be deemed given on the date of delivery shown on the receipt.

18. Waivers. No waiver by either party of the Default or Breach of any term, covenant or condition hereof by either party, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by the other party of the same or any other term, covenant or condition hereof. Either party's consent to, or approval of, any such act shall not be deemed to render unnecessary the obtaining of the other party's consent to, or approval of, any subsequent or similar act by the other party, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Landlord's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Landlord shall not be a waiver of any Default or Breach by Tenant of any provision hereof. Any payment given Landlord by Tenant may be accepted by Landlord on account of moneys or damages due Landlord, notwithstanding any qualifying statements or conditions made by Tenant in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Landlord at or before the time of deposit of such payment.

19. No Recordation. Neither party will record this Lease or any memorandum or short form of it. Any such recording by Tenant will be void and a default under this Lease.

20. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

21. Covenants and Conditions. All provisions of this Lease to be observed or performed by Tenant are both covenants and conditions.

22. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns, and be governed by the laws of the State of California. Any action at law or in equity brought by either of the Parties hereto for the purpose of enforcing a right or rights provided for by this Lease shall be tried in the Riverside Branch of the Consolidated Courts of Riverside County, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

23. Subordination; Attornment.

23.1 Subordination. This Lease and any Lease Extension granted hereby shall be subject and subordinate to any ground lease, master lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Tenant agrees that the Lenders holding any such Security Device shall have no duty, liability or obligation to perform any of the obligations of Landlord under this Lease. If any Lender shall elect to have this Lease and/or any Lease Extension granted hereby superior to the lien of its Security Device and shall give written notice thereof to Tenant, this Lease and such Lease Extensions shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

23.2 Attornment. Tenant agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior Landlord or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) be bound by prepayment of more than one month's rent, except where Landlord may have collected such excess amounts in any form.

23.3 Self-Executing. The agreements contained in this Section shall be effective without the execution of any further documents, provided, however, that upon written request from Landlord or a Lender in connection with a sale, financing or refinancing of Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any such subordination or non-subordination, and/or attornment agreement as is provided for herein.

24. Landlord's Access; Showing Premises; Repairs. Landlord and Landlord's agents shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or Tenants, and making such alterations, repairs, improvements or additions to the Premises or to the Building, as Landlord may reasonably deem necessary. Landlord may at any time place on or about the Building any ordinary "For Sale" signs and Landlord may at any time during the last one hundred eighty (180) days of the term hereof advertise the Premises "For Lease" on signs placed on or about the Building. All such activities of Landlord shall be without abatement of rent or liability to Tenant.

25. Auctions. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

26. Signs. Tenant shall be permitted, at Tenant's sole cost and expense, to install signs subject to Landlord's prior written consent and consistent with Landlord's signage criteria for the Project, which criteria is attached hereto as Exhibit "D" and incorporated herein by reference. Tenant does not have a right to affix any sign to the outside of the Building. Signs shall be in a location designated by Landlord. Tenant shall be responsible for the ongoing maintenance, repair and replacement of all signage. During the term of this Lease, and any Lease Extension, so long as Tenant is not in default under the Lease and is still operating its business, Landlord shall not place any "For Lease" signs on the Premises.

27. Termination; Merger. Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Breach by Tenant, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Landlord shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenants. Landlord's failure within ten (10) days following any such event to make a written election to the contrary by written notice to the holder of any such lesser interest shall constitute Landlord's election to have such event constitute the termination of such interest.

28. Consents. Except for Section 25 hereof (Auctions) or as otherwise provided herein, wherever in this Lease the consent of a Party is required, such consent shall not be unreasonably withheld, or delayed. Within thirty (30) days of written request by Tenant and prior to incurring the below referenced costs, Landlord shall provide to Tenant a written estimate of costs attributable to the consideration of such request. Tenant shall be further advised by Landlord should costs be anticipated to exceed such previously submitted cost estimate. Landlord's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers and other consultants' fees) incurred in the consideration of, or response to, a request by Tenant for any Landlord consent pertaining to this Lease or the Premises, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Tenant to Landlord upon receipt of an invoice and supporting documentation therefore. In addition to the deposit described in Section 4, Landlord may, as a condition to considering any such request by Tenant, require that Tenant deposit with Landlord an amount of money reasonably calculated by Landlord to represent the cost Landlord will incur in considering and responding to Tenant's request. Any unused portion of said deposit shall be refunded to Tenant without interest. Landlord's consent to any act, assignment of this Lease or subletting of the Premises by Tenant shall not constitute an acknowledgment that no Default or Breach by Tenant of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Landlord at the time of such consent. All conditions to Landlord's consent authorized by this Lease are acknowledged by Tenant as being reasonable.

29. Quiet Possession. Upon payment by Tenant of the rent for the Premises and the performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

30. Rules and Regulations. Tenant agrees that it will abide by, and keep and observe all reasonable rules and regulations as set forth in Exhibit "B" ("**Rules and Regulations**") which Landlord may make from time to time for the management, safety, care and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building, the Project and their invitees.

31. Security Measures. Tenant hereby acknowledges that Landlord is not responsible for guard service, security camera monitoring or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Landlord does, however, have the right to provide those services and charge Tenant for the same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees and their property from acts of third parties on the Premises or the Common Areas.

32. Reservations. Landlord reserves the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights of way, utility raceways, and dedications that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights of way, utility raceways, dedications, maps and restrictions do not reasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easement rights, dedication, map or restrictions.

- 33. Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.
- 34. Nondiscrimination** Tenant hereby covenants for itself, its heirs, administrators, successors and assigns, and all persons claiming under or through Tenant, that this Lease is made and accepted upon and subject to the condition that there shall be no discrimination on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, gender, gender identity, genetic information, gender expression, sex, sexual orientation, or military or veterans status in the leasing subleasing, transferring, use occupancy, tenure or enjoyment of the Premises nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, Tenants, sub Tenants, subtenants, or vendees in the Premises herein leased. Further, Tenant agrees to conform to the requirements of the Americans with Disabilities Act in acting under this Lease.
- 35. Authority.** If either Party hereto is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If Tenant is a corporation, Limited Liability Company, trust or partnership, Tenant shall, within thirty (30) days after requested by Landlord, deliver to Landlord evidence satisfactory to Landlord of such authority.
- 36. Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.
- 37. Offer.** Preparation of this Lease by either Landlord or Tenant, or Landlord's agent or Tenant's agent, and submission of same to Tenant or Landlord, shall not be deemed an offer to lease. This Lease is not intended to be binding until executed and delivered by all Parties hereto.
- 38. Amendments.** This Lease may be modified only in writing and signed by the parties in interest at the time of the modification. The Parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease. As long as they do not materially change Tenant's obligations hereunder, Tenant agrees to make such reasonable non-monetary, non-material modifications to this Lease as may be reasonably required by an institutional insurance company or pension plan Lender in connection with the obtaining of normal financing or refinancing of the property of which the Premises are a part, but in no event shall the rent amount, term assignment or default provisions be subject to such modification.

39. Multiple Parties. Except as otherwise expressly provided herein, if more than one person or entity is named herein as either Landlord or Tenant, the obligations of such multiple parties shall be the joint and several responsibilities of all persons or entities named herein as such Landlord or Tenant.

40. Relocation.

Landlord shall have the right at any time during the Term to relocate the Premises to another part of the Building or to another building in the Property in accordance with the following:

a. The new premises shall be within ten percent (10%) of the size of the Premises described in this Lease;

b. The physical relocation of the Premises shall be accomplished by Landlord at its cost;

c. Landlord shall give Tenant at least thirty (30) days' prior written notice of Landlord's intention to relocate the Premises;

d. The physical relocation of the Premises shall take place on a weekend and shall be substantially completed before the Monday following the weekend in which the relocation takes place. If the physical relocation has not been completed in that time, Base Rent shall abate from the time the physical relocation commences to the time it is substantially completed;

e. All costs incurred by Tenant as a result of the relocation, including, without limitation, costs incurred in changing addresses on stationery, business cards, directories, advertising, and other such items, shall be paid by Landlord, in a sum not to exceed One Thousand Dollars (\$1,000.00); and

f. Landlord shall not have the right to relocate the Premises more than once during the Term of this Lease;

g. If the relocated Premises is a different square footage than the Premises described in this Lease: (1) the Base Rent shall be adjusted to a sum computed by multiplying the Base Rent specified in the Basic Lease Information by a fraction, the numerator of which shall be the total number of square feet in the relocated Premises, and the denominator of which shall be the total number of square feet in the Premises before relocation; provided, however, in no event shall the Base Rent hereunder be increased as a result of such relocation; and (2) Tenant's Proportionate Share(s) shall be adjusted; and

h. The parties shall immediately execute an amendment to this Lease stating the relocation of the Premises and the adjustment of Base Rent and Tenant's Proportionate Share(s), if any.

41. Guaranty. This Lease, the performance of which shall be personally guaranteed by the Guarantors identified in the Basic Lease Information contained in this Lease and attached hereto as

Exhibit "E and incorporated herein by reference. In the event of any default or breach of Tenant's obligation under this Lease, Landlord may proceed directly against Tenant and Guarantor without first exhausting Landlord's remedies against any other person or entity responsible therefore to Landlord, or any security held by Landlord.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

The Parties hereto have executed this Lease at the place and on the dates specified below their respective signatures.

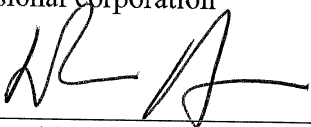
LANDLORD:

THE CITY OF RIVERSIDE, a
California charter city and municipal
corporation

By _____
City Manager

TENANT:

DAVID D. L. HORTON, ESQ.
AND ASSOCIATES,
a professional corporation

By  _____
David D. L. Horton

Attested to:

By _____
City Clerk

Approved as to Form:

By _____
Chief Assistant City Attorney

DESCRIPTION OF THE PREMISES

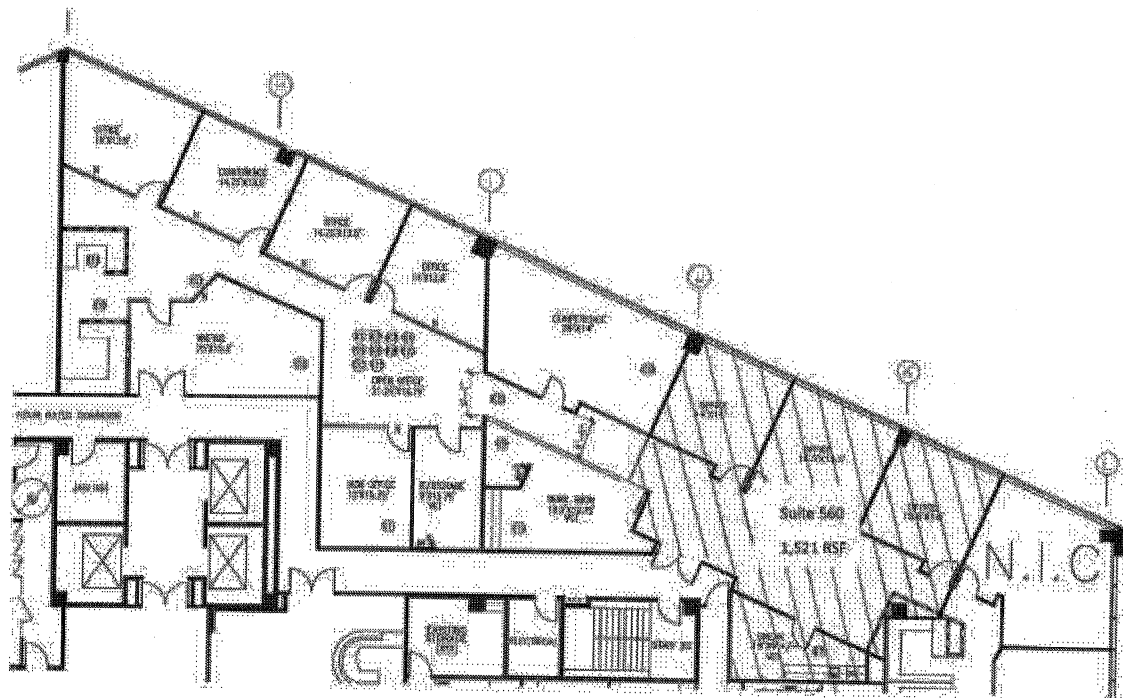


EXHIBIT "A"

EXHIBIT "B"

RULES AND REGULATIONS

This exhibit, entitled "Rules and Regulations," is and shall constitute *Exhibit B* to the Lease Agreement, dated as of the Lease Date, by and between Landlord and Tenant for the Premises. The terms and conditions of this *Exhibit B* are hereby incorporated into and are made a part of the Lease. Capitalized terms used, but not otherwise defined, in this *Exhibit B* have the meanings ascribed to such terms in the Lease.

1. Tenant shall use that method of heating or air conditioning as agreed to by Landlord.
2. All window coverings installed by Tenant and visible from the outside of the Building require the prior written approval of Landlord.
3. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance or any flammable or combustible materials on or around the Premises, except to the extent that Tenant is permitted to use the same under the terms of Paragraph 5.6 of the Lease.
4. Tenant shall not alter any lock or install any new locks or bolts on any door at the Premises without the prior consent of Landlord.
5. Tenant shall not make any duplicate keys without the prior consent of Landlord.
6. Tenant shall park motor vehicles in parking areas designated by Landlord except for loading and unloading. During those periods of loading and unloading, Tenant shall not unreasonably interfere with traffic flow around the Building or the Property and loading and unloading areas of other tenants. Tenant shall not park motor vehicles in designated parking areas after the conclusion of normal daily business activity.
7. Tenant shall not disturb, solicit or canvass any tenant or other occupant of the Building or Property and shall cooperate to prevent same.
8. No person shall go on the roof without Landlord's permission.
9. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building, to such a degree as to be objectionable to Landlord or other tenants, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or in noise-dampening housing or other devices sufficient to eliminate noise or vibration.
10. All goods, including material used to store goods, delivered to the Premises of Tenant shall be immediately moved into the Premises and shall not be left in parking or receiving areas overnight.
11. Tractor trailers which must be unhooked or parked with dolly wheels beyond the concrete loading areas must use steel plates or wood blocks under the dolly wheels to prevent damage to the asphalt paving surfaces. No parking or storing of such trailers will be permitted in the auto parking areas of the Property or on streets adjacent thereto.

12. Forklifts which operate on asphalt paving areas shall not have solid rubber tires and shall only use tires that do not damage the asphalt.
13. Tenant is responsible for the storage and removal of all trash and refuse. All such trash and refuse shall be contained in suitable receptacles stored behind screened enclosures at locations approved by Landlord.
14. Tenant shall not store or permit the storage or placement of goods or merchandise in or around the common areas surrounding the Premises. No displays or sales of merchandise shall be allowed in the parking lots or other common areas.
15. Tenant shall not permit any animals, including but not limited to, any household pets, to be brought or kept in or about the Premises, the Building, the Property or any of the common areas unless the animal is a service animal, as defined by Title II and Title III of the ADA, or is otherwise permitted pursuant to state or federal disability laws.
16. Tenant shall not without Landlord's consent, which may be given or withheld in Landlord's sole and absolute discretion, receive, store, discharge, or transport firearms, ammunition, or weapons or explosives of any kind or nature at, on or from the Premises, the Building or the Property.
17. Tenant will refer all contractors, their representatives and installation technicians rendering any service to Tenant, to Landlord's approval before performance of any service. This provision shall apply to all work performed in the Building, including, without limitation, the installation of telephones, data cabling, electrical devices and attachments, and all installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment or any other physical portion of the Building.
18. Movement in or out of the Building of furniture or office equipment or the dispatch or receipt by Tenant of any merchandise or materials that require the use of elevators or stairways or the movement through Building entrances or lobbies shall be restricted to hours designated by Landlord. All such movement shall be under the supervision of Landlord and shall be performed in the manner agreed upon in writing between Tenant and Landlord before performance. Such agreement initialed by Tenant will include the determination by Landlord, and such movement shall be subject to Landlord's sole decision and control, in regard to time, method, and routing of movement, limitations imposed by safety or other concerns that may prohibit any article, equipment or any other item from being brought into the Building. Tenant shall assume all risk as to damage to articles moved and injury to persons or public property and personnel of Landlord if damaged or injured as a result of acts in connection with such services performed for Tenant or at Tenant's request.
19. Landlord shall not be responsible for lost or stolen personal property, equipment, money or jewelry from Tenant's area or public rooms regardless of whether such loss occurs when such area is locked against entry or not.
20. None of the entries, passages, doors, elevators, elevator doors, hallways or stairways shall be blocked or obstructed, nor shall any rubbish, litter, trash or material of any nature be placed, emptied or thrown into these areas, nor shall such areas be used at any time except for ingress and egress by Tenant, Tenant's agents, employees or invitees.

21. Landlord specifically reserves the right to refuse admittance to the Building from 7:00 p.m. to 7:00 a.m. daily, or on Sundays or legal holidays, to any person who cannot furnish satisfactory identification, or to any person who, for any other reason, in Landlord's judgment, should be denied access to the Premises. Landlord, for the protection of the tenants and their effects, may prescribe hours and intervals during the night, on Sundays and holidays, when all persons entering and departing the Building shall be required to enter their names, the offices to which they are going or from which they are leaving, and the time of entrance or departure in a register provided for that purpose by Landlord.

22. All lettering and signage appearing or visible from the exterior of the Premises shall be subject to the prior written approval of Landlord. No banners, advertisements or displays shall be allowed to be displayed from the interior or exterior of the Premises which would be visible from the exterior of the Premises without the prior written permission of Landlord.

23. Normal business hours for the Building are 7:00 a.m. to 6:00 p.m. on Mondays through Fridays, exclusive of holidays and 9:00 a.m. to 1:00 p.m. on Saturday. However, Tenant shall have access to the Premises 24 hours a day, seven days a week. The term "holiday" shall include all days on which national banks in the municipality in which the Building is located are closed to the general public. This shall include, but not be limited to, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

24. Tenant shall keep all garbage, trash and refuse generated at the Premises or by the activities conducted therein in rodent-proof containers until removed, and cause the same to be removed in an appropriate manner on a daily basis.

EXHIBIT "C"

DATE OF DELIVERY OF POSSESSION

Note: This form to be completed by the Parties after the Lease Agreement has been fully executed.

Pursuant to the Lease Agreement dated _____, between THE CITY OF RIVERSIDE and DAVID D. L. HORTON, ESQ. AND ASSOCIATES, the parties hereby agree, understand and acknowledge that the date of delivery of possession of the Premises by Landlord, is the following: _____ . Pursuant to the Lease Agreement, the Commencement Date is _____.

LANDLORD:

THE CITY OF RIVERSIDE,
a California charter city and municipal corporation

By: _____

Date: _____

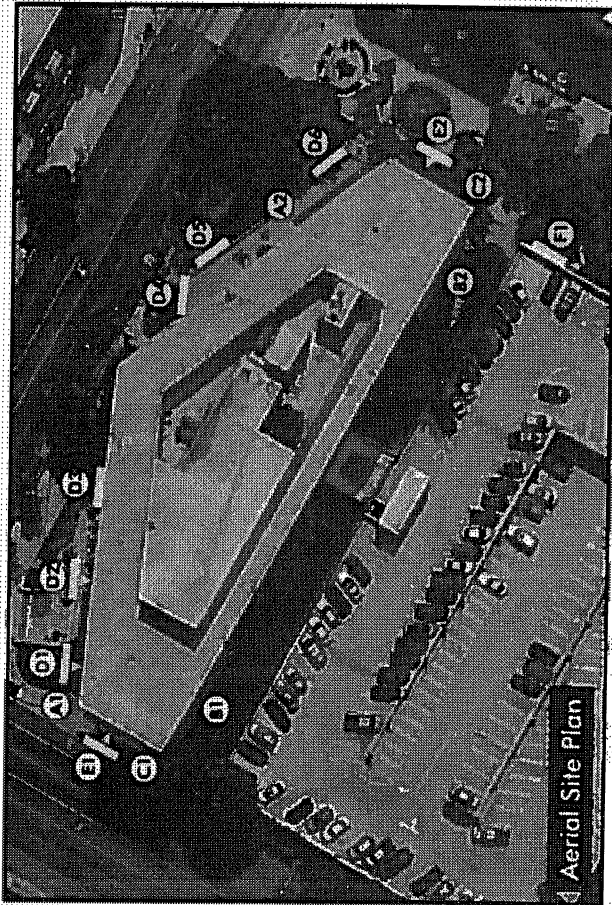
TENANT:

DAVID D. L. HORTON,
ESQ. AND ASSOCIATES

By: _____

Date: _____

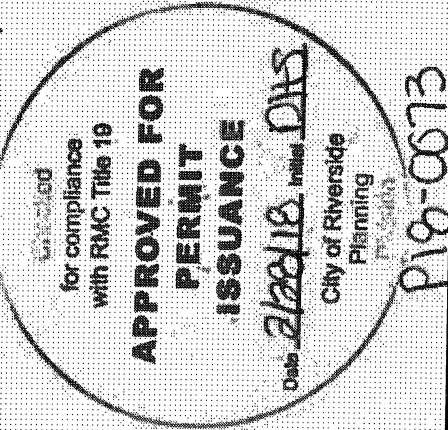
EXHIBIT "D"
LANDLORD'S SIGN CRITERIA



Aerial Site Plan

MISSION SQUARE SIGNAGE OPPORTUNITIES TOP FLOOR & EYEBROW

- Signs on upper stories limited to top floor only.
- Signs on lower stories limited to first floor only.



NORTH ELEVATION							
Sign ID (Legend)	Sign Type	Location	Building Frontage	Max. Quantity	Max Length	Max Height	Max. Square Footage
A1	Wall Sign	Building Top	160 Feet	1	600"	48"	150 sq. ft.
D1, D2, D3	Wall Sign	Eyebrow (1st Floor)	160 Feet	3	N/A	24"	25 sq. ft./sign
NORTHEAST ELEVATION							
A2	Wall Sign	Building Top	160 Feet	1	600"	48"	150 sq. ft.
D4, D5, D6	Wall Sign	Eyebrow (1st Floor)	160 Feet	3	N/A	24"	25 sq. ft./sign
SOUTHEAST ELEVATION							
C2	Wall Sign	Building Top	40 Feet	1	450"	48"	150 sq. ft.
E2	Wall Sign	Eyebrow (1st Floor)	40 Feet	1	N/A	24"	25 sq. ft./sign
SOUTHWEST ELEVATION - PARKING							
F1	Wall Sign	Eyebrow (1st Floor)	185 Feet	1	N/A	24"	25 sq. ft./sign
SOUTHWEST ELEVATION							
B1, B2	Wall Sign	Building Top	300 Feet	2	600"	48"	150 sq. ft./sign - not to exceed 225 sq. ft. aggregate for building frontage.
NORTHWEST ELEVATION							
C1	Wall Sign	Building Top	40 Feet	1	450"	48"	150 sq. ft.
E1	Wall Sign	Eyebrow (1st Floor)	40 Feet	1	N/A	24"	25 sq. ft./sign

Channel Letter Building Top & Channel Letter Eyebrow Signs

PROJECT NAME
Master Sign Program

LOCATION
3750 University Ave.
Riverside, CA 92501

CONTACT
Christine Jensen
909.974.4023
PC
Christine.Jensen@ngt.com

SALES PERSON
Sean Baldwin
714.641.0064
PS: 714.641.0045
sean.baldwin@signspecialists.com

DESIGNER
Brad Sanders
brad.sanders@signspecialists.com

SCALE
AS NOTED

PAGE
1 of 9

ORDER #846985
Version 1.1 - 3/22/2017 Version 7.1 - 1.16.2018
Version 2.1 - 3/24/2017 Version 8.1 - 2/27/2018
Version 3.1 - 3/29/2017
Version 4.1 - 6/14/2017
Version 5.1 - 7/3/2017
Version 6.1 - 7/11/2017

CLIENT APPROVAL

- ☐ APPROVED AS IS
- ☐ APPROVED WITH CHANGES NOTED ABOVE
- ☐ REJECTED WITH FABRICATION
- ☐ MAKE REVISIONS AND SUBMIT NEW PROOF

SIGNATURE

DATE

The undersigned hereby certifies that the information contained herein is true and correct to the best of their knowledge and belief, and that the same has been prepared by or for the undersigned, and that the undersigned is not a party to any other agreement or arrangement which might affect the truth or accuracy of the information contained herein.

SSC
SIGN SPECIALISTS
CORPORATION

Channel Letter Building Top & Channel Letter Eyebrow Signs

PROJECT NAME
Master Sign Program

LOCATION
3750 University Ave.
Riverside, CA 92501

CONTACT
Christine Jensen
909.974.4023
PC Christine.Jensen@nsgl.com

SALES PERSON
Sean Baldwin
714.641.0064
FX 714.641.0065
sean.baldwin@signspecialists.com

DESIGNER
Brad Sanders
brad.sanders@signspecialists.com

SCALE AS NOTED PAGE 2 of 6

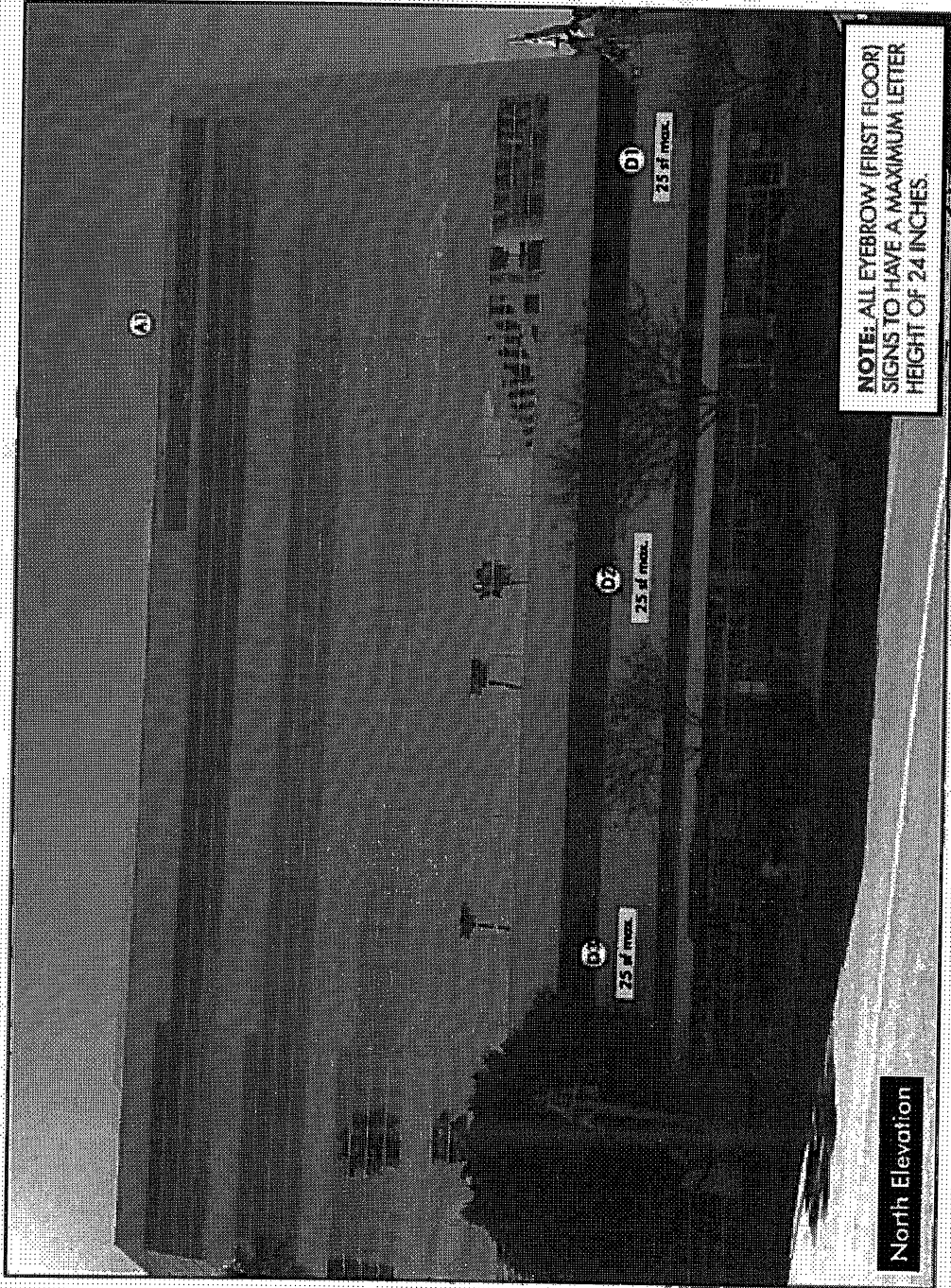
ORDER #845985
Version 1.2 - 3.23.2017 Version 7.2 - 3.16.2018
Version 2.2 - 3.24.2017 Version 8.2 - 2.27.2018
Version 3.2 - 3.29.2017
Version 4.2 - 6.14.2017
Version 5.2 - 7.5.2017
Version 6.2 - 7.11.2017

CLIENT APPROVAL
☐ APPROVED AS IS.
☐ APPROVED WITH CHANGES NOTED ABOVE.
☐ PROCEED WITH FABRICATION.
☐ MAKE REVISIONS AND SUBMIT NEW PROOF.

SIGNATURE
DATE

The drawings, signs, designs and information contained herein are the property of Sign Specialists Corporation. The use of this information for any other purpose without the written consent of Sign Specialists Corporation is strictly prohibited. This information is provided for your information only and is not to be used for any other purpose. The information is provided for your information only and is not to be used for any other purpose. The information is provided for your information only and is not to be used for any other purpose.

SSC
SIGN SPECIALISTS
CORPORATION



NOTE: ALL EYEBROW (FIRST FLOOR) SIGNS TO HAVE A MAXIMUM LETTER HEIGHT OF 24 INCHES.

North Elevation

**Channel Letter Building Top &
Channel Letter Eyebrow Signs**

PROJECT NAME

Master Sign Program

LOCATION

3750 University Ave.
Riverside, CA 92501

CONTACT

Christine Jensen
909.974.4023

PK
Charlaine Jones@angld.com

SALES PERSON

Sean Baldwin
714.641.0064
FX: 714.641.0065

DESIGNER

Brod Sanders
brod.sanders@ingrasspecialists.com

SCALES:

69 E. CALSON ST.

CONFIDENTIAL

22. 名字: 陈天翔 性别: 男 年龄: 1990-01-01

U.S. 28 + P-1 meeting

February 23, 1917

Version 4.9.6.14.2017

Version 5.3.75.2017

21031167-7-112000

IDENTIFICATION

TECHNICAL APPROVAL

APPROVED AS IS

APPROVED WITH C

PROCESS WITH FABRICATION

100% NEW LISTS ONLY SPECIALIZE 2174

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CONCLUSIONS

267

NOTE: ALL EYEBROW (FIRST FLOOR) SIGNS TO HAVE A MAXIMUM LETTER HEIGHT OF 24 INCHES.

Northeast Elevation

25 of 2000

●



SSC
SIGN SPECIALISTS
CORPORATION

**Channel Letter Building Top &
Channel Letter Eyebrow Signs**

PROJECT NAME

Master Sign Program

LOCATION

3750 University Ave.
Riverside, CA 92501

CONTACT

Christine Jensen
909.974.4023

PC

Christine.Jensen@ngbl.com

SALES PERSON

Sean Baldwin

714.641.0064

PC: 714.641.0065

sean.baldwin@signspecialists.com

DESIGNER

Brad Sanders

brad.sanders@signspecialists.com

SCALE:

AS NOTED

PAGE

4 of 9

ORDER #846985

Version 1.4 - 3.29.2017 Version 7.4 - 1.18.2018

Version 2.4 - 3.24.2017 Version 8.4 - 2.27.2018

Version 3.4 - 3.29.2017

Version 4.4 - 6.14.2017

Version 5.4 - 7.5.2017

Version 6.4 - 7.11.2017

CLIENT APPROVAL

☐ APPROVED AS IS.

☐ APPROVED WITH CHANGES NOTED ABOVE.

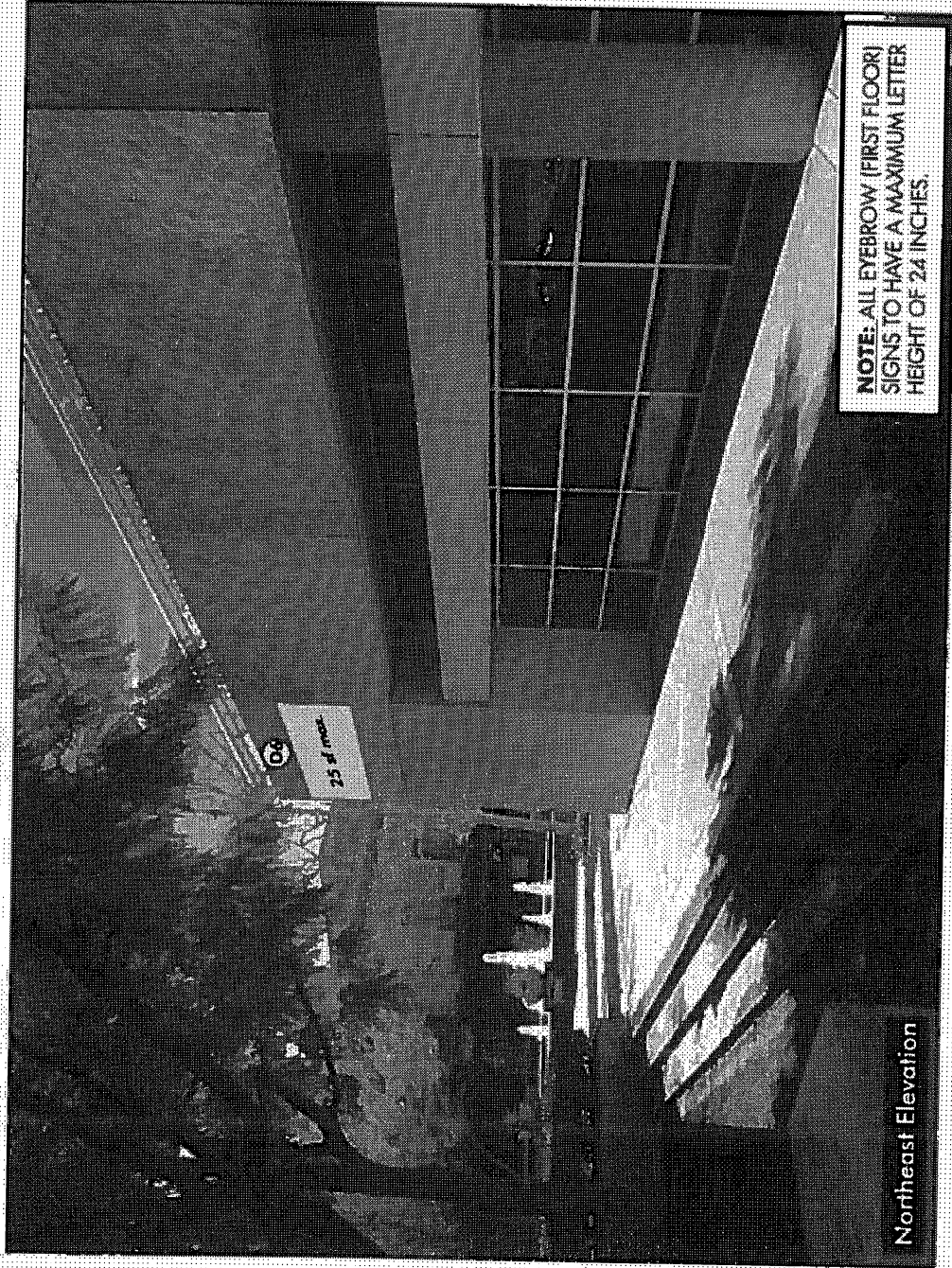
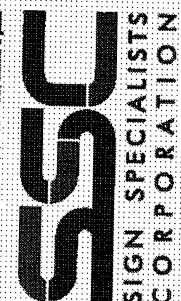
☐ PROCEED WITH FABRICATION.

☐ HAVE REVISIONS AND SUBMIT NEW PROOF.

SIGNATURE

DATE

We warrant that the materials and workmanship of the signs and lettering are in accordance with the specifications and standards set forth in the contract. We warrant that the signs and lettering are in accordance with the specifications and standards set forth in the contract. We warrant that the signs and lettering are in accordance with the specifications and standards set forth in the contract.



Northeast Elevation

Channel Letter Building Top & Channel Letter Eyebrow Signs

PROJECT NAME

Master Sign Program

LOCATION

3750 University Ave.
Riverside, CA 92501

CONTACT

Christine Jensen
909.974.4023

PC:

Christine.Jensen@ngsf.com

SALES PERSON

Sean Baldwin
714.641.0064
FX: 714.641.0065

sean.baldwin@signspecialists.com

DESIGNER

Brad Sanders
brad.sanders@signspecialists.com

SCALE

AS NOTED

PAGE 6 of 9

ORDER #B46985

Version 1.6 - 3.22.2017 Version 7.6 - 1.18.2018
Version 2.6 - 3.24.2017 Version 8.6 - 2.27.2018
Version 3.6 - 3.29.2017
Version 4.6 - 6.14.2017
Version 5.6 - 7.5.2017
Version 6.6 - 7.11.2017

CLIENT APPROVAL

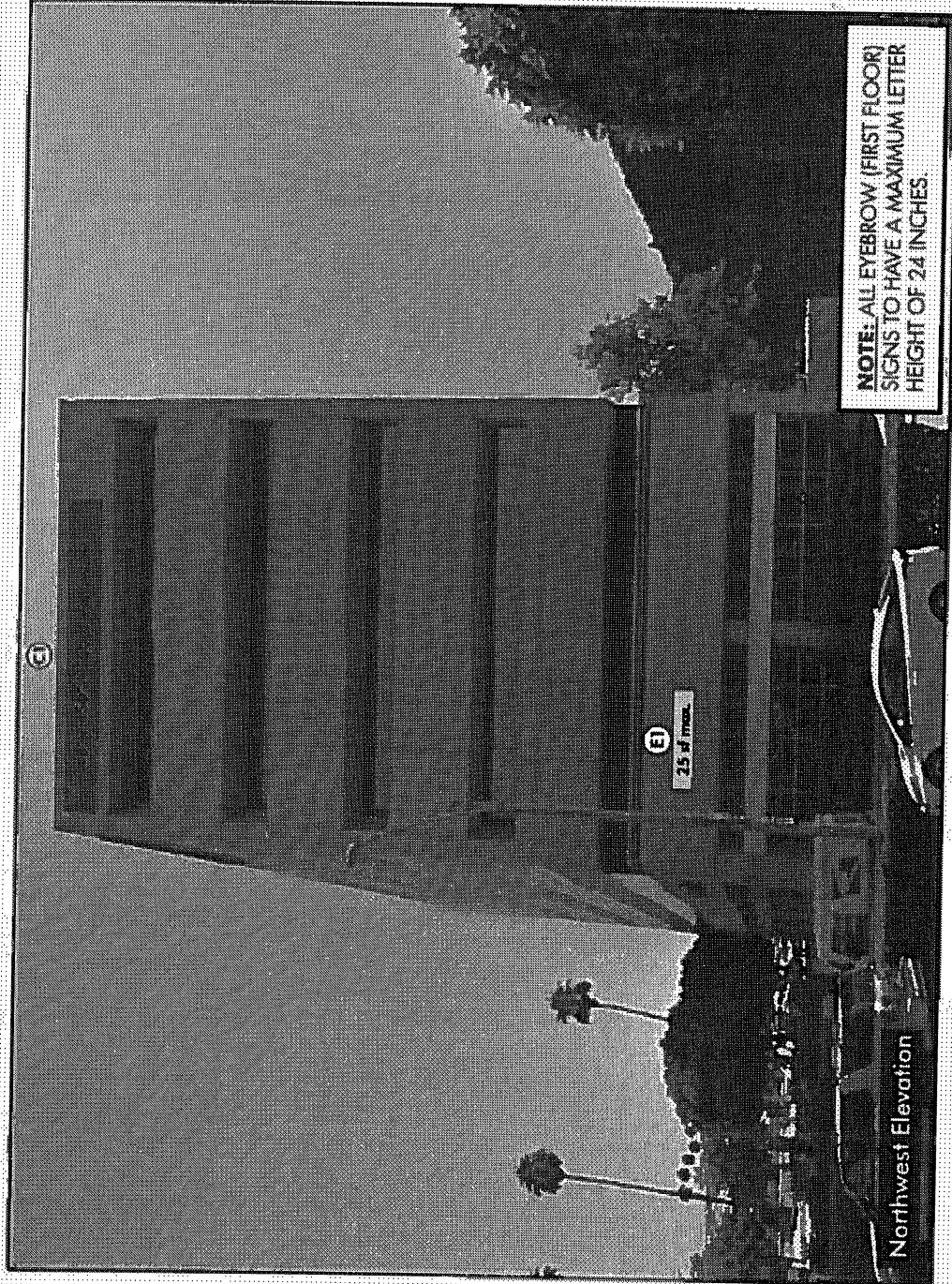
- ☐ APPROVED AS IS.
☐ APPROVED WITH CHANGES NOTED ABOVE.
☐ PROCEED WITH FABRICATION
☐ MAKE REVISIONS AND SUBMIT NEW PROOF.

SIGNATURE

DATE

By signing this document, the client agrees to pay for the signs and to hold the sign company harmless from all claims, damages, and expenses, including attorney's fees, arising from the use of the signs. The sign company will not be responsible for the removal of the signs from the building or the removal of the signs from the building. The sign company will not be responsible for the removal of the signs from the building or the removal of the signs from the building.

SSC
SIGN SPECIALISTS
CORPORATION



Northwest Elevation

NOTE: ALL EYEBROW (FIRST FLOOR) SIGNS TO HAVE A MAXIMUM LETTER HEIGHT OF 24 INCHES.

25' max.

Channel Letter Building Top & Channel Letter Eyebrow Signs

PROJECT NAME

Master Sign Program

LOCATION

3750 University Ave.
Riverside, CA 92501

CONTACT

Christine Jensen
909.974.4023
cjc

Christine.Jensen@ngt.com

SALES PERSON

Sean Baldwin
714.441.0064
FX: 714.441.0065
sean.baldwin@signspecialists.com

DESIGNER

Brad Sanders
brad.sanders@signspecialists.com

SCALE

AS NOTED

PAGE

7 of 9

ORDER

8-0585

Version 1.7 - 2.22.2017 Version 7.7 - 1.18.2018
Version 2.7 - 2.24.2017 Version 7.8 - 2.27.2018
Version 3.7 - 2.29.2017
Version 4.7 - 5.14.2017
Version 5.7 - 7.5.2017
Version 6.7 - 7.11.2017

CLIENT APPROVAL

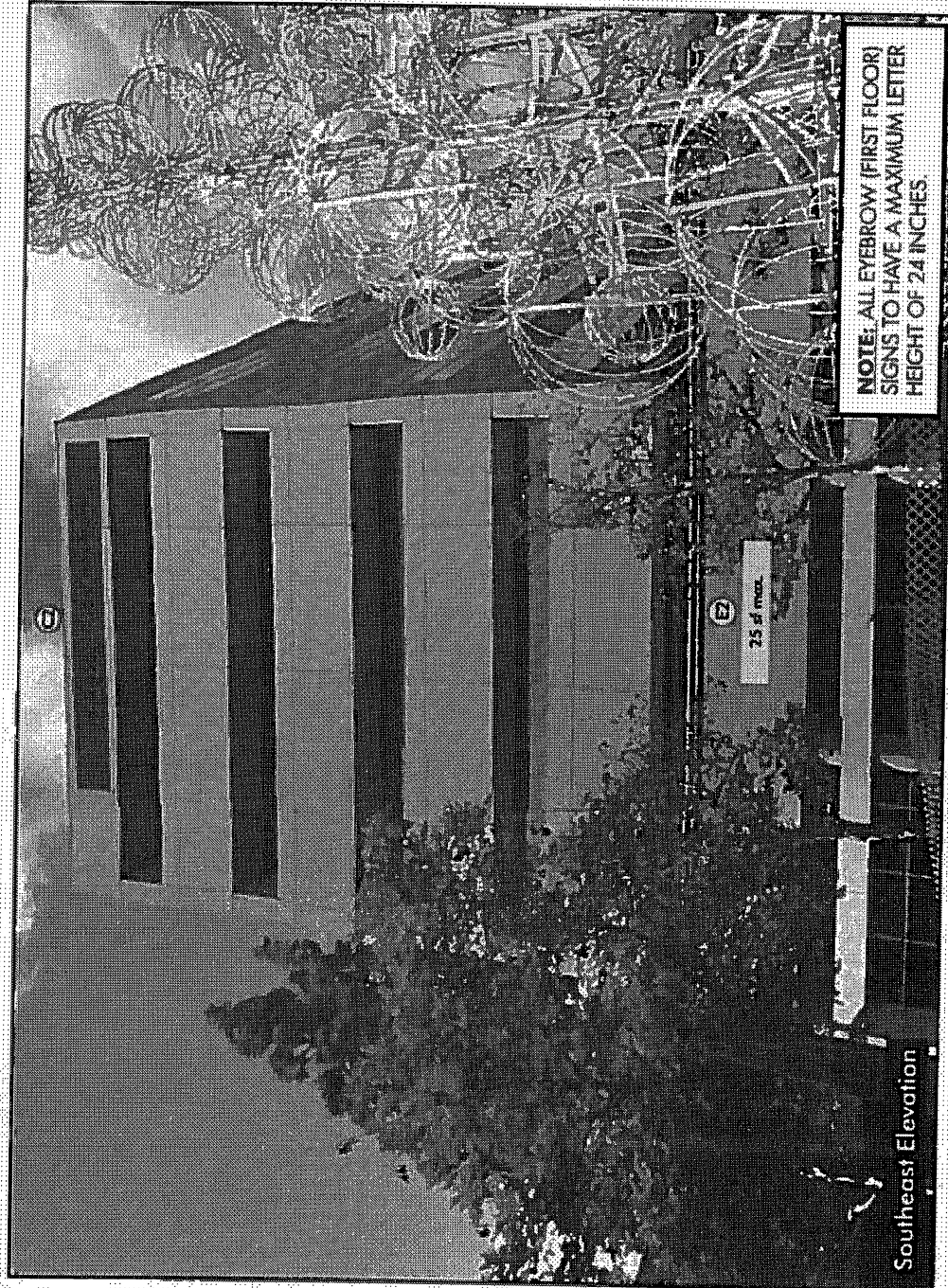
- ☐ APPROVED AS IS
☐ APPROVED WITH CHANGES NOTED ABOVE
☐ PROCEED WITH FABRICATION
☐ HAVE REVISIONS AND SUBMIT NEW PROOF

SIGNATURE

DATE

The undersigned hereby certifies that the information furnished herein is true and correct to the best of his knowledge and belief, and that the same has been prepared in accordance with the requirements of the applicable laws and regulations. The undersigned further certifies that the information furnished herein is not false or misleading in any material particular, and that the same has been prepared in accordance with the requirements of the applicable laws and regulations. The undersigned further certifies that the information furnished herein is not false or misleading in any material particular, and that the same has been prepared in accordance with the requirements of the applicable laws and regulations.

SSC
SIGN SPECIALISTS
CORPORATION



Southeast Elevation

**Channel Letter Building Top &
Channel Letter Eyebrow Signs**

PROJECT NAME
Master Sign Program

LOCATION
3750 University Ave.
Riverside, CA 92501

CONTACT
Christine Jensen
909.974.4023
PJ: Christine.Jensen@right.com

SALES PERSON
Sean Baldwin
714.641.0064
sean.baldwin@signspecialists.com

DESIGNER
Brod Sanders
brod.sanders@signspecialists.com

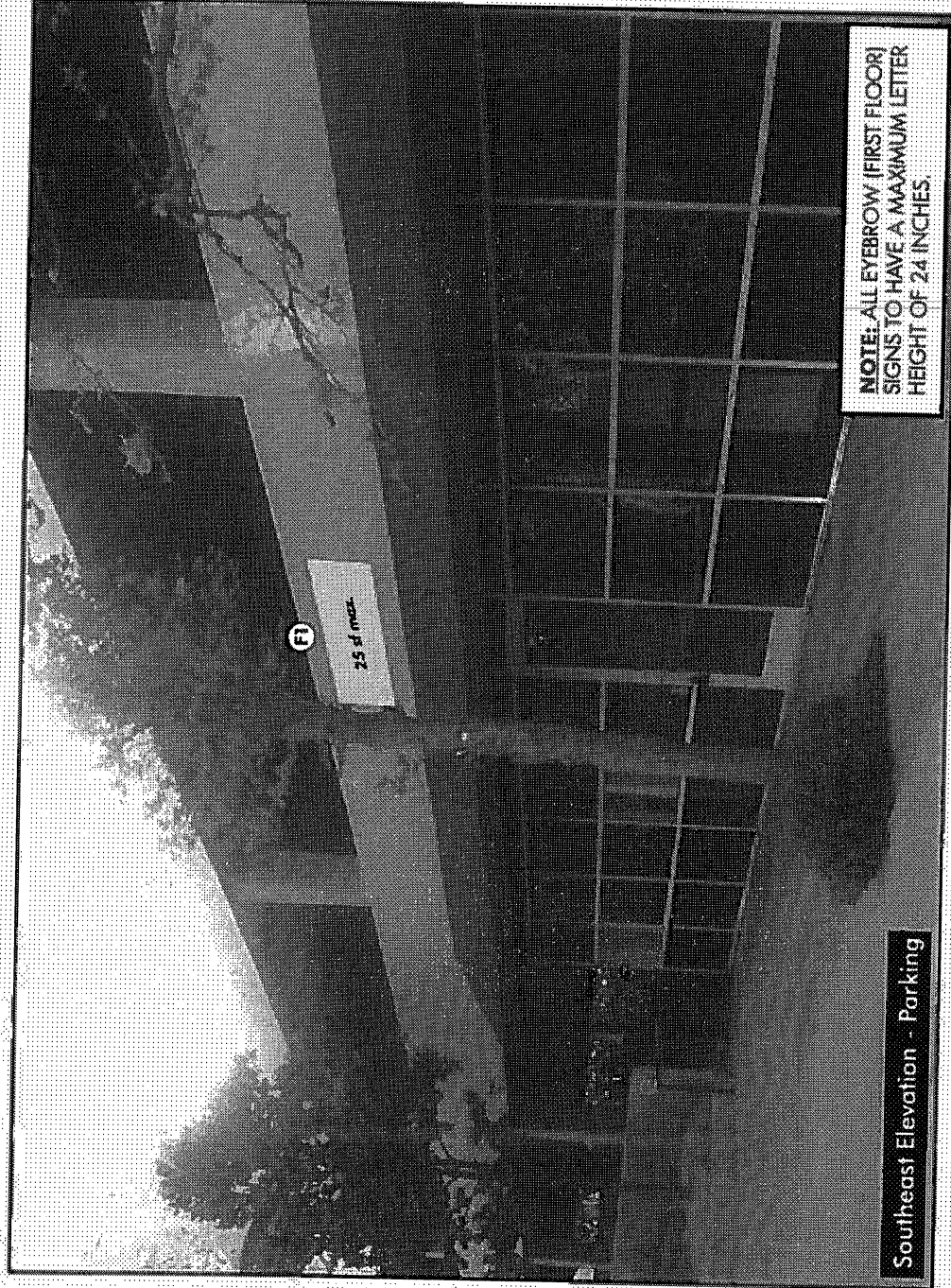
SCALE: AS NOTED **PAGE:** 8 of 9

ORDER # 846985
Version 1.0 - 3.22.2017 Version 2.0 - 1.18.2018
Version 2.0 - 3.24.2017 Version 3.0 - 2.27.2018
Version 3.0 - 3.29.2017
Version 4.0 - 6.14.2017
Version 5.0 - 7.5.2017
Version 6.0 - 7.11.2017

CLIENT APPROVAL
☐ APPROVED AS IS
☐ APPROVED WITH CHANGES NOTED ABOVE.
☐ PROCEED WITH FABRICATION.
☐ MAKE REVISIONS AND SUBMIT NEW PROOF.

SIGNATURE _____
DATE _____

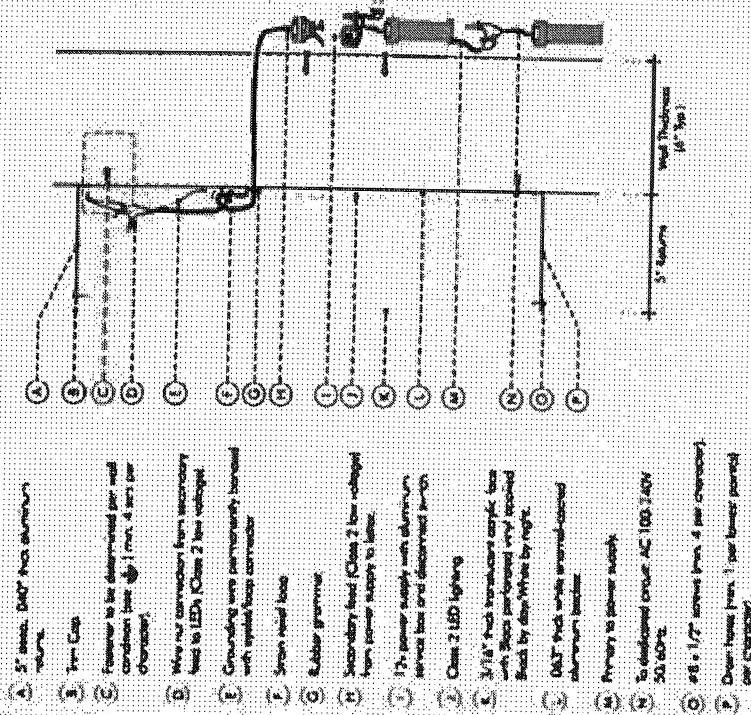
Sign Specialists Corporation is not responsible for the accuracy of the information provided in this document. The information is provided for informational purposes only. The information is not intended to be used as a basis for any decision. The information is provided as a service to our clients and is not a guarantee. The information is provided as a service to our clients and is not a guarantee. The information is provided as a service to our clients and is not a guarantee.



Southeast Elevation - Parking

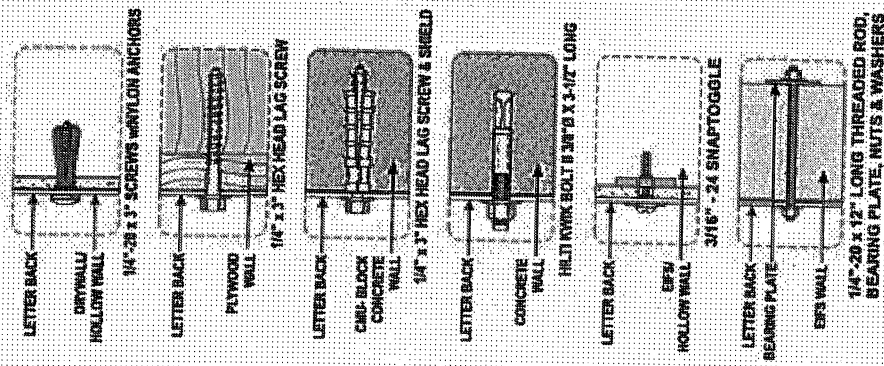
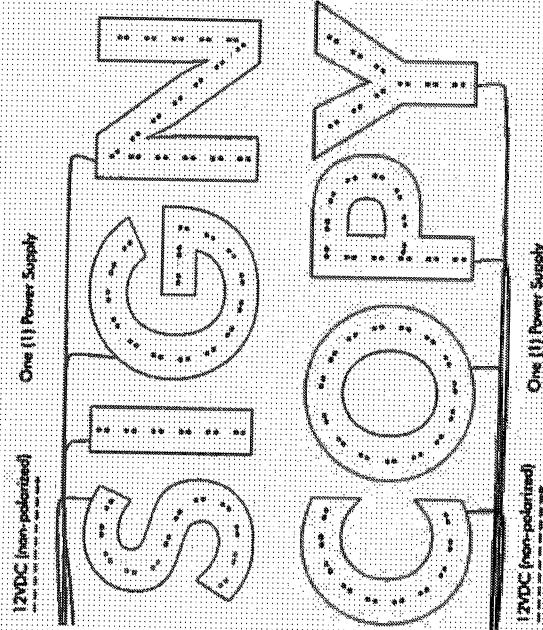
Front-lit LED Channel (Flush Mount)

Fabrication/Installation Detail



- A. 5' section, 24\"/>
- B. 1/4\"/>
- C. Fastener to be determined per wall condition (max. 1 min. 4 per character)
- D. Wire nut connection from secondary feed to LED (Class 2 low-voltage)
- E. Grounding wire permanently bonded with spade/loop connector
- F. Screen shield back
- G. Rubber grommet
- H. Secondary feed (Class 2 low-voltage) from power supply to letter
- I. 17\"/>
- J. Class 2 LED lighting
- K. 3/16\"/>
- L. 1/8\"/>
- M. 1/8\"/>
- N. Primary to power supply
- O. To dedicated circuit AC 100-240V 50-60Hz
- P. #8 x 1/2\"/>
- Q. Down from 1 per letter panel per character

Electrical Wiring - Typical (NTS)



**A FASTENER OPTIONS
1 PER WALL CONDITION**

NOTE: ALL EYEBROW (FIRST FLOOR) SIGNS TO HAVE A MAXIMUM LETTER HEIGHT OF 24 INCHES.

NOTE:
This sign is intended to be installed in accordance with the requirements of Article 600 of the National Electrical Code and/or other applicable local codes. This includes proper grounding and bonding of the sign.

NOTE:
Signs are intended to be installed in accordance with the installation instructions provided with the sign sections and the NEC. Authorities having jurisdiction are responsible for the ultimate decision to approve an installation. All work to comply with current California Building codes and current California Energy Efficiency Standards for sign lighting.

All electrical components UL listed.

EXHIBIT "E"

GUARANTY

THIS GUARANTY OF LEASE ("Guaranty") is entered into this _____ day of _____, 2019, by and between THE CITY OF RIVERSIDE, a California charter city and municipal corporation ("Lessor") and DAVID D. L. HORTON ("Guarantor") with reference to the following:

WHEREAS, a certain lease ("Lease") of even date herewith has been, or will be, executed by and between Lessor and DAVID D. L. HORTON, ESQ. AND ASSOCIATES, a professional corporation ("Lessee"), covering certain premises located at 3750 University Avenue, Suite 560, located in the City of Riverside, County of Riverside, State of California, with zip code 92501; and

WHEREAS, the Lessor under the Lease requires as a condition to its execution of the Lease that the Guarantor guarantees the full performance of the obligations of Lessee under the Lease; and

WHEREAS, the Guarantor is desirous that Lessor enter into the Lease with Lessee.

NOW, THEREFORE, in consideration of the execution of the Lease by Lessor, Guarantor hereby unconditionally guarantees the full performance of each and all of the terms, covenants and conditions of the Lease to be kept and performed by the Lessee, including the payment of all rentals and other charges to accrue thereunder. Guarantor further agrees as follows:

1. Should Lessee fail to perform any of the terms, covenants or obligations under the Lease, Guarantor, upon notice from Lessor, shall, within ten (10) days perform as required under the Lease.
2. That this Guaranty shall continue in favor of the Lessor notwithstanding any extension, modification or alteration of the Lease entered into by and between the parties thereto, or their successors or assigns, or notwithstanding any assignment of the Lease, with or without the consent of the Lessor, and no extension, modification, alteration or assignment of the Lease shall in any manner release or discharge Guarantor.
3. This Guaranty will continue unchanged by and bankruptcy, reorganization or insolvency of the Lessee or any successor or assignee thereof or by any disaffirmance or abandonment by a trustee of Lessee.
4. Lessor may, without notice, assign this Guaranty in whole or in part and no assignment or transfer of the Lease shall operate to extinguish or diminish the liability of the Guarantor hereunder.
5. The liability of Guarantor under this Guaranty shall be primary and that in any right of action which shall accrue to Lessor under the Lease, the Lessor may, at its option, proceed against Guarantor without having commenced any action, or having obtained any judgment against the Lessee.
6. They hereby agree to pay Lessor's reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection or in any negotiations relative to the

obligations hereby guaranteed or enforcing this Guaranty against the undersigned, individually and jointly.

7. That they do hereby waive notice of any demand by the Lessor, as well as any notice of default in the payment of rent or any other amounts contained or reserved in the Lease.

8. That they do hereby waive the provisions of Sections 2809, 2810, 2819, 2845, 2850 and 3433 of the California Civil Code.

The use of the singular herein shall include the plural. The obligation of two or more parties shall be joint and several. The terms and provisions of this Guaranty shall be binding upon and insure to the benefit of the respective successors and assigns of the parties herein named.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed as of the date set forth above.

GUARANTOR

By: _____

DAVID D. L. HORTON

LESSOR

THE CITY OF RIVERSIDE,
a California charter city and municipal
corporation

By: _____

City Manager

Dated: _____

Attested to:

By: _____

City Clerk

Approved as to form:

By: _____

Chief Assistant City Attorney