

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal Economic Development
Dept: City Manager/Director
Subject: JOINT PUBLIC HEARING Date: April 12, 2011
REGARDING 11277 GARDEN GROVE
BOULEVARD CITY SUBLEASE- AND
ST. ANSELM SUBLEASE FOR THE
BUILDING LOCATED AT 11277
GARDEN GROVE BOULEVARD,
GARDEN GROVE

OBJECTIVE

Conduct a joint Public Hearing to consider the First Amendment to Sublease (Sublease-Overlease) between the Garden Grove Agency for Community Development (Agency) and the City of Garden Grove (City) for the building located at 11277 Garden Grove Boulevard, Garden Grove (Property). If the Sublease-Overlease is approved, it is requested that the City Council approve a sublease between the City and St. Anselm's Cross Cultural Center (Sublease) to sublease 18,319 square feet of the building.

BACKGROUND

The Agency entered into a lease for the Property from the Purcell Marital Trust in 1996 under a Master Lease that will expire in 2016. Historically, the Agency has subleased the Property to non-profit organizations and to the City for use of office space by City Departments. The amount of office space needed by City departments varied over different periods of time and therefore in 2006, the Agency entered into a five-year sublease for the City to lease the entire building with the purpose of streamlining the leasing process. The City then subleased unused space to community service organizations such as St. Anselm's Cross Cultural Center (St. Anselm's).

ANALYSIS

Staff prepared an amendment to the Sublease-Overlease (Attachment 1) extending the term of the lease by five years and maintaining the same terms under the original lease entered into by the Agency and the City in 2006. The following is a summary of the terms pursuant to the original lease:

- Five-year term

- Lease of 31,310 square feet
- City pays the Agency a pro rata share of the Rent due under the Master Lease plus receipts from City subleases to other tenants currently calculated at monthly rate of \$1.55 per square foot
- City pays a pro rata share of the operating expenses due under the Master Lease

Currently, the Garden Grove Housing Authority, Channel 3 and the Engineering Division occupy space on the first floor (16,095 square feet). St. Anselm's occupies the second floor. The term of the original sublease between the City and St. Anselm's has expired and therefore staff has prepared a new Sublease (Attachment 2) with the following terms:

- Lease of 18,319 square feet
- Lease terminates January 31, 2016 or the earlier of the termination of the Master Lease or Sublease-Overlease
- A base rental rate of \$1.40 per square foot, which is in the range of fair market value for comparable office space
- Biannual adjustment of lease rate under the same formula used in the Master Lease based upon Consumer Price Index increase
- An additional rent payment will be made of \$0.20 square foot for operating expenses that will adjust biannually based upon Consumer Price Index increase

As a lease of Agency property, this item was noticed once a week for two consecutive weeks prior to this public hearing, pursuant to Section 33431 of the California Health and Safety Code.

FINANCIAL IMPACT

For the portion of space occupied by City Departments, the City will pay the Agency a pro-rata portion of the rent and operating expenses pursuant to the Master Lease. For the portion of space that is not occupied by City Departments, the rent due from the City to the Agency will equal the amount of rent and operating expenses received by the City pursuant to any subleases.

RECOMMENDATION

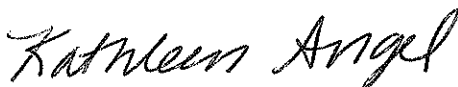
Staff recommends that the City Council:

- Approve the First Amendment to the Sublease Agreement with the Agency for the building located at 11277 Garden Grove Boulevard, Garden Grove; and authorize the City Manager to execute the lease on behalf of the City; and
- Approve the Sublease Agreement with St. Anselm's for a portion of the building space located at 11277 Garden Grove Boulevard, Garden Grove; and authorize the City Manager to execute the lease on behalf of the City.

Staff recommends that the Agency:

- Approve the First Amendment to the Sublease Agreement with the City for the building located at 11277 Garden Grove Boulevard, Garden Grove; and authorize the Director to execute the lease on behalf of the Agency.

GREG BROWN 
Real Property Division Manager



By: Kathleen McCall Angel
Economic Development Specialist

Attachment 1: First Amendment to Sublease Agreement between the City and Agency

Attachment 2: Sublease Agreement between the City and St. Anselm's

Approved for Agenda Listing


Matthew Ferial
City Manager

FIRST AMENDMENT TO SUBLEASE

This FIRST AMENDMENT TO SUBLEASE (this "Amendment") is made as of the _____ day of April, 2011, by and between GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT ("Sublandlord") and the CITY OF GARDEN GROVE ("Subtenant") with regard to the following facts.

RECITALS

A. Sublandlord is the tenant under that certain Standard Office Lease – Gross (as amended, extended, supplemented or otherwise modified, the "Master Lease"), dated as of January 22, 1996, with Pamela V. Purcell, Trustee of the Purcell Marital Trust (the "Master Landlord") (a copy of which Master Lease is attached hereto as Exhibit A and by this reference made a part hereof) concerning approximately 31,310 rentable square feet of office space (the "Master Premises") in an office building (the "Building") located at 11277 Garden Grove Boulevard, Garden Grove, California. All capitalized terms not otherwise defined in this Sublease shall have the same meanings defined in the Master Lease.

B. Subtenant and Sublandlord have entered into that certain Sublease dated as of September 19, 2006 ("Original Sublease") pursuant to which Sublandlord agreed to lease and demise to Subtenant and Subtenant agreed to hire and take from Sublandlord all of the Master Premises (the "Subleased Premises").

AMENDMENT

In consideration of the mutual covenants contained herein, the sufficiency of which are hereby acknowledged, the parties hereto agree to amend the Original Sublease as follows:

1. Amendment. The foregoing recitals are incorporated herein by this reference. The effectiveness of this Amendment is expressly conditioned upon: (a) Sublandlord receiving the written consent of the Master Landlord to the transaction contemplated by this Amendment and (b) Subtenant's delivery to Sublandlord of certificate(s) of insurance evidencing the existence of the insurance required by paragraph 8.1 of the Master Lease. Subtenant acknowledges that Master Landlord is not obligated to grant such consent and that Sublandlord shall have no liability for Master Landlord's failure to grant such consent.

2. Term. Subject to the satisfaction of all of the conditions set forth in the second sentence of Section 1 above, the Sublease Term shall end, unless sooner terminated as provided in the Master Lease, on February 28, 2016.

3. Consent of Master Landlord. The validity of this Amendment shall be subject to the Master Landlord's prior written consent hereto pursuant to the terms of the Master Lease.

4. Counterparts. This Amendment may be executed in facsimile and in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

5. No Further Changes. Except as expressly provided in this Amendment, the Original Sublease shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Sublease to be executed as of the day and year first above written.

SUBLANDLORD:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**

SUBTENANT:

CITY OF GARDEN GROVE

Matthew Fertal, Director

Matthew Fertal, City Manager

ATTEST:

Kathleen Bailor, Secretary

ATTEST:

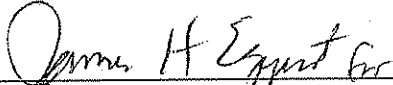
Kathleen Bailor, City Clerk

APPROVED AS TO FORM



Stradling Yocca Carlson & Rauth,
Agency Counsel

APPROVED AS TO FORM



Woodruff Spradlin & Smart,
City Attorney

CONSENT TO SUBLEASE

The undersigned, Pamela V. Purcell, Trustee of the Purcell Marital Trust, the landlord ("Master Landlord") under that certain Standard Office Lease - Gross dated January 22, 1996, as amended, extended, supplemented or otherwise modified and in effect ("Master Lease"), hereby consents and agrees to (i) the subletting of the premises described in the Master Lease ("Premises") by Garden Grove Agency for Community Development ("Sublandlord") to the City of Garden Grove ("Subtenant"), and (ii) that certain Sublease dated as of September 19, 2006 and that certain First Amendment to Sublease dated as of April __, 2011, by and between Sublandlord and Subtenant ("Sublease"); provided, however, that Sublandlord shall remain liable as lessee under the Master Lease. The undersigned hereby represents and warrants to Sublandlord and Subtenant that the Purcell Marital Trust is the sole owner of the Premises and that she is authorized as its Trustee to execute this Consent to Sublease on behalf of the Purcell Marital Trust.

Dated: April 1st, 2011

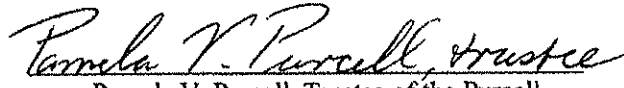

Pamela V. Purcell, Trustee of the Purcell
Marital Trust

EXHIBIT A

THE MASTER LEASE

STANDARD OFFICE LEASE-GROSS
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1. Basic Lease Provisions ("Basic Lease Provisions")

1.1. Unless this Lease, dated, for reference purposes only, January 22, 1996, is made by and between Frank Purcell, Trustee and Pamela Purcell, Trustee (herein called "Lessor") and Garden Grove Agency for Community Development (herein called "Lessee"), doing business under the name of _____ (herein called "Lessee").

1.2. Premises: Suite Number(s) Entire Building floor, consisting of approximately 31,310 feet, more or less, as defined in paragraph 2 and as shown on Exhibit "A" hereto (the "Premises").

1.3. Buildings Commonly described as being located at 11277 Garden Grove Boulevard in the City of Garden Grove County of Orange State of California, as more particularly described in Exhibit A hereto, and as defined in paragraph 2.

1.4. Use: Any lawfully permitted use, subject to paragraph 8.

1.5. Term: Ten (10) years commencing March 1, 1996 ("Commencement Date") and ending February 28, 2006 as defined in paragraph 8.

1.6. Base Rent: \$405,778 per month, payable on the 1st day of each month per paragraph 4.1 beginning March 1, 1996 in advance.

1.7. Base Rent Increase: On March 1, 1998, 2000, 2002, 2004 the monthly Base Rent payable under paragraph 1.6 above shall be adjusted as provided in paragraph 4.3 below.

1.8. Rent Paid Upon Execution: _____

1.9. Security Deposit: SEE PARAGRAPH 5.

1.10. Lessor's Share of Operating Expense Increase: 100% as defined in paragraph 4.2.

2. Premises, Parking and Common Areas.

2.1. Premises: The Premises are a portion of a building, herein sometimes referred to as the "Building" identified in paragraph 1.3 of the Basic Lease Provisions. "Building" shall include adjacent parking structures used in connection therewith. The Premises, the Building, the Common Areas, the land upon which the same are located, along with all other buildings and improvements thereon or thereunder, are herein collectively referred to as the "Office Building Project." Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, the real property referred to in the Basic Lease Provisions, paragraph 1.2, as the "Premises," including rights to the Common Areas as hereinafter specified.

2.2. Vehicle Parking: So long as Lessee is not in default, and subject to the rules and regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use all parking spaces in the Office Building Project at the monthly rate applicable from time to time for monthly parking as set by Lessor and/or its lessees. for no additional charge

2.2.1. If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor 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 Lessee, which cost shall be immediately payable upon demand by Lessor.

2.2.2. The monthly parking rate per parking space will be \$ 0 per month at the commencement of the term of this Lease, and is subject to change upon five (5) days prior written notice to Lessor. Monthly parking fees shall be payable one month in advance prior to the first day of each calendar month.

2.3. Common Areas - Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Office Building Project that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and of other lessees of the Office Building Project and their respective employees, suppliers, shippers, customers and invitees, including but not limited to common entrances, lobbies, corridors, stairways and stairwells, public restrooms, elevators, escalators, parking areas to the extent not otherwise prohibited by this Lease, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, ramps, driveway, landscaped areas and decorative walls.

2.4. Common Areas - Rules and Regulations. Lessee agrees to abide by and conform to the rules and regulations attached hereto as Exhibit B with respect to the Office Building Project and Common Areas, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Lessor or such other persons as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to modify, amend and enforce said rules and regulations. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees, their agents, employees and invitees of the Office Building Project.

2.5. Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make changes to the Building interior and exterior and Common Areas, including, without limitation, changes in the location, size, shape, number, and appearance thereof, including but not limited to the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, decorative walls, landscaped areas and walkways; provided, however, Lessor shall at all times provide the parking facilities required by applicable law;
- (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 and improvements outside the boundaries of the Office Building Project to be a part of the Common Areas, provided that such other land and improvements have a reasonable and functional relationship to the Office Building Project;
- (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 Office Building Project, or any portion thereof;
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Office Building Project as Lessor may, in the exercise of sound business judgment deem to be appropriate.

3. Term. (See Section 84 re: Option to Extend)

3.1. Term. The term and Commencement Date of this Lease shall be as specified in paragraph 1.5 of the Basic Lease Provisions.

3.2. Delay in Possession. Notwithstanding said Commencement Date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date and subject to paragraph 3.2.2, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof; but, in such case, Lessee shall not be obligated to pay rent or perform any other obligation of Lessee under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Lessee, as hereinafter defined; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days following said Commencement Date, the same may be extended under the terms of a Work Letter executed by Lessor and Lessee, Lessee may, at Lessee's

Initials: [Signature]

option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from obligations hereunder; provided, however, that, as to Lessee's obligations, Lessee first reimburses Lessor for all costs incurred for Non-Standard Improvements and, as to Lessor's obligations, Lessor shall retain any money previously deposited by Lessee (less any sums due Lessor for Non-Standard Improvements); and provided further, that if such written notice by Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.2.1 Possession Tendered - Defined. Possession of the Premises shall be deemed tendered to Lessee ("Tender of Possession") when (1) Improvements to be provided by Lessor under this Lease are substantially completed, (2) the Building Utilities are ready for use in the Premises, (3) Lessee has reasonable access to the Premises, and (4) 15n (10) days shall have expired following advance written notice to Lessee of the occurrence of the matters described in (1), (2) and (3), above of this paragraph 3.2.1.

3.2.2 Delays Caused by Lessee. There shall be no abatement of rent, and the sixty (60) day period following the Commencement Date best which Lessee's right to cancel this Lease accrues under paragraph 3.2, shall be deemed extended to the extent of any delays caused by acts or omissions of Lessee, Lessee's agent, employees and contractors. See Paragraph 60.

3.3 Early Possession. If Lessee occupies the Premises prior to said Commencement Date, such occupancy shall be subject to all provisions of this Lease, such occupancy shall not change the termination date, and Lessee shall pay rent for such occupancy.

3.4 Uncertain Commencement. In the event commencement of the Lease term is defined as the completion of the Improvements, Lessee a Lessor shall execute an amendment to this Lease establishing the date of Tender of Possession (as defined in paragraph 3.2.1) or the actual taking possession by Lessee, whichever first occurs, as the Commencement Date.

4. Rent.

4.1 Base Rent. Subject to adjustment as hereinafter provided in paragraph 4.3, and except as may be otherwise expressly provided in this Lease Lessee shall pay to Lessor the Base Rent for the Premises set forth in paragraph 1.6 of the Basic Lease Provisions, without offset or deduction. Lessee shall pay Lessor upon execution hereof the advance Base Rent described in paragraph 1.8 of the Basic Lease Provisions. Rent for any period during the term hereof which is for less than one month shall be prorated based upon the actual number of days of the calendar month involved. Rent to be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessee may designate in writing.

4.2 Operating Expense Increase. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share, as hereinafter defined, of the amount by which all Operating Expenses, as hereinafter defined, for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase," in accordance with the following provisions:

(a) Lessee's Share of the Operating Expense Increase for the Comparison Year shall be the percentage set forth in paragraph 1.10 of the Basic Lease Provisions, which percentage has been determined by dividing the approximate square footage of the Premises by the total approximate square footage of the rental space contained in the Office Building Project. It is understood and agreed that the square footage figures set forth in the Basic Lease Provisions are approximations which Lessor and Lessee agree are reasonable and shall not be subject to revision except in connection with an actual change in size of the Premises or a change in the space available for lease in the Office Building Project.

(b) "Base Year" is defined as the calendar year in which the Lease term commences.

(c) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first twelve (12) months of the Lease Term (other than as so mandated by a governmental authority, as to which governmental mandated expense Lessee shall pay Lessee's Share, notwithstanding that it occur during the first twelve (12) months), Lessee's Share of the Operating Expense Increase for the first and last Comparison Year of the Lease Term shall be prorated according to that portion of such Comparison Year to which Lessee is responsible for a share of such increase.

(d) "Operating Expenses" is defined, for purposes of this Lease, to include all costs, if any, incurred by Lessor in the exercise of its reasonable discretion, for:

(i) The operation, repair, maintenance, and replacement, in neat, clean, safe, good order and condition, of the Office Building Project including but not limited to, the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and include parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, strip bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, telecommunication and other equipment used common by or for the benefit of lessees or occupants of the Office Building Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair;

(cc) Trash disposal, janitorial and security services;

(dd) Any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(e) The cost of the premiums for the liability and property insurance policies to be maintained by Lessor under paragraph 8 hereof;

(f) The amount of the real property taxes to be paid by Lessor under paragraph 10.1 hereof;

(g) The cost of water, sewer, gas, electricity, and other publicly mandated services to the Office Building Project;

(h) Labor, salaries and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Office Building Project and accounting and a management fee attributable to the operation of the Office Building Project;

(i) Replacing and/or adding improvements mandated by any governmental agency and any repairs or removals necessitated therefor amortized over its useful life according to Federal income tax regulations or guidelines for depreciation thereof (including interest on the unamortized balance as is then reasonable in the judgment of Lessor's accountants);

(j) Replacements of equipment or improvements that have a useful life for depreciation purposes according to Federal income tax guidelines of five (5) years or less, as amortized over such life.

(k) Operating Expenses shall not include the costs of replacements of equipment or improvements that have a useful life for Federal income tax purposes in excess of five (5) years unless it is of the type described in paragraph 4.2(d)(j)(i), in which case their cost shall be included as above provided.

(l) Operating Expenses shall not include any expenses paid by any lessee directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

(m) Lessee's Share of Operating Expense Increase shall be payable by Lessee within ten (10) days after a reasonably detailed statement of actual expenses is presented to Lessee by Lessor. At Lessor's option, however, an amount may be estimated by Lessor from time to time in advance of Lessee's Share of the Operating Expense Increase for any Comparison Year, and the same shall be payable monthly or quarterly, as Lessor may designate, during each Comparison Year of the Lease term, on the same day as the Base Rent is due hereunder. In the event that Lessee pay Lessor's estimate of Lessee's Share of Operating Expense Increase as aforesaid, Lessor shall deliver to Lessee within sixty (60) days after the expiration of each Comparison Year a reasonably detailed statement showing Lessor's Share of the actual Operating Expense Increase incurred during such year. If Lessee's payments under this paragraph 4.2(m) during said Comparison Year exceed Lessor's Share as indicated on said statement, Lessee shall be entitled to credit the amount of such overpayment against Lessee's Share of Operating Expense Increase next falling due. If Lessee's payment under this paragraph during said Comparison Year was less than Lessor's Share as indicated on said statement, Lessee shall pay to Lessor the amount of the deficiency within ten (10) days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increase, notwithstanding that the Lease term may have terminated before the end of such Comparison Year. Lessee's Share of Operating Expense Increase shall not exceed 5% of the previous year's expenses.

4.3.1 At the times set forth in paragraph 1.7 of the Basic Lease Provisions, the monthly Base Rent payable under paragraph 4.1 of this Lease shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers, (1987=100), "All Items," for the city nearest the location of the Building, herein referred to as "CPI" since the date of this Lease.

4.3.2 The monthly Base Rent payable pursuant to paragraph 4.3.1 shall be calculated as follows: the Base Rent payable for the first month of the term of this Lease, as set forth in paragraph 4.1 of this Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month during which the adjustment is to take effect, and the denominator of which shall be the CPI for the calendar month in which the original Lease term commences. The sum so calculated shall constitute the new monthly Base Rent hereunder, but, in no event, shall such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the date for the rent adjustment.

4.3.3 In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or

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agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculations. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in the County in which the Premises are located, in accordance with the then rules of said association and the decision of the arbitrator shall be binding upon the parties, notwithstanding one party failing to appear after due notice of the proceeding. The cost of said Arbitration shall be paid equally by Lessor and Lessee.

4.3.4 Lessee shall continue to pay the rent at the rate previously in effect until the increase, if any, is determined. Within five (5) days following the date on which the increase is determined, Lessee shall make such payment to Lessor as will bring the increased rental current, commencing with the effective date of such increase through the date of any rental installments then due. Thereafter the rental shall be paid at the increased rate.

4.3.5 At such time as the amount of any change in rental required by this Lease is known or determined, Lessor and Lessee shall execute an amendment to this Lease setting forth such change.

5. Security Deposit: Lessee shall deposit with Lessor upon execution hereof the security deposit set forth in paragraph 1.8 of the Base Lease. Provisions as to security for Lessee's faithful performance of Lessee's obligations hereunder, if Lessee fails to pay rent or other charges due hereunder or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount then required of Lessee. If the monthly Base Rent shall from time to time increase during the term of this Lease, Lessee shall, at the time of such increase, deposit with Lessor additional money as a security deposit so that the total amount of the security deposit held by Lessor shall at all times bear the same proportion to the then current Base Rent as the initial security deposit bears to the initial Base Rent set forth in paragraph 1.8 of the Base Lease Provisions. Lessor shall not be required to keep said security deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit or so much thereof as has not heretofore been applied by Lessor shall be returned, without payment of interest hereon, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit. Lessee shall provide Lessor with copy of resolution to approve funding of City approval.

6. Use. Lessee shall provide Lessor with copy of resolution to approve funding of City approval.

6.1 Use. The Premises shall be used and occupied only for the purposes set forth in paragraph 1.4 of the Base Lease Provisions or any other use which is reasonably comparable to that use and for no other purpose.

6.2 Compliance with Law.

(a) Lessor warrants to Lessee that the Premises, in the state existing on the date that the Lease term commences, but without regard to alterations or improvements made by Lessee or the use for which Lessee will occupy the Premises, does not violate any covenants or restrictions of record, or any applicable building codes, regulation or ordinance in effect on such Lease term Commencement Date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation. See Paragraph 53

(b) Except as provided in paragraph 6.2(a) Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements of any law, ordinance, order or regulation or any applicable building code, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed hereby and by any exhibits attached hereto. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Lessor nor Lessor's agent or agents has made any representation or warranty as to the present or future suitability of the Premises, Common Areas, of Office Building Project for the conduct of Lessee's business.

6.3 Condition of Premises.

(a) Lessor shall deliver the Premises to Lessee in a clean condition on the Lease Commencement Date (unless Lessee is already in possession) and Lessor warrants to Lessee that the plumbing, lighting, air conditioning, and heating system in the Premises shall be in good operating condition. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises and the Office Building Project in their condition existing as of the Lease Commencement Date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed hereby and by any exhibits attached hereto. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Lessor nor Lessor's agent or agents has made any representation or warranty as to the present or future suitability of the Premises, Common Areas, of Office Building Project for the conduct of Lessee's business.

7. Maintenance, Repair, Alterations and Common Area Services.

7.1 Lessor's Obligations. Lessor shall keep the Office Building Project, including the Premises, interior and exterior walls, roof, and common areas, and the equipment whether used exclusively for the Premises or in common with other premises, in good condition and repair; provided, however, Lessor shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the Building or are above then Building standards. Except as provided in paragraph 7.5, there shall be no abatement of rent or liability of Lessee on account of any injury or interference with Lessee's business with respect to any improvements, alterations or repairs made by Lessor to the Office Building Project or any part thereof. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair. See Paragraph 55

7.2 Lessee's Obligations.

(a) Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (whether located) that serves such Lessee or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any improvements that are not ordinarily a part of the Building or that are above then Building standards. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

(b) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Lessee. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, alterations, furnishings and equipment. Except as otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, wall coverings, carpets, wall paneling, ceilings and plumbing in the Premises and in good operating condition.

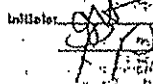
7.3 Alterations and Additions. See Paragraph 56

(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, Utility installations or repairs in or about the Premises, or the Office Building Project. As used in this paragraph 7.3 the term "Utility installation" shall mean carpeting, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. At the expiration of the term, Lessor may require the removal of any or all of said alterations, improvements, additions or Utility installations, and the restoration of the Premises and the Office Building Project to their prior condition, at Lessee's expense. Should Lessor permit Lessee to make its own alterations, improvements, additions or Utility installations, Lessee shall use only such contractors as has been expressly approved by Lessor and Lessor may require Lessee to provide Lessor at Lessee's sole cost and expense a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility installations without the prior approval of Lessor, or use a contractor not expressly approved by Lessor, Lessor may at any time during the term of this Lease, require that Lessee remove any part of all of the same.

(b) Any alterations, improvements, additions or Utility installations in or about the Premises or the Office Building Project that Lessee shall desire to make shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent to Lessee's making such alteration, improvement, addition or Utility installation, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from the applicable governmental agencies, furnishing a copy thereof to Lessor prior to the commencement of the work, and compliance by Lessee with all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are, or may be secured by any mechanic's or materialmen's lien against the Premises, the Building, or the Office Building Project, or any interest therein.

(d) Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises by Lessee, and Lessor shall have the right to post notices of non-responsibility in or on the Premises or the Building as provided by law if Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy

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any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, the Building Office Building Project, upon the condition that if Lessor shall require Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises, the Building and the Building Project free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's reasonable attorneys' fees and in participating in such action if Lessor shall decide it is to Lessor's best interest so to do.

(e) All alterations, improvements, additions and Utility installations (whether or not such Utility installations constitute trade fixtures of Lessee which may be made to the Premises by Lessee, including but not limited to, floor coverings, panelings, doors, drapes, built-ins, moldings, alterations, and lighting and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to paragraph 7.3(b). Provided Lessee is not in default, notwithstanding the provisions of this paragraph 7.3(e), Lessee's personal property and equipment, other than that which is affixed to the Premises so that it can be removed without material damage to the Premises or the Building, and other than Utility installations, shall remain the property of Lessee and be removed by Lessee subject to the provisions of paragraph 7.2.

(f) Lessee shall provide Lessor with as-built plans and specifications for any alterations, improvements, additions or Utility installations.

7.4 Utility Additions. Lessor reserves the right to install new or additional utility facilities throughout the Office Building Project for the benefit of Lessor or Lessee, or any other lessee of the Office Building Project, including, but not by way of limitation, such utilities as plumbing, electrical, gas, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises.

8. Insurance; Indemnity.

8.1 Liability Insurance—Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability Insurance utilizing an Insurance Services Office standard form with Broad Form General Liability Endorsement (GLI) or equivalent, in an amount not less than \$5,000,000 per occurrence of bodily injury and property damage combined or in a greater amount reasonably determined by Lessor and shall insure Lessee with Lessor as an additional insured against liability arising out of the use, occupancy and maintenance of the Premises. Compliance with the above requirement shall not, however, limit the liability of Lessee hereunder.

8.2 Liability Insurance—Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit B Injury and Broad Form Property Damage Insurance, plus coverage against such other risks Lessor deems advisable from time to time, insuring Lessor but not Lessee, against liability arising out of the ownership, use, occupancy or maintenance of the Office Building Project in an amount not less than \$5,000,000 per occurrence.

8.3 Property Insurance—Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease for the benefit of Lessee a replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, sprinkler leakage and earthquake sprinkler loss endorsements, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Lessee's personal property, fixtures, equipment and tenant improvements.

8.4 Property Insurance—Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Office Building Project improvement, but not Lessee's personal property, fixtures, equipment or tenant improvements, in an amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance Services Office standard form, or equivalent providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, such other perils as Lessor deems advisable or may be required by a lender having a lien on the Office Building Project. In addition, Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessee, which insurance shall also cover all Operating Expenses for said period. Lessee will not be named in any such policies carried by Lessor and Lessee shall have no right to any proceeds therefrom. The policies required by these paragraphs 8.2 and 8.4 shall contain such deductibles as Lessor and the lender may determine. In the event that the Premises shall suffer an insured loss as defined in paragraph 8.1(f) hereof, Lessor or Lessee, under the applicable insurance policies shall be deemed an Operating Expense. Lessee shall not do or permit to be done anything of which insurance coverage is required by these paragraphs 8.2 and 8.4 prior to the commencement of the term of this Lease if the increase is specified by Lessor's insurer as being caused by the nature of Lessee's occupancy or any act or omission of Lessee.

8.5 Insurance Policies. Lessee shall deliver to Lessor copies of liability insurance policies required under paragraph 8.1 or certificates evidencing the existence and amounts of such insurance within seven (7) days after the Commencement Date of this Lease. No such policy shall be cancelled or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor. Lessee shall, at least thirty days prior to the expiration of such policies, furnish Lessor with renewals thereof.

8.6 Waiver of Subrogation. Lessee and Lessor each hereby releases and relieves the other, and waives their entire right of recovery against the other for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether or not the negligence of Lessor or Lessee or their agent, employees, contractors and/or invitees. If necessary all property insurance policies required under this Lease shall be endorsed to so provide.

8.7 Indemnity. Lessee shall indemnify and hold harmless Lessor and its agent, Lessor's master or ground lessor, partners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Office Building Project from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims, costs and expenses arising from any breach, default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any act or omission by Lessee, or any of Lessee's agents, contractors, employees, invitees, and from and against all costs, breach, default or negligence, and in each action of proceeding brought against Lessor by reason of any such matter, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Office Building Project arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

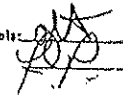
8.8 Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises or the Office Building Project, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from theft, fire, steam, electricity gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause whatsoever, or from new construction or the repair, alteration or improvement of any part of the Office Building Project, or from the failure of any equipment or appliances applicable thereto, and regardless of whether the cause of such damage or injury or the means of repairing the same is ascertainable, Lessor shall not be liable for any damages arising from any act or neglect of any other lessee, occupant or user of the Office Building Project, nor from the failure of Lessor to enforce the provisions of any other lease of any other lessee of the Office Building Project.

8.9 No Representation of Adequate Coverage. Lessor makes no representation that the limits or forms of coverage of insurance specified in this paragraph 8 are adequate to cover Lessee's property or obligations under this Lease.

9. Damages or Destruction.

9.1 Definitions.

- (a) "Premises Damage" shall mean if the Premises are damaged or destroyed to any extent.
- (b) "Premises Building Partial Damage" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent (50%) of the then Replacement Cost of the Building.
- (c) "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Building.
- (d) "Office Building Project Buildings" shall mean all of the buildings on the Office Building Project site.
- (e) "Office Building Project Buildings Total Destruction" shall mean if the Office Building Project Buildings are damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Office Building Project Buildings.
- (f) "Insured Loss" shall mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8. The fact that an insured loss has a deductible amount shall not make the loss an uninsured loss.
- (g) "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring, excluding all improvements made by lessees, other than those installed by Lessor at Lessee's expense.

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9.2 Premises Damage; Premises Building Partial Damage.

(b) **Insured Loss:** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Lessor shall, as soon as reasonably possible and to the extent the required materials and labor are readily available through usual commercial channels, at Lessor's expense, repair such damage (but not Lessee's fixtures, equipment or tenant improvements originally paid for by Lessee) to the condition existing at the time of the damage, and this Lease shall continue in full force and effect.

(c) **Uninsured Loss:** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Damage or Premises Building Partial Damage, unless caused by a floodplain or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), which damage prevents Lessee from making any substantial use of the Premises, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which event this Lease shall terminate as of the date of the occurrence of such damage.

9.3 Premises Building Total Destruction; Office Building Project Total Destruction. Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, which falls into the classifications of either (i) Premises Building Total Destruction, or (ii) Office Building Project Total Destruction, then Lessor may at Lessor's option either (i) repair such damage or destruction as soon as reasonably possible at Lessor's expense (to the extent the required materials are readily available through usual commercial channels) to the condition existing at the time of the damage, but not Lessee's fixtures, equipment or tenant improvements, and this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of occurrence of such damage of Lessor's intention to cancel and terminate this Lease, in which case this Lease shall terminate as of the date of the occurrence of such damage.

9.4 Damage Near End of Term.

(a) Subject to paragraph 9.4(b), if at any time during the last twelve (12) months of the term of this Lease there is substantial damage to the Premises, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.4(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Damage during the last twelve (12) months of the term of this Lease. If Lessee duly exercises such option during said twenty (20) day period, Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said twenty (20) day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

9.5 Abatement of Rent; Lessee's Remedies.

(a) In the event Lessor repairs or restores the Building or Premises pursuant to the provisions of this paragraph 9, and any part of the Premises are not usable (including loss due to loss of access or essential services), the rent payable hereunder (including Lessee's Share of Operating Expense increased) for the period during which such damage, repair or restoration continues shall be abated, provided (1) the damage was not the result of the negligence of Lessee, and (2) such abatement shall only be to the extent the operation and profitability of Lessee's business as operated from the Premises is adversely affected. Except for said abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises or the Building under the provisions of this Paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such occurrence, or if Lessor shall not complete the restoration and repair within six (6) months after such occurrence, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement or completion, respectively, of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

(c) Lessee agrees to cooperate with Lessor in connection with any such restoration and repair, including but not limited to the approval and/or execution of plans and specifications required.

9.6 Termination—Advance Payments. Upon termination of this Lease pursuant to this paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessor's security deposit as has not theretofore been applied by Lessor.

9.7 Waiver. Lessor and Lessee waive the provisions of any statute which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessor shall pay the real property tax, as defined in paragraph 10.3, applicable to the Office Building Project subject to reimbursement by Lessee of Lessor's Share of such taxes in accordance with the provisions of paragraph 4.2, except as otherwise provided in paragraph 10.2.

10.2 Additional Improvements. Lessee shall not be responsible for paying any increase in real property tax specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Office Building Project by other lessor or by Lessor for the exclusive enjoyment of any other lease. Lessee shall, however, pay to Lessor at the time that Operating Expenses are payable under paragraph 4.2(c) the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Lessee or at Lessee's request.

10.3 Definition of "Real Property Tax." As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than habitation, personal income or estate taxes) imposed on the Office Building Project or any portion thereof 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, as against any land or equitable interest of Lessor in the Office Building Project or in any portion thereof, as against Lessor's right to rent or other use of any land or equitable interest of Lessor in the Office Building Project, as against Lessor's business of leasing the Office Building Project, the term "real property tax" shall also include any tax, fee, income therefrom, and as against Lessor's business of leasing the Office Building Project, the term "real property tax" shall also include any tax, fee, income, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge heretofore included within the definition of "real property tax" or (ii) in the nature of which was heretofore included within the definition of "real property tax" or (iii) which is imposed as a result of a change in ownership, as defined by applicable local statutes for property tax purposes, of the Office Building Project or which is added to a tax or charge heretofore included within the definition of real property tax by reason of such change of ownership, or (iv) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfer thereof.

10.4 Joint Assessment. If the improvements or property the taxes for which are to be paid separately by Lessee under paragraph 10.2 or 10.5 are not separately assessed, Lessor's portion of that tax shall be equitably determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information (which may include the cost of construction) as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, and janitorial services as reasonably required, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and sanitary use, and telephone (light-bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures).

11.2 Services Excluded by Lessor. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If any such services are not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises in the Building.

11.3 Hours of Service. Said services and utilities shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

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11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden to the utilities or services, including but not limited to security services, over standard office usage for the Office Building Project. Lessor shall not be liable to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessee's reasonable control or in cooperation with governmental request or direction.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease without the need for notice to Lessee under paragraph 13.1. "Transfer" within the meaning of this paragraph 12 shall include the transfer or transfers aggregating: (a) Lessee is a corporation, more than twenty-five percent (25%) of the voting stock of such corporation, or (b) if Lessee is a partnership, more than twenty-five percent (25%) of the profit and loss participation in such partnership. *see Section 57*

12.2 Lessee Affiliate. Notwithstanding the provisions of paragraph 12.1 thereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Lessee Affiliate"; provided that before such assignment shall be effected (a) said assignee shall assume, in full, the obligations of Lessee under this Lease and (b) Lessor shall be given written notice of such assignment and assumption. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

12.3 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the rent and other sums due Lessor hereunder including Lessee's Share of Operating Expense Increase, and to perform other obligations to be performed by Lessee hereunder.

(b) Lessor may accept rent from any person other than Lessee pending approval or disapproval of such assignment.

(c) Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this paragraph 12 of this Lease.

(d) If Lessee's obligations under this Lease have been guaranteed by third parties, then an assignment or sublease, and Lessor's consent thereto, shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(e) The consent by Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent assignment or subletting by the sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not release such persons from liability under this Lease or said sublease; however, such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Lessee or sublessee under this Lease.

(f) In the event of any default under this Lease, Lessor may proceed directly against Lessee, any guarantors or any one else responsible for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor or Lessee.

(g) Lessor's written consent to any assignment or subletting of the Premises by Lessee shall not constitute an acknowledgment that no default then exists under this Lease or the obligations to be performed by Lessee nor shall such consent be deemed a waiver of any then-existing default except as may be otherwise stated by Lessor at the time.

(h) The discovery of the fact that any financial statement relied upon by Lessor in giving its consent to an assignment or subletting is materially false shall, at Lessor's election, render Lessor's said consent null and void.

12.4 Additional Terms and Conditions Applicable to Subletting. Regardless of Lessor's consent, the following terms and conditions shall apply to a subletting by Lessee 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) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease heretofore hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided, however, that until a default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the rent accruing under such sublease. Lessor shall not, by reason of this or any other assignment of such sublease to Lessor nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to the sublessee under such sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessee stating that a default exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents due and to become due under the sublease. Lessee agrees that such sublessee shall have the right to rely upon any such statement and request from Lessee, and that such sublessee shall pay such rents to Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against said sublessee or Lessor for any such rents so paid by said sublessee to Lessor.

(b) No sublease entered into by Lessee shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease Lessee shall use only such form of sublease as is satisfactory to Lessor and once approved by Lessor, such sublease shall not be changed or modified without Lessor's prior written consent. Any sublease shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessee, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Lessee other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Lessor has expressly consented in writing.

(c) In the event Lessee shall default in the performance of its obligations under this Lease, Lessor at its option and without any obligation to do so, may require any sublessee to affirm to Lessor in which event Lessor shall enforce the obligations of Lessee under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior defaults of Lessee under such sublease.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Lessee to the sublessee. Such sublessee shall have the right to cure a default of Lessee within three (3) days after service of said notice of default upon such sublessee, and the sublessee shall have a right of reimbursement and offset from and against Lessee for any such default cured by the sublessee.

12.5 Lessor's Expenses. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable costs and expenses incurred in connection therewith, including attorneys', architects', engineers' or other consultants' fees.

12.6 Conditions to Consent. Lessor reserves the right to condition any approval to assign or sublet upon Lessor's determination that (a) the proposed assignee or sublessee shall conduct a business on the Premises of a quality substantially equal to that of Lessee and consistent with the general character of the other occupants of the Office Building Project and not in violation of any exclusive or rights then held by other tenants, and (b) the proposed assignee or sublessee be at least as financially responsible as Lessee was expected to be at the time of the execution of this Lease or of such assignment or subletting, whichever is greater.

13. Default Remedies.

13.1 Default. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

(a) The vacation or abandonment of the Premises by Lessee. Vacation of the Premises shall include the failure to occupy the Premises for a continuous period of sixty (60) days or more, whether or not the rent is paid.

(b) The breach by Lessee of any of the covenants, conditions or provisions of paragraphs 7.3(a), (b) or (c) (alterations), 12.1 (assignment or subletting), 13.1(a) (vacation or abandonment), 13.1(c) (insolvency), 13.1(d) (false statement), 18(a) (estoppel certificate), 30(b) (subordination), 33 (jurisdiction), or 41.1 (assessments), all of which are hereby deemed to be material, non-curable defaults without the necessity of any notice by Lessor to Lessee therefor.

(c) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Lessor to Lessee. In the event that Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

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(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee other than those referenced in subparagraphs (b) and (c), above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said thirty (30) day period and thereafter diligently pursues such cure to completion. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Lessee under applicable Unlawful Detainer statutes.

(d) The making by Lessee of any general assignment or general assignment for the benefit of creditors; (ii) Lessee becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this paragraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect.

(f) The discovery by Lessor that any financial statement given to Lessor by Lessee, or its successor in interest or by any guarantor of Lessee's obligation hereunder, was materially false.

13.2 Remedies. In the event of any material default or breach of this Lease by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right of remedy which Lessor may have by reason of such default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor and in such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth of the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental lost for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to paragraph 16 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have vacated or abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises, whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently pursues the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of Base Rent, Lessee's Share of Operating Expense increase or other sums due hereunder will cause Lessor 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 on Lessor by the terms of any mortgage or trust deed covering the Office Building Project. Accordingly, if any installment of Base Rent, Operating Expense increase, or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 5% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessor's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof or the Office Building Project 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; provided that if so much of the Premises or the Office Building Project are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Premises, Lessee shall have the option, to be exercised only in writing within thirty (30) days after Lessor shall have given Lessee written notice of such taking for in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession, to terminate this Lease as of the date the condemning authority takes such possession. If Lessee 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 rent and Lessee's Share of Operating Expense increase shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof. Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of the taking by condemnation of any part of the Premises or the Office Building Project. Any award for the taking of all or any part of the Premises or the Office Building Project under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any separate award for loss of or damage to Lessee's trade fixtures, removable personal property and unamortized tenant improvements that have been paid for by Lessee. For that purpose the cost of such improvements shall be amortized over the original term of this Lease excluding any options. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee.

(a) The brokers involved in this transaction are _____ as "listing broker" and _____ as "cooperating broker," licensed real estate broker(s). A "cooperating broker" is defined as any broker other than the listing broker entitled to a share of any commission arising under this Lease. Upon execution of this Lease by both parties, Lessor shall pay to said brokers jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate agreement between Lessor and said broker(s), or in the event there is no separate agreement between Lessor and said broker(s), the sum of \$_____ for brokerage services rendered by said broker(s) to Lessor in this transaction.

(b) Lessor further agrees that (i) if Lessee exercises any Option, as defined in paragraph 39.1 of this Lease, which is granted to Lessee under this Lease, or any subsequently granted option which is substantially similar to an Option granted to Lessee under this Lease, or (ii) if Lessee acquires any rights to the Premises or other premises described in this Lease which are substantially similar to what Lessee would have acquired had an Option herein granted to Lessee been exercised, or (iii) if Lessee remains in possession of the Premises after the expiration of the term of this Lease after having failed to exercise an Option, or (iv) if said broker(s) are the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, or (v) if the Base Rent is increased, whether by agreement or operation of an escalation clause contained herein, then as to any of said transactions or rent increases, Lessor shall pay said broker(s) a fee in accordance with the schedule of said broker(s) in effect at the time of execution of this Lease. Said fee shall be paid at the time such increased rental is determined.

(c) Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law shall be deemed to have assumed Lessor's obligation under this paragraph 15. Each listing and cooperating broker shall be a third party beneficiary of the provisions of this paragraph 15 to the extent of their interest in any commission arising under this Lease and may enforce that right directly against Lessor; provided, however, that all brokers having a right to any part of such total commission shall be a necessary party to any suit with respect thereto.

(d) Lessee and Lessor each represent and warrant to the other that neither has had any dealings with any person, firm, broker or finder (other than the parties herein whose names are set forth in paragraph 15(a) above) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and no other broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction and Lessee and Lessor do each hereby indemnify and hold the other harmless from and against any costs, expenses, attorney's fees or liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying party.

15. Escalator Certificates.

(a) Each party (as "responding party") shall at any time upon not less than ten (10) days' prior written notice from the other party (requesting party) execute, acknowledge and deliver to the requesting party a statement in writing (if certifying that this Lease is unmodified and in full force and effect) or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date

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to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any unsecured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Office Building Project or of the business of Lessee.

(b) At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this Lease is in full force and effect without modification except as may be represented by the requesting party, (ii) there are no unsecured defaults in the requesting party's performance and (iii) if Lessor is the requesting party, not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance, refinance, or sell the Office Building Project, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender/purchaser in confidence and shall be used only for the purposes herein set forth.

17. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lesser interest in a ground lease of the Office Building Project, and except as expressly provided in paragraph 15, in the event of any transfer of such fee or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

18. 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.

19. Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 1% maximum rate then allowable by law or judgments from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. Time of Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

21. Additional Rent. All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to Lessee's Share of Operating Expense increase and any other expenses payable by Lessee hereunder shall be deemed to be rent.

22. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned hereon No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that not only the real estate broker listed in paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employee or agents of a of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of the Premises of the Office Building Project and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the fire use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease.

23. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified registered mail, and shall be deemed sufficiently given if delivered or addressed to Lessee or to Lessor at the address noted below or adjacent to the signature of the respective parties, as the case may be. Mailed notices shall be deemed given upon actual receipt at the address required, or lost eight hours following deposit in the mail, postage prepaid, whichever first occurs. Either party may by notice to the other specify a different address for notice purposes except that, upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such address as Lessor may from time to time hereafter designate by notice to Lessee.

24. Waiver. No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of Lessee of the same or any other provision. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. Recording. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

26. Holding Over. If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, except that the rent payable shall be two hundred percent (200%) of the rent payable immediately preceding the termination date of this Lease, and all Options, any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

27. 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.

28. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

29. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Office Building Project is located and any litigation concerning this Lease between the parties hereto shall be instituted in the county in which the Office Building Project is located.

30. Subordination.

(a) This Lease, and any Option or right of first refusal granted hereby, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Office Building Project and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent on a timely basis and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgage, trustee or ground lender shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and the give written notice hereof to Lessee, this Lease and such Options shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an assignment, a subordination, or to make this Lease or any Option granted hereby prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder without further notice to Lessee or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessor's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

31. Attorneys' Fees.

31.1 If either party or the broker(s) named herein bring an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, trial or appeal thereon, shall be entitled to his reasonable attorneys' fees to be paid by the losing party as fixed by the court in the same or a separate suit, and whether or not such action is pursued to decision or judgment. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

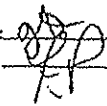
31.2 The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred in good faith.

31.3 Lessor shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of notices of default and consultations in connection therewith, whether or not a legal transaction is subsequently commenced in connection with such default.

32. Lessor's Access.

32.1 Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, performing any services required of Lessee, showing the same to prospective purchasers, lenders, or lessees, taking such safety measures, erecting such scaffolding or other necessary structures, making such alterations, repairs, improvements or additions to the Premises or to the Office Building Project as Lessor may reasonably deem necessary or desirable and the grading, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. Lessor may at any time place on or about the Premises or the Building any ordinary "For Lease" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs.

32.2 All activities of Lessor pursuant to this paragraph shall be without abatement of rent, nor shall Lessor have any liability to Lessee for the same.

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32.3 Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and so and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forcible unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessor's prop or business in connection therewith.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obliged to exercise any standard of reasonableness in determining whether to grant such consent. The holding of any auction on the Premises or Common Areas in violation of this paragraph shall constitute a material default of this Lease.

34. Signs. Lessee shall not place any sign upon the Premises or the Office Building Project without Lessor's prior written consent. Under no circumstances shall Lessee place a sign on any roof of the Office Building Project.

35. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not void merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or leases, at the option of Lessor, operate as an assignment to Lessee of any or all of such subtenancies.

36. Consents. Except for paragraphs 33 (auctions) and 34 (signs) hereof, whenever in this Lease the consent of one party is required to an act of either party such consent shall not be unreasonably withheld or delayed.

37. Guarantor. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

38. Quiet Possession. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Office Building Project.

39. Options.

39.1 Definition. As used in this paragraph the word "Option" has the following meaning: (1) the right or option to extend the term of this Lease to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (2) the option of right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other space within the Office Building Project or other property of Lessor or the right of first offer to lease other space within the Office Building Project or other property of Lessor; (3) the right or option to purchase the Premises or the Office Building Project, or the right of first refusal to purchase the Premises or the Office Building Project or the right of first offer to purchase the Premises or the Office Building Project, or the right or option to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor or the right of first offer to purchase other property of Lessor.

39.2 Options Personal. Each Option granted to Lessee in this Lease is personal to the original Lessee and may be exercised only by the original Lessee while occupying the Premises who does so without the intent of thereafter assigning this Lease or subletting the Premises or any portion thereof, and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than Lessor provided, however, if an Option may be exercised by or assigned to any Lessee Affiliate as defined in paragraph 12.2 of this Lease. The Options, if any, herein granted to Lessee are not assignable separately and apart from this Lease, nor may any Option be separated from this Lease in any manner, either by reservation or otherwise.

39.3 Multiple Options. In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised until the prior option to extend or renew this Lease has been so exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary, (i) during the time commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(c) or 13.1(d) and continuing until the noncompliance alleged in said notice of default is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) and continuing until the obligation is paid, or (iii) in the event that Lessor has given to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, during the month period of time immediately prior to the time that Lessee attempts to exercise the subject Option, (b) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants or conditions of this Lease.

(c) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of paragraph 39.4(a).

(d) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation to Lessor for a period of thirty (30) days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessor fails to commence to cure a default specified in paragraph 13.1(d) within thirty (30) days after the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessor gives to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, or (iv) Lessee has committed any non-curable breach including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants and conditions of this Lease.

40. Security Measures - Lessor's Reservations.

40.1 Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Office Building Project. Lessor assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Office Building Project or any part thereof, in which event the cost thereof shall be included within the definition of Operating Expenses, as set forth in paragraph 4.2(b).

40.2 Lessor shall have the following rights:

(a) To change the name, address or title of the Office Building Project or building in which the Premises are located upon not less than 30 days prior written notice;

(b) To, at Lessor's expense, provide and install building standard graphics on the door of the Premises and other portions of the Common Areas as Lessor shall reasonably deem appropriate;

(c) To permit any lessee the exclusive right to conduct any business so long as such exclusivity does not conflict with any rights expressly given herein;

(d) To place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the buildings or the Office Building Project or on pole signs in the Common Areas;

40.3 Lessee shall not:

(a) Use a representation (photographic or otherwise) of the Building or the Office Building Project or their name (a) in connection with Lessee's business;

(b) Suiter or permit anyone, except in emergency, to go upon the roof of the Building.

41. Easements.

41.1 Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material default of this Lease by Lessee without the need for further notice to Lessee.

41.2 The obstruction of Lessee's view, air or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

42. 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.

43. Authority. If Lessee is a corporation, trust, or general or limited partnership, Lessee, and each individual executing this Lease on behalf of such entity represent and warrant that such individual is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

44. Conflict. Any conflict between the printed provisions, Exhibits or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

45. No Offer. Preparation of this Lease by Lessor or Lessor's agent and submission of same to Lessee shall not be deemed an offer to Lessee to lease. This Lease shall become binding upon Lessor and Lessee only when fully executed by both parties.

46. Lender Modification. Lessee agrees to make such reasonable modifications to this Lease as may be reasonably required by an institutional lender in connection with the obtaining of normal financing or refinancing of the Office Building Project.

47. Multiple Parties. If more than one person or entity is named as either Lessor or Lessee herein, except as otherwise expressly provided here, the obligations of the Lessor or Lessee herein shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee, respectively.

48. Work Letter. This Lease is supplemented by that certain Work Letter of even date executed by Lessor and Lessee, attached hereto as Exhibit C and incorporated herein by this reference.

49. Attachments. Attached hereto are the following documents which constitute a part of this Lease:

- Addendum to Lease Paragraphs 53 through 60.
- Exhibit A Description of Premises 2 Pages.
- Exhibit B Rules and Regulations
- Exhibit C Work Letter

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY 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 LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILED IN IT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKER OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING THERETO. THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

LESSOR

LESSEE

Frank Purcell, Trustee and Pamela Purcell, Garden Grove Agency for Community Development

By Frank Purcell
It is _____

By [Signature]
It is Director

By Pamela Purcell
It is _____

By [Signature]
It is Deputy Secretary

Executed at _____
on 21st February 1996
Address 16594 Knollwood Dr
Granada Hills CA 91344

Executed at _____
on _____
Address 11222 Acacia Parkway
Garden Grove, Ca. 92640

For these forms write or call the American Industrial Real Estate Association, 350 South Figueroa Street, Suite 275, Los Angeles, CA 90071, (213) 607-8777.
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ADDENDUM TO LEASE

Frank Purcell, Tru
Pamela Purcell, Tru

Addendum to Lease dated Jan. 22, 1995 and between
as Lessor and Garden Grove Agency for Community Development as Lessee

Condition of Premises

52. Janitorial. Lessee, at Lessee's sole cost and expense, to provide interior janitorial for their respective leased space.

53. Environmental Compliance. ^{lessor and both} Lessee represents, warrants and covenants to Lessor that Lessee shall at no time use or permit the Premises to be used in violation of any Regulations, including any Regulations which are related to or govern Hazardous Materials and/or the environmental conditions in, on, under or about the Premises, including, but not limited to, air quality, soil and surf and subsurface water conditions (individually and collectively, "Environmental Regulations"). Lessee shall assume sole and full responsibility for, and shall remedy at its sole cost and expense, all such violations. Lessee shall at no time use, generate, release, store, treat, dispose of, or otherwise deposit, in, on, under or about the Premises any hazardous or toxic substances, wastes or related materials ("Hazardous Materials") or permit or allow any third party to do so, without Lessor's express, prior, written consent, and Lessee's compliance, at Lessee's sole cost and expense, with all Environmental Regulations. Lessee shall pay or reimburse Lessor for any costs or expenses incurred by Lessor, including reasonable attorneys', engineers, consultants' and other experts' fees and disbursements incurred or payable to determine, review, approve, consent to or monitor the requirements for compliance with Environmental Regulations. For the purposes of this Section, Hazardous Materials shall include, but not be limited to, asbestos, asbestos-containing matter, and the group of organic compounds known as polychlorinated biphenyls, as well as substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; ("CERCLA"); the Hazardous Material Transportation Act, 49 U.S.C. Section 1802; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq. ("RCRA"); those substances identified in regulations, orders, and publications adopted pursuant to California Health and Safety Code Section 25249, as "Chemicals known to Cause Cancer or Reproductive Toxicity"; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code and in the regulations adopted and publications promulgated pursuant thereto and any Regulation which now exists or which may be enacted or become effective after the date of this Lease; all as the foregoing may be amended or modified from time to time. Lessee shall provide Lessor with written notice immediately upon the discovery or notice or reasonable grounds to suspect, by the Lessor, its successors, assigns, licensees, employee agents, partners and/or any other third party, that any provision of this Section has not been strictly complied with. It shall be an Event of Default under this Lease, entitling Lessor to exercise any of its rights and remedies under this Lease, if any provision of this Section is not strictly complied with at all times. Lessor's direction to conduct such inspections shall not be construed as approval of Lessee use of the Premises or any activities conducted thereon, and shall in no way constitute an assumption by Lessor of any responsibility whatsoever of Lessee's use of the Premises or Hazardous Materials.

caused by such party which occur during the term of the lease

such party's

such party

the other party

A party's

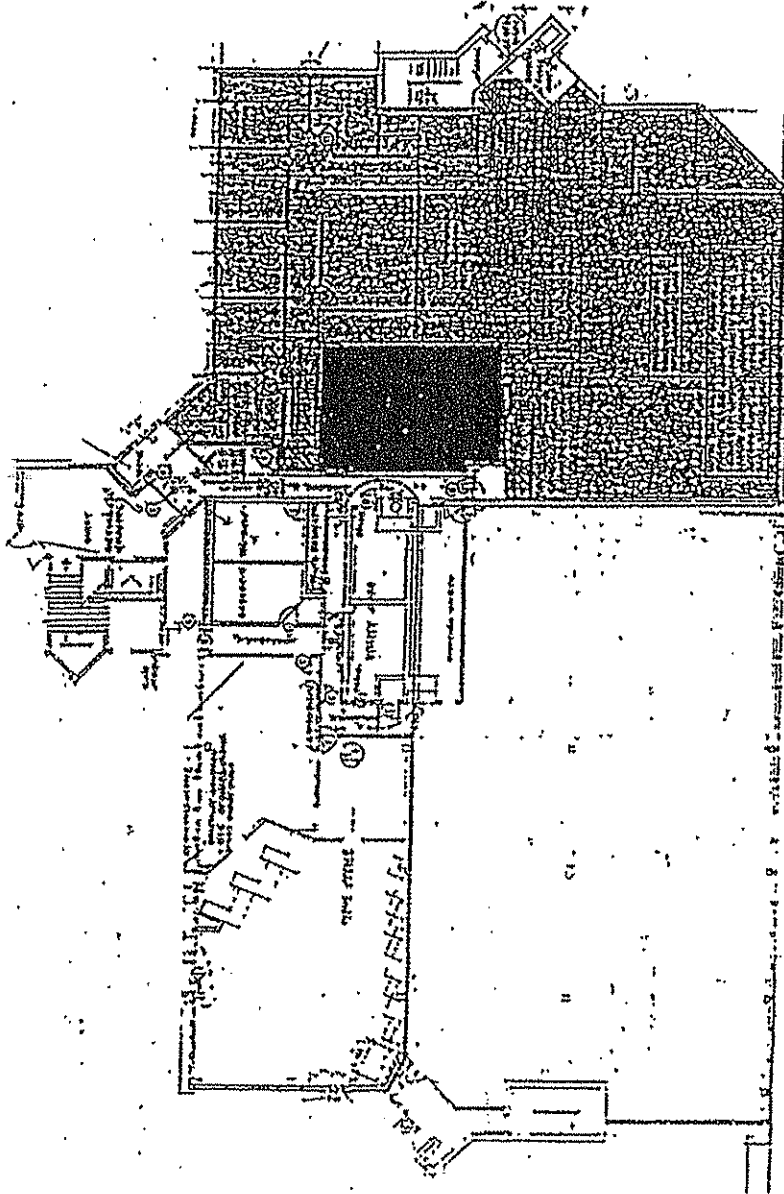
Initials FP
PP

ADDENDUM TO LEASE - Continued

- 53.1 **Americans With Disabilities Act Compliance.** Lessor shall be responsible for all costs of complying with the Americans With Disabilities Act ("ADA"), of July 26, 1990, Pub. L. No. 101-336, 104 Stat. 327, 42 U.S.C. §12101, et. seq., as amended or recodified from time to time, and with the requirements of all similar or successor federal, state or local statutes currently existing or hereafter enacted, which costs result from Lessee's use and occupancy of the Premises. *Lessor shall indemnify, defend (with counsel reasonably acceptable to Lessee) and hold harmless Lessee and its subtenants, successors, assigns, directors, officers, employees, representatives and agents from and against, and shall pay for, all losses, costs, expenses, claims, damages, causes of action and liabilities of any kind (including but not limited to, court costs and attorneys' fees) arising from or relating to any liabilities, lawsuits, administrative actions or any other matter which may now or in the future involve Lessee or its subtenants, successors, assigns, directors, officers, employees, representatives or agents by reason of, resulting from, in connection with, or arising in any manner whatsoever out of Lessor's breach of its obligations under this Section, * as of the date of commencement March 1, 1996, Lessee responsible if use and occupancy requires compliance in the future.
54. **Option Term.** In the event that the Lessee is not in default of this Lease, the Lessee shall have the right to extend the Term of this Lease by notifying the Lessor of its intent to extend the Term for up to two (2) additional five (5) year periods (the "Option Periods") by written notice thereof to the Lessor not more than twelve (12) months nor less than six (6) months prior to the expiration of the Term or the applicable Option Period. The Base Rent payable during such Option Periods shall be adjusted in the manner set forth in Section 4.3 hereof on the anniversary of the Commencement Date in each even-numbered year during such Option Periods.
55. **Lessor's Maintenance Obligations.** In addition to any obligations set forth in Section 7.1 hereof, Lessor shall be responsible at its sole expense for the following: waste removal, parking lot sweeping, parking lot lighting, parking lot asphalt maintenance and striping, elevator maintenance, fire suppression maintenance, fire and burglar alarm maintenance, landscape and hardscape maintenance, building maintenance, including without limitation paint, electrical, plumbing and carpets, roof repair, HVAC maintenance, outside window washing, sign maintenance, fire extinguisher maintenance, pest control, emergency power system maintenance, and answering service for elevator, and automatic door maintenance.
56. **Lessor's Work.** Lessor shall be responsible, at its sole expense, for the following improvements to the Premises, which shall be completed prior to the Commencement Date of this Lease, and as a condition to Lessee's obligations hereunder: re-keying all locks, installation of window coverings, replacement of all carpets, installation of interior signage, and installation of an additional exit on the first floor of the Premises if such additional exit is required by the City of Garden Grove. The specifications for such items are set forth in the Work Letter attached hereto as Exhibit C, not to exceed \$500.00.
57. **Approval of Subleases.** Notwithstanding Lessor's rights to consent to subleases of the Premises as set forth in Section 12 of this Lease, Lessor hereby consents to Lessee's sublease of a portion of the Premises to the Rancho Santiago Community College District for educational classroom uses, and Lessee's sublease of a portion of the Premises for office space for the Job Training Partnership Act.
58. **EXTERIOR JANITORIAL.** Lessee shall steam clean all areas which Lessee uses for food consumption on a quarterly basis.
59. **PROPERTY TAX RELIEF.** Lessee agrees to cooperate with and assist Lessor in obtaining property tax relief based on Lessee's tax exempt status. It is further agreed that said cooperation and assistance shall be at no cost and expense or liability to Lessee. Said tax relief shall be solely for the benefit of Lessor.
60. **COMMENCEMENT.** As Lessee cannot sign this Lease until February 13, 1996, Lessee will release Lessor of obligations to perform all conditions spelled out in the Lease prior to taking possession on March 1, 1996. Lessor shall use its best efforts to complete work by March 1, 1996, but in no event shall commencement of Lease be extended past March 1, 1996.
- L.P.

STANDARD OFFICE LEASE

FLOOR PLAN

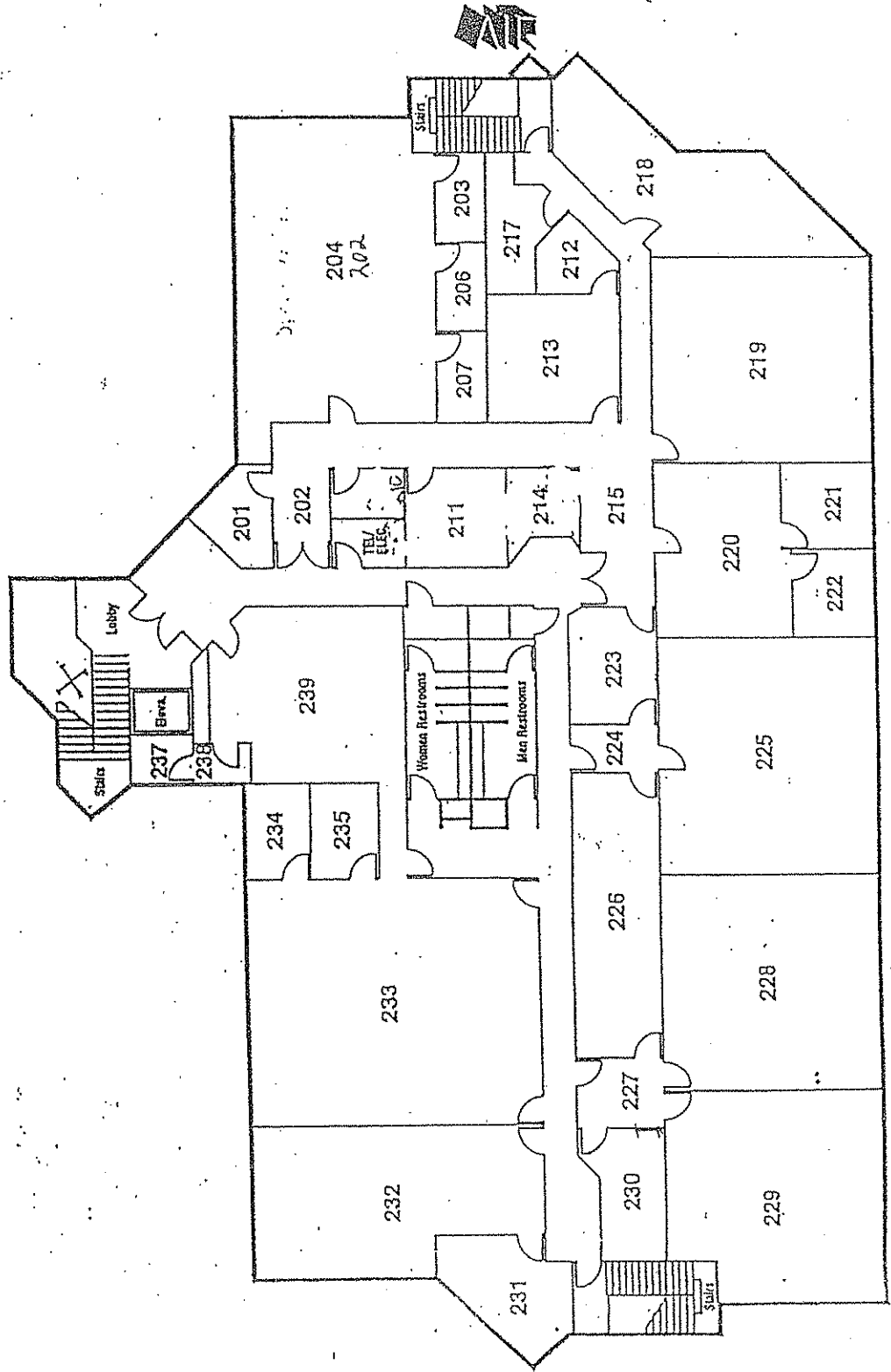


FIRST FLOOR 11277 GARDEN GROVE BLVD.

EXHIBIT A
Page 1 of 2

Initials:

STANDARD OFFICE LEASE
FLOOR PLAN



Pacific Plaza Office Building
Street Address: 11277 Garden Grove Blvd
SECOND FLOOR

EXHIBIT A
Page 2 of 2

Initials:

RULES AND REGULATIONS FOR
STANDARD OFFICE LEASE



Dated: January 22, 1996

By and Between Frank Purcell, Trustee and Pamela Purcell, Trustee as Lessor and Garden Grove Agency for Community Development as Lessee

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or proper the Office Building Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project.
4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into a not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Office Building Project.
9. Lessee shall not suffer or permit any thing in or around the Premises or Building that causes excessive vibration or floor loading in any of the Office Building Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and suit to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays, and on other days between the hour 7 P.M. and 7 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the proper operation and safety of the Office Building Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles" other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent locations, and to reasonably allocate them between compact and standard size spaces, as long as the same comply with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it deems necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

Initials:

WORK LETTER TO STANDARD OFFICE LEASE

Dated: _____

By and between: _____

The Premises shall be constructed in accordance with Lessor's Standard Improvements, as follows:

1. Partitions
2. Wall Surfaces
3. Draperies
4. Carpeting
5. Doors
6. Electrical and Telephone Outlets
7. Ceiling
8. Lighting
9. Heating and Air Conditioning Ducts
10. Sound Proofing
11. Plumbing

13. Completion of Improvements

Lessor shall construct and complete improvements to the Premises in accordance with the plans and specifications prepared by _____, dated _____

consisting of sheets _____ (the "Improvements")

14. Preparation of Plans and Specifications

Within _____ days after the date of this Lease Lessor shall prepare at its cost and deliver to Lessee for its approval _____ copies of preliminary plans and specifications for the completion of the improvements, which plans and specifications shall itemize the work to be done by each party, including a cost estimate of any work required of Lessor in excess of Lessor's Standard Improvements. Lessee shall approve said preliminary plans and specifications and preliminary cost estimate or specify with particularity its objection thereto within _____ days following receipt thereof. Failure to so approve or specify within said period of time shall constitute approval thereof. If Lessee shall reject said preliminary plans and specifications either partially or totally, and they cannot in good faith be modified within ten (10) days after such rejection to be acceptable to Lessor and Lessee, this Lease shall terminate and neither party shall thereafter be obligated to the other party for any reason whatsoever having to do with this Lease, except that Lessee shall be refunded any security deposit or prepaid rent. The plans and specifications, when approved by Lessee, shall supersede any prior agreement concerning the improvements.

15. Construction

If Lessor's cost of constructing the improvements to the Premises exceeds the cost of Lessor's Standard Improvements, Lessee shall pay to Lessor in cash before the commencement of such construction a sum equal to such excess.

If the final plans and specifications are approved by Lessor and Lessee, and Lessee pays Lessor for such excess, then Lessor shall, at its sole cost and expense, construct the improvements in accordance with said approved final plans and specifications and all applicable rules, regulations, laws or ordinances.

16. Completion.

16.1 Lessor shall obtain a building permit to construct the improvements as soon as possible.

16.2 Lessor shall complete the construction of the improvements as soon as reasonably possible after the obtaining of necessary building permits.

16.3 The term "Completion," as used in this Work Letter, is hereby defined to mean the date the building department of the municipality having jurisdiction of the Premises shall have made a final inspection of the improvements and authorized a final release of restrictions on the use of public utilities in connection therewith and the same are in a broom-clean condition.

16.4 Lessor shall use its best efforts to achieve Completion of the improvements on or before the Commencement Date set forth in paragraph 1.5 of the Basic Lease Provisions or within one hundred eighty (180) days after Lessor obtains the building permit from the applicable building department, whichever is later.

16.5 In the event that the improvements or any portion thereof have not reached Completion by the Commencement Date, this Lease shall not be invalid, but rather Lessor shall complete the same as soon thereafter as is possible and Lessor shall not be liable to Lessee for damages in any respect whatsoever.

16.6 If Lessor shall be delayed at any time in the progress of the construction of the improvements or any portion thereof by extra work, changes in construction ordered by Lessee, or by strikes, lockouts, fire, delay in transportation, unavoidable casualties, rain or weather conditions, governmental procedures or delay, or by any other cause beyond Lessor's control, then the Commencement Date established in paragraph 1.5 of the Lease shall be extended by the period of such delay.

17. Term

Upon Completion of the improvements as defined in paragraph 16.3, above, Lessor and Lessee shall execute an amendment to the Lease setting forth the date of Tender of Possession as defined in paragraph 3.2.1 of the Lease or of actual taking of possession, whichever first occurs, as the Commencement Date of this Lease.

18. Work Done by Lessee

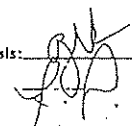
Any work done by Lessee shall be done only with Lessor's prior written consent and in conformity with a valid building permit and all applicable rules, regulations, laws and ordinances, and be done in a good and workmanlike manner with good and sufficient materials. All work shall be done only with union labor and only by contractors approved by Lessor, it being understood that all plumbing, mechanical, electrical wiring and ceiling work are to be done only by contractors designated by Lessor.

19. Taking of Possession of Premises

Lessor shall notify Lessee of the Estimated Completion Date at least ten (10) days before said date. Lessee shall thereafter have the right to enter the Premises to commence construction of any improvements Lessee is to construct and to equip and fixturate the Premises, as long as such entry does not interfere with Lessor's work. Lessee shall take possession of the Premises upon the tender thereof as provided in paragraph 3.2.1 of the Lease to which this Work Letter is attached. Any entry by Lessee of the Premises under this paragraph shall be under all of the terms and provisions of the Lease to which this Work Letter is attached.

20. Acceptance of Premises

Lessee shall notify Lessor in writing of any items that Lessee deems incomplete or incorrect in order for the Premises to be acceptable to Lessee within ten (10) days following Tender of Possession as set forth in paragraph 3.2.1 of the Lease to which this Work Letter is attached. Lessee shall be deemed to have accepted the Premises and approved construction if Lessee does not deliver such a list to Lessor within said number of days.

Initials: 

SUB-SUBLEASE

This SUB-SUBLEASE (this "Sublease") is made as of April 12, 2011, by and between THE CITY OF GARDEN GROVE ("Sublandlord") and ST. ANSELM'S CROSS-CULTURAL COMMUNITY CENTER, a California domestic corporation ("Subtenant") with regard to the following facts.

RECITALS

A. The Garden Grove Agency for Community Development (the "Agency") is the tenant under that certain Standard Office Lease – Gross (as amended, extended, supplemented or otherwise modified, the "Master Lease"), dated as of January 22, 1996, with Pamela V. Purcell, Trustee of the Purcell Marital Trust (the "Master Landlord") (a copy of which Master Lease is attached hereto as Exhibit A and by this reference made a part hereof) concerning approximately 31,310 rentable square feet of office space (the "Master Premises") in an office building (the "Building") located at 11277 Garden Grove Boulevard, Garden Grove, California. All capitalized terms not otherwise defined in this Sublease shall have the same meanings defined in the Master Lease.

B. Sublandlord has subleased the entire Master Premises from the Agency pursuant to that certain Sublease, dated as of September 12, 2006 and amended as of April 12, 2011 (the "Overlease"), by and between the Agency, as sublandlord, and Sublandlord, as subtenant (a copy of which Overlease is attached hereto as Exhibit B and by this reference made a part hereof).

C. Subtenant desires to sublease from Sublandlord a portion of the Master Premises consisting of approximately eighteen thousand three hundred nineteen (18,319) square feet (the "Subleased Premises"), of which 3,104 square feet is located on the first floor of the Building ("First Floor Area") and 15,215 square feet is located on the second floor of the Building ("Second Floor Area"), as more particularly shown on Exhibit C attached hereto and by this reference incorporated herein. Sublandlord has agreed to sublease the Subleased Premises to Subtenant upon the terms, covenants and conditions herein set forth.

D. Subtenant and Sublandlord entered into a sub-sublease dated as of April 1, 2008 with respect to the Second Floor Area ("First Sublease"), which First Sublease expires on February 28, 2011 by its terms. The First Sublease is of no further force or effect.

AGREEMENT

In consideration of the mutual covenants contained herein, the sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Sublease. The foregoing recitals are incorporated herein by this reference. The effectiveness of this Sublease is expressly conditioned upon: (a) Sublandlord receiving the written consent of the Master Landlord and the Agency to the transaction contemplated by this Sublease; (b) Subtenant's delivery of the first month's base rent to Sublandlord and (c) Subtenant's delivery to Sublandlord of certificate(s) of insurance evidencing the existence of the insurance required by paragraph 8.1 of the Master Lease, except that Subtenant's self-insured retention and excess liability insurance policies shall satisfy the requirements of paragraph 8.1 of the Master Lease if otherwise in compliance with paragraph 8.1 of the Master Lease. Subtenant acknowledges that Master Landlord

and the Agency are not obligated to grant their consent to this Sublease and that Sublandlord shall have no liability for Master Landlord's or the Agency's failure to grant such consent. Sublandlord and Subtenant agree that if such consent is not granted, neither Sublandlord nor Subtenant shall have any further obligations under this Sublease. Subject to the foregoing, Sublandlord hereby subleases and demises to Subtenant and Subtenant hereby hires and takes from Sublandlord the Subleased Premises, subject to the terms, covenants and conditions contained in this Sublease. Sublandlord and Subtenant agree that the Subleased Premises contain approximately 18,319 rentable square feet of space. Subtenant agrees to accept the Second Floor Area on the Sublease Commencement Date (as defined below) in its existing condition, as is, where is and with all faults. Subtenant agrees to accept the First Floor Area on the First Floor Area Commencement Date in its existing condition, as is, where is and with all faults. Subject to Section 9.6, Subtenant specifically agrees and acknowledges that Sublandlord will have no obligation to construct or complete any tenant improvements within the Subleased Premises or otherwise.

2. Term. Subject to the satisfaction of all of the conditions set forth in the second sentence of Section 1 above, the term of this Sublease ("Sublease Term") shall commence on April 12, 2011 (the "Sublease Commencement Date") and shall end, unless sooner terminated as provided in the Master Lease or the Overlease, on January 31, 2016. Notwithstanding the foregoing, the First Floor Area will be made available to Subtenant on the later to occur of (a) the date the Sublandlord's Engineering Department vacates the First Floor Area and (b) five (5) business days following delivery of written notice to Subtenant that the First Floor Area will be made available for occupancy by Subtenant ("First Floor Area Commencement Date").

3. Rent; Rent Adjustment.

(a) Subject to the adjustment to be made pursuant to subsection (b) below, Subtenant shall pay base rent ("Base Rent") during the Sublease Term in advance on the first day of each calendar month as follows:

<u>Dollars Per Square Foot Per Month</u>	<u>Monthly Installment of Base Rent</u>
\$1.40	\$25,646.60

(i) Subtenant shall pay a late fee equal to \$250 for each rental payment hereunder made after the fifteenth day of a calendar month.

(ii) In the event that the Sublease Term shall begin or end on a date, which is not the first day of a calendar month, base rent shall be prorated as of such date.

(iii) The Base Rent for the First Floor Area shall be prorated as of the First Floor Area Commencement Date.

(b) On April 1, 2012 and April 1, 2014, the monthly Base Rent payable under subsection (a) above shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers, (1967=100), "All Items," for the Los Angeles-Riverside-Orange County, California area (the "CPI") since the date of this Sublease.

(c) The monthly Base Rent adjustment pursuant to subsection (b) above shall be calculated as follows: the Base Rent payable for the first month of the term of this Sublease, as set forth in subsection (a) above, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month during which the adjustment is to take effect, and the denominator of which shall be the CPI for the calendar month in which the original Sublease Term commences. The sum so calculated shall constitute the new monthly Base Rent hereunder but in no event shall such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the date of the rent adjustment.

(d) In the event the compilation and/or publication of the CPI shall be transferred to any other government department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculations. In the event that Sublandlord and Subtenant cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in Orange County, California, in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties, notwithstanding one party failing to appear after due notice of the proceeding. The cost of said arbitrators shall be paid equally by Sublandlord and Subtenant.

(e) Subtenant shall continue to pay Base Rent at the rate previously in effect until the increase, if any, is determined. Within five (5) days following the date on which the increase is determined, Subtenant shall make such payment to Sublandlord as will bring the increased Base Rent current, commencing with the effective date of such increase through the date of any installments of Base Rent then due. Thereafter Base Rent shall be paid by Subtenant at the increased rate. At such time as the amount of any change in Base Rent required by this Sublease is known or determined, each of Sublandlord and Subtenant shall, upon request by the other party, execute an amendment to this Sublease setting forth such change.

4. Additional Rent. In addition to Base Rent, Subtenant shall pay to Sublandlord on the first day of each calendar month as additional rent under this Sublease, a utility charge in the amount of \$0.20 per square foot of the Subleased Premises per month (for a total utility charge of \$3,663.80 per month). Such amount shall be prorated with respect to the First Floor Area as of the First Floor Area Commencement Date. Such utility charge shall include use of the heating, ventilating or air conditioning system (the "HVAC System") during and after Building Hours as reasonably needed but shall not include any telephone charges. Subtenant agrees to pay prior to delinquency all charges for telephone services applicable to and/or used on the Subleased Premises, together with any taxes thereon. "Building Hours" shall mean Monday through Friday, 9:00 a.m. to 6:00 p.m. Subtenant will be responsible for any and all janitorial services for the Subleased Premises at its sole cost and expense. Concurrently with adjustments to Base Rent pursuant to Section 3, the monthly utility charge payable under this Section shall be adjusted by the increase, if any, in the CPI (or the alternative index selected in accordance with Section 3(d), if applicable) since the date of this Sublease, calculated using the formula set forth in Section 3(c) above, provided, however, that each reference therein to "Base Rent" shall be deemed to refer to "utility charge". The terms of Section 3(e) shall also apply to the utility charge adjustment, provided that each reference therein to "Base Rent" shall be deemed to refer to "utility charge".

5. Right to Terminate. Notwithstanding any other provision of this Sublease, the Master Lease or the Overlease, Subtenant shall have the absolute right to terminate this Sublease, without any penalty whatsoever, upon not less than ninety (90) days prior written notice to Sublandlord. Notwithstanding any other provision of this Sublease, the Master Lease or the Overlease,

Sublandlord shall have the absolute right to terminate this Sublease, with or without cause, upon not less than ninety (90) days prior written notice to Subtenant.

6. Use. Subtenant covenants and agrees to use the Premises solely for general office purposes in accordance with the provisions of the Master Lease and the Overlease and for no other purpose and otherwise in accordance with the terms and conditions of the Master Lease, the Overlease and this Sublease; provided, however, that with the prior written consent of Sublandlord (not to be unreasonably withheld), Subtenant may use the Premises for any other lawfully permitted use.

7. Master Lease and Overlease. As applied to this Sublease, the words "Lessor" and "Lessee" as used in the Master Lease and the words "Sublandlord" and "Subtenant" as used in the Overlease shall be deemed to refer to Sublandlord and Subtenant hereunder, respectively. Subtenant and this Sublease shall be (a) subject in all respects to the terms of, and the rights of the Master Landlord under, the Master Lease and (b) subject in all respects to the terms of, and the rights of the Agency under, the Overlease. Except as otherwise expressly provided in Section 9 hereof, the covenants, agreements, terms, provisions and conditions of the Master Lease and the Overlease insofar as they relate to the Subleased Premises and insofar as they are not inconsistent with the terms of this Sublease are made a part of and incorporated into this Sublease as if recited herein in full, and (i) the rights and obligations of the Master Landlord and the Agency under the Master Lease and (ii) the rights and obligations of the Agency and Sublandlord under the Overlease, shall be deemed the rights and obligations of Sublandlord and Subtenant, respectively, hereunder and shall be binding upon and inure to the benefit of Sublandlord and Subtenant, respectively. As between the parties hereto only, in the event of a conflict between the terms of the Master Lease or the Overlease and the terms of this Sublease, the terms of this Sublease shall control.

8. Performance Under Master Lease and Overlease.

8.1 Subtenant recognizes that Sublandlord is not in a position to render any of the services or to perform any of the obligations required of Master Landlord by the terms of the Master Lease or of the Agency by the terms of the Overlease. Therefore, notwithstanding anything to the contrary contained in this Sublease, Subtenant agrees that performance by Sublandlord of its obligations hereunder is conditional upon due performance by Master Landlord of its corresponding obligations under the Master Lease and by the Agency of its corresponding obligations under the Overlease, Sublandlord shall have no obligation to perform Master Landlord's obligations under the Master Lease or the Agency's obligations under the Overlease, and Sublandlord shall not be liable to Subtenant for any default of Master Landlord under the Master Lease or for any default of the Agency under the Overlease; provided, that if any material default by Master Landlord under the Master Lease or any material default by the Agency under the Overlease continues for a period of ninety (90) days after written notice to Sublandlord, Subtenant shall be entitled to terminate this Sublease upon written notice to Sublandlord. Subtenant shall not have any claim against Sublandlord by reason of the Master Landlord's or the Agency's failure or refusal to comply with any of the provisions of the Master Lease or the Overlease unless such failure or refusal is a result of Sublandlord's breach of the Overlease; provided, that if a failure or refusal to comply with any of the material provisions of the Master Lease or the Overlease continues for a period of ninety (90) days after written notice to Sublandlord, Subtenant shall be entitled to terminate this Sublease upon written notice to Sublandlord. This Sublease shall remain in full force and effect notwithstanding Master Landlord's or the Agency's failure or refusal to comply with any such provisions of the Master Lease or the Overlease and Subtenant shall pay the base rent and additional rent and all other

charges provided for herein without any abatement, deduction or setoff whatsoever. Subtenant covenants and warrants that it fully understands and agrees to be subject to, and bound by, all of the covenants, agreements, terms, provisions and conditions of the Master Lease and the Overlease, except as modified herein. Furthermore, Subtenant and Sublandlord further covenant not to take any action or do or perform any act or fail to perform any act which would result in the failure or breach of any of the covenants, agreements, terms, provisions or conditions of the Overlease on the part of Sublandlord, as the subtenant thereunder.

8.2 Whenever the consent of the Master Landlord or the Agency shall be required by, or the Master Landlord or the Agency shall fail to perform its obligations under, the Master Lease or the Overlease, Sublandlord agrees to use commercially reasonable efforts to obtain such consent and/or performance on behalf of Subtenant. If the consent of the Master Landlord is required as a result of any act or proposed act of Subtenant, Subtenant shall pay all costs and expenses incurred by Sublandlord in connection with the request for such consent.

8.3 Subtenant shall refrain from any act or omission that would result in the failure or breach of any of the covenants, provisions or conditions of (a) the Master Lease on the part of the Agency, as the Lessee under the Master Lease or (b) the Overlease on the part of Sublandlord, as the Subtenant under the Overlease.

9. Variations from Master Lease and Overlease; Additional Agreements.

9.1 Notwithstanding anything to the contrary set forth in the Master Lease or the Overlease, the Sublease Term and Base Rent payable under this Sublease required of Subtenant shall be as set forth in Sections 2, 3 and 4 above.

9.2 During the Sublease Term, Subtenant shall have the right to place, maintain and replace a sign panel in the top panel area on the monument sign installed on the Master Premises (the "Sign"); provided, however, that such sign panel shall be in compliance with all applicable laws, rules and regulations and any sign criteria established by Master Landlord or the Agency. At its sole cost and expense, Subtenant shall maintain its sign panel in good condition and repair during the Sublease Term and shall remove its sign panel and repair any damage caused by such removal at the end of the Sublease Term. Subtenant shall pay its pro rata share of all costs incurred by Sublandlord to maintain, repair, replace, insure and operate the Sign (collectively, the "Sign Costs"). Subtenant's pro rata share of the Sign Costs shall be calculated by multiplying the Sign Costs by a fraction, the numerator of which shall be the surface area of Sublandlord's sign panel on the Sign, and the denominator of which shall be the total surface area of all sign panels on the Sign. Subtenant agrees to pay its share of the Sign Costs to Sublandlord within thirty (30) days following Subtenant's receipt of an invoice therefor.

9.3 The parties hereto represent and warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease and each party agrees to protect, defend, indemnify, hold and save the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of its acts in connection with this Sublease to anyone. The provisions of this Section 9.3 shall survive the expiration or earlier termination of this Sublease.

9.4 Notwithstanding anything contained in the Overlease to the contrary, as between Sublandlord and Subtenant only, all insurance proceeds or condemnation awards received

by Sublandlord under the Overlease shall be deemed to be the property of Sublandlord, and Sublandlord shall have no obligation to rebuild or restore the Subleased Premises, but Subtenant shall, in such event, be entitled to exercise the remedies set forth in paragraphs 9 and 14 of the Master Lease.

9.5 All written notices, requests, demands and other communications provided for hereunder shall be in writing; shall be delivered or communicated personally or by first class letter, overnight delivery service or facsimile transmission confirmed (provided a successful transmission report has been received by the sender); and shall be mailed or delivered to the applicable party at the address indicated below next to their name or at such other address as shall be designated by such party in a written notice delivered in accordance with this Section 9.5. All notices mailed shall be deemed received as of (i) receipt or refusal in the event of delivery, or (ii) within two (2) business days after deposit into the U. S. mail.

If the Sublandlord: The City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Telephone: (714) 741-5128
Facsimile: (714) 741-5136

with a copy to: Woodruff Spradlin & Smart
701 S. Parker St., Suite 8000
Orange, California 92868
Telephone: (714) 558-7000
Facsimile: (714) 835-7787

If to Subtenant: St. Anselm's Cross-Cultural Community Center
11277 Garden Grove Blvd., Second Floor
Garden Grove, California 92840
Attn: Vicki Connely
Telephone: (714) 537-0608
Facsimile: (714) 537-7607

9.6 The parties acknowledge that, as of the Commencement Date, Subtenant has possession of the Second Floor Area pursuant to the First Sublease. Sublandlord shall deliver the First Floor Area to Subtenant in the condition the First Floor Area is delivered to Sublandlord by the Sublandlord's Engineering Department. Sublandlord shall have no obligation to make any alterations, additions, improvements, repairs or replacements to the Subleased Premises. Notwithstanding the foregoing, the parties shall cooperate to secure competitive bids from contractors for the installation of commercial grade carpet where the carpet is damaged in the First Floor Area and such other necessary improvements, subject to review and approval of the Sublandlord ("Tenant Improvements"). Up to twenty-four thousand nine hundred ninety-nine dollars (\$24,999.00) of the cost of the Tenant Improvements may be deducted from the monthly Base Rent payable by Subtenant hereunder; provided that (a) Subtenant shall have submitted invoices to Sublandlord to document such costs and Sublandlord shall have reasonably approved the cost of the Tenant Improvements and (b) the approved cost of the Tenant Improvements shall be deducted from Subtenant's Base Rent over not fewer than twelve (12) months.

9.7 Sublandlord can exercise all termination rights expressly provided in the Overlease without in any way constituting a breach or default under this Sublease and without any liability or responsibility to Subtenant and upon any termination of the Overlease, this Sublease shall terminate concurrently with the termination of the Overlease. Subtenant shall have no right to exercise any termination rights provided to Sublandlord as the Subtenant under the Overlease and such termination rights shall not be incorporated herein as terms of this Sublease.

9.8 At any time during the Sublease Term, Sublandlord may require Subtenant to deliver to Sublandlord a security deposit of up to Ten Thousand Dollars (\$10,000), if Sublandlord determines that Subtenant's financial condition warrants such measure. To enable Sublandlord to evaluate Subtenant's financial condition, Subtenant shall deliver to Sublandlord annual audited financial statements that describe Subtenants then-current financial condition and such other information, documentation and records as may reasonably be requested by Sublandlord.

9.9 Sublandlord hereby grants to Subtenant a non-exclusive right to enter the men's and women's restrooms located on the east side of the first floor of the Building ("First Floor Restroom"), for the use of Subtenant and Subtenant's employees, clients, and guests ("First Floor Restroom License"). The First Floor Restroom License shall continue in effect for the entire Sublease Term applicable to the First Floor Area; provided, in the event this Sublease is terminated with respect to the First Floor Area for any reason, the First Floor Restroom License shall terminate effective as of the date this Sublease terminates with respect to the First Floor Area. The Sublandlord shall maintain the First Floor Restroom in a clean and working condition for as long as Sublandlord occupies space on the first floor of the Building; however, Sublandlord hereby reserves the right to stop maintaining the First Floor Restroom in the event Sublandlord no longer occupies space on the first floor of the Building for use by departments of the City of Garden Grove or other City operations. Subtenant shall (and shall cause its employees, clients and guests to) (a) use the First Floor Restroom in a safe, clean, respectful, responsible, and legal manner, (b) not leave debris or other garbage in the First Floor Restroom other than in designated garbage receptacles, and (c) not damage, deface or destroy any portion of the First Floor Restroom or the fixtures or facilities therein. Sublandlord hereby reserves the right to impose reasonable restrictions on the use of the First Floor Restroom, including without limitation restrictions on the manner and time of access to and use of the First Floor Restroom, such as by placing locks on the doors (provided that copies of the keys or the combination, as applicable, will be provided to Subtenant to enable Subtenant to access the First Floor Restroom in accordance with the First Floor Restroom License).

10. Indemnity. Subtenant hereby agrees to protect, defend, indemnify and hold Sublandlord harmless from and against any and all liabilities, claims, expenses, losses and damages, including, without limitation, reasonable attorneys' fees, costs and disbursements, that may at any time be asserted against Sublandlord by (a) Master Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Master Lease that Subtenant is obligated to perform, (b) the Agency for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Overlease that Subtenant is obligated to perform and/or (c) any person as a result of Subtenant's use and/or occupancy of the Subleased Premises, except to the extent any of the foregoing is caused by the negligence or willful misconduct of Sublandlord. The provisions of this Section 10 shall survive the expiration or earlier termination of the Master Lease, the Overlease and/or this Sublease.

11. Cancellation of Master Lease or Overlease. In the event of the cancellation or termination of the Master Lease or the Overlease for any reason whatsoever or of the involuntary

surrender of the Master Lease or the Overlease by operation of law prior to the expiration date of this Sublease, Subtenant agrees, at the sole option of Master Landlord or the Agency, to make full and complete attornment to Master Landlord under the Master Lease or the Agency under the Overlease for the balance of the Sublease Term and upon the then executory terms of this Sublease, provided Master Landlord or the Agency, as applicable, agrees in writing not to disturb Tenant's possession of the Subleased Premises or the rights of Subtenant under this Sublease so long as Subtenant is not in material default (subject to applicable notice and cure rights in favor of Subtenant) in the performance of its obligations thereunder. Such attornment shall be evidenced by an agreement in form and substance reasonably satisfactory to Master Landlord or the Agency, as applicable. Subtenant agrees to execute and deliver such an agreement at any time within ten (10) business days after request by Master Landlord or the Agency, as applicable. Subtenant waives the provisions of any law now or hereafter in effect that may provide Subtenant any right to terminate this Sublease or to surrender possession of the Subleased Premises in the event any proceeding is brought by Master Landlord under the Master Lease to terminate the Master Lease or by the Agency under the Overlease to terminate the Overlease. So long as Subtenant is in compliance with each of its obligations under this Sublease, Sublandlord agrees that it shall not request termination of the Overlease prior to the expiration of the Sublease Term.

12. Certificates. Each party to this Sublease shall, from time to time as requested by the other party, on not less than ten (10) days' prior written notice, execute, acknowledge and deliver to the other party a statement in writing ("Estoppel Certificate") certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that this Sublease is in full force and effect as modified and stating the modifications). The Estoppel Certificate shall certify the dates to which base rent, additional rent and any other charges have been paid. The Estoppel Certificate shall also state whether, to the knowledge of the person signing the Estoppel Certificate, the other party is in default beyond any applicable grace period provided in this Sublease in the performance of any of its obligations under this Sublease. If the other party is in default beyond any applicable grace period, the Estoppel Certificate shall specify each default of which the signer then has knowledge. The failure to deliver such Estoppel Certificate within such ten (10)-day period shall conclusively establish, and shall constitute a representation and warranty by the party failing to provide the Estoppel Certificate, that (i) this Sublease is in full force and effect without modification; and (ii) the party requesting the Estoppel Certificate is not in default or breach of any of its obligations under this Sublease. It is intended that the Estoppel Certificate may be relied on by others with whom the party requesting the Estoppel Certificate may be dealing.

13. Assignment or Subletting. Subtenant shall not assign this Sublease or sublet all or any portion of the Subleased Premises without the prior written consent of Master Landlord, the Agency and Sublandlord (which consent of Sublandlord shall not be unreasonably withheld); provided, however, that Subtenant may (a) without Sublandlord's prior written consent but upon not less than ten (10) business days prior written notice to Sublandlord, assign this Sublease to the County of Orange or any of its subagencies or to the State of California or any of its subdivisions, and (b) without Sublandlord's prior written consent (i) allow any person or entity which is providing a service to Subtenant or one of Subtenant's clients to occupy up to 2,626 square feet of the Second Floor Area only, (not to exceed 3,000 square feet in the aggregate for all such persons and entities) without such occupancy being deemed an assignment or subletting or (ii) sublet up to 2,626 square feet of the Second Floor Area only, to any person or entity which is providing a service to Subtenant or one of Subtenant's clients (not to exceed 3,000 square feet in the aggregate for all such persons and entities). Subtenant shall reimburse Sublandlord for all reasonable and actual costs incurred by Sublandlord in processing a request for an assignment or subletting. In the event that the

consideration paid by any subtenant or assignee of Subtenant exceeds the rent payable to Sublandlord under this Sublease for any transaction approved by Sublandlord, Sublandlord and Subtenant shall split any excess rent equally and Subtenant shall pay or cause the Sublandlord's portion to be paid to Sublandlord on a monthly basis as additional rent under this Sublease.

14. Severability. If any term or provision of this Sublease or the application thereof to any person or circumstances shall, to any extent, be invalid and unenforceable, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

15. Entire Agreement; Waiver. This Sublease constitutes the final, complete and exclusive statement between the parties to this Sublease pertaining to the Subleased Premises, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors, and assigns. No party has been induced to enter into this Sublease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Sublease. Any agreement made after the date of this Sublease is ineffective to modify, waive, release, terminate or effect an abandonment of this Sublease, in whole or in part, unless that agreement is in writing, is signed by the parties to this Sublease, and specifically states that such agreement modifies this Sublease.

16. Captions and Definitions. Captions to the Sections in this Sublease are included for convenience only and are not intended and shall not be deemed to modify or explain any of the terms of this Sublease.

17. Further Assurances. The parties hereto agree that each of them, upon the request of the other party, shall execute and deliver, in recordable form if necessary, such further documents, instruments or agreements and shall take such further action that may be necessary or appropriate to effectuate the purposes of this Sublease.

18. Governing Law. This Sublease was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with the laws of the State of California for contracts made and to be performed therein.

19. Consent of Master Landlord and the Agency. The validity of this Sublease shall be subject to the prior written consent hereto of Master Landlord and the Agency pursuant to the terms of the Master Lease and the Overlease.

20. Authority. Each individual executing this Sublease represents that he or she is duly authorized to execute and deliver this Sublease on behalf of the party for which he or she is signing, and that this Sublease is binding upon the party for which he or she is signing in accordance with its terms.

21. Attorneys' Fees. If any action, lawsuit or proceeding relating to this Sublease, or any default thereunder, whether or not any action, lawsuit or proceeding is commenced, then the non-prevailing party shall reimburse the prevailing party for its reasonable attorneys' and expert witness fees and costs and all fees, costs and expenses incurred in connection with such action, lawsuit or proceeding, including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal, in collection of any judgment or in appearing in any bankruptcy proceeding.

22. Counterparts. This Sublease may be executed in facsimile and in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

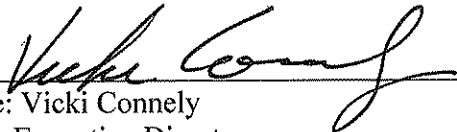
SUBLANDLORD:

CITY OF GARDEN GROVE

Matthew Fertal, City Manager

SUBTENANT:

ST. ANSELM'S CROSS-CULTURAL
COMMUNITY CENTER

By: 
Name: Vicki Connely
Title: Executive Director

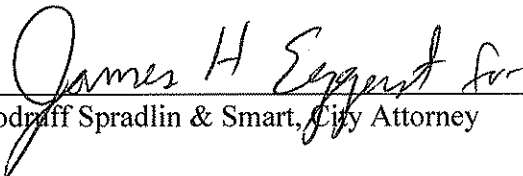
By: _____
Name: _____
Title: _____

ATTEST:

Katheen Bailor, City Clerk

ATTEST:

APPROVED AS TO FORM



Woodruff Spradlin & Smart, City Attorney

APPROVED AS TO FORM

CONSENT TO SUB-SUBLEASE

The undersigned, Pamela V. Purcell, Trustee of the Purcell Marital Trust, the landlord ("Master Landlord") under that certain Standard Office Lease - Gross dated January 22, 1996, as amended, extended, supplemented or otherwise modified and in effect ("Master Lease"), hereby consents and agrees to (i) the sub-subletting of a 20,875 square foot portion of the premises described in the Master Lease (the "Premises") by the City of Garden Grove ("Sublandlord") to St. Anselm's Cross-Cultural Community Center ("Subtenant"), and (ii) that certain Sub-Sublease dated as of April __, 2011 by and between Sublandlord and Subtenant (the "Sublease"); provided, however, that Garden Grove Agency for Community Development shall remain liable as tenant under the Master Lease. The undersigned hereby represents and warrants to Sublandlord and Subtenant that the Purcell Marital Trust is the sole owner of the Premises and that she is authorized as its Trustee to enter into this Consent to Sub-Sublease. Master Landlord hereby agrees that (a) the Sublease may be assigned by Subtenant, without Master Landlord's prior consent or approval, to the County of Orange or any of its subagencies or to the State of California or any of its subdivisions and (b) Subtenant may, without Master Landlord's prior written consent or approval, (i) allow any person or entity which is providing a service to Subtenant or one of Subtenant's clients to occupy up to _____ square feet of the Subleased Premises (not to exceed _____ square feet in the aggregate for all such persons and entities) without such occupancy being deemed an assignment or subletting or (ii) sublet up to _____ square feet of the Subleased Premises to any person or entity which is providing a service to Subtenant or one of Subtenant's clients (not to exceed _____ square feet in the aggregate for all such persons and entities).

Dated: April 1st, 2011


Pamela V. Purcell, Trustee of the Purcell
Marital Trust

CONSENT TO SUB-SUBLEASE

The undersigned, Garden Grove Agency for Community Development, the sublandlord (the "Agency") under that certain Sublease dated as of September 12, 2006, and amended as of April 12, 2011, and as otherwise amended, extended, supplemented or modified and in effect (the "Overlease"), hereby consents and agrees to (i) the sub-subletting of a 18,319 square foot portion of the premises described in the Master Lease (the "Premises") by the City of Garden Grove ("Sublandlord") to St. Anselm's Cross-Cultural Community Center ("Subtenant"), and (ii) that certain Sub-Sublease dated as of April 12, 2011 by and between Sublandlord and Subtenant (the "Sublease"); provided, however, that Sublandlord shall remain liable as tenant under the Overlease. The Agency hereby agrees that the Sublease may be (a) assigned by Subtenant, with the Agency's prior written approval (not to be unreasonably withheld), to the County of Orange or any of its subagencies or to the State of California or any of its subdivisions and (b) Subtenant may, without the Agency's prior written consent, (i) allow any person or entity which is providing a service to Subtenant or one of Subtenant's clients to occupy up to 2,626 square feet of the Second Floor Area only, (not to exceed 3,000 square feet in the aggregate for all such persons and entities) without such occupancy being deemed an assignment or subletting or (ii) sublet up to 2,626 square feet of the Second Floor Area only, to any person or entity which is providing a service to Subtenant or one of Subtenant's clients (not to exceed 3,000 square feet in the aggregate for all such persons and entities).

Dated: _____, 2011

GARDEN GROVE AGENCY FOR COMMUNITY
DEVELOPMENT


By: _____
Matthew Fertal, Director

ATTEST:

Kathleen Bailor, Secretary

APPROVED AS TO FORM

STRADLING YOCCA CARLSON & RAUTH



Agency Counsel

EXHIBIT A

THE MASTER LEASE

[SEE ATTACHED]

STANDARD OFFICE LEASE-GROSS
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1. Basic Lease Provisions ("Basic Lease Provisions")

1.1. Parties: This Lease, dated, for reference purposes only, January 27, 1996, is made by and between Frank Purcell, Trustee and Pamela Purcell, Trustee (herein called "Lessor") and Garden Grove Agency for Community Development doing business under the name of _____ (herein called "Lessee").

1.2. Premises: Suite Number(s) Entire Building floor, consisting of approximately 31,810 feet, more or less, as defined in paragraph 2 and as shown on Exhibit "A" hereto (the "Premises").

1.3. Buildings Commonly Described as being located at 11277 Garden Grove Boulevard in the City of Garden Grove

County of Orange State of California, as more particularly described in Exhibit A hereto, and as defined in paragraph 2

1.4. Use: Any lawfully permitted use subject to paragraph 6.

1.5. Term: Ten (10) years commencing March 1, 1996 ("Commencement Date") and ending February 29, 2006 as defined in paragraph 3.

1.6. Base Rent: \$405,778 per month, payable on the 1st day of each month per paragraph 4.1 beginning March 1, 1996 in advance.

1.7. Base Rent Increases: On March 1, 1998, 2000, 2002, 2004 the monthly Base Rent payable under paragraph 1.6 above shall be adjusted as provided in paragraph 4.3 below.

1.8. Rent Paid Upon Execution: _____

1.9. Security Deposits: See Paragraph 5.

1.10. Lessee's Share of Operating Expenses: 100% as defined in paragraph 4.2.

2. Premises, Parking and Common Areas.

2.1. Premises: The Premises are a portion of a building, herein sometimes referred to as the "Building" identified in paragraph 1.3 of the Basic Lease Provisions. "Building" shall include adjacent parking structures used in connection therewith. The Premises, the Building, the Common Areas, the land upon which the same are located, along with all other buildings and improvements thereon or thereunder, are herein collectively referred to as the "Office Building Project." Lessor hereby leases to Lessee and Lessee leases from Lessor for the term of the rental and upon all of the conditions set forth herein, the real property referred to in the Basic Lease Provisions, paragraph 1.2, as the "Premises," including rights to the Common Areas as hereinafter specified.

2.2. Vehicle Parking: So long as Lessee is not in default, and subject to the rules and regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use all parking spaces in the Office Building Project at the monthly rate applicable from time to time for monthly parking as set by Lessor and/or its tenants, for no additional charge.

2.2.1. If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor 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 Lessee, which cost shall be immediately payable upon demand by Lessor.

2.2.2. The monthly parking rate per parking space will be \$ 0 per month at the commencement of the term of this Lease, and is subject to change upon five (5) days prior written notice to Lessee. Monthly parking fees shall be payable one month in advance prior to the first day of each calendar month.

2.3. Common Areas—Definition: The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Office Building Project that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Office Building Project and their respective employees, suppliers, shippers, customers and invitees, including but not limited to common entrances, lobbies, corridors, stairways and elevators, public restrooms, elevators, escalators, parking areas to the extent not otherwise prohibited by this Lease, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, ramps, driveways, landscaped areas and decorative walls.

2.4. Common Areas—Rules and Regulations: Lessee agrees to abide by and conform to the rules and regulations attached hereto as Exhibit B with respect to the Office Building Project and Common Areas, and in case of any conflict, suppliers, shippers, customers, and invitees to so abide and conform. Lessor or such other persons as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to modify, amend and enforce said rules and regulations. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees, their agents, employees and invitees of the Office Building Project.

2.5. Common Areas—Changes: Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Building interior and exterior and Common Areas, including, without limitation, changes in the location, size, shape, number and appearance thereof, including but not limited to the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, decorative walls, landscaped areas and walkways; provided, however, Lessor shall at all times provide the parking facilities required by applicable law;

(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 and improvements outside the boundaries of the Office Building Project to be a part of the Common Areas, provided that such other land and improvements have a reasonable and functional relationship to the Office Building Project;

(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 Office Building Project, or any portion thereof;

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Office Building Project as Lessor may in the exercise of sound business judgment deem to be appropriate.

3. Term. (See section 54 re: Option to Extend)

3.1. Term: The term and Commencement Date of this Lease shall be as specified in paragraph 1.5 of the Basic Lease Provisions.

3.2. Delay in Possession: Notwithstanding said Commencement Date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date and subject to paragraph 3.2.2, Lessor shall not be subject to any liability therefor nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof; but, in such case, Lessee shall not be obligated to perform any other obligation of Lessee under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Lessee, as hereinafter defined; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days following said Commencement Date, as the same may be extended under the terms of a Work Letter executed by Lessor and Lessee, Lessee may, at Lessor's

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option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from obligations hereunder; provided, however, that, as to Lessor's obligations, Lessee first reimburses Lessor for all costs incurred for Non-Standard Improvements and, as to Lessor's obligations, Lessor shall submit any money previously deposited by Lessee (less any amounts due Lessor for Non-Standard Improvements); and provided further that if such written notice by Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.2.1 Possession Tendered--Defined. Possession of the Premises shall be deemed tendered to Lessee ("Tender of Possession") when (1) improvements mandated by Lessor under this Lease are substantially completed, (2) the Building Utilities are ready for use in the Premises (3) Lessee has reasonable access to the Premises, and (4) ten (10) days shall have expired following advance written notice to Lessee of the occurrence of the matters described in (1), (2) and (3), above of this paragraph 3.2.1.

3.2.2 Delays Caused by Lessee. There shall be no abatement of rent, and the sixty (60) day period following the Commencement Date but which Lessee's right to cancel this Lease accrues under paragraph 3.2, shall be deemed extended to the extent of any delays caused by acts or omissions of Lessee, Lessee's agents, employees and contractors. See Paragraph 60.

3.3 Early Possession. If Lessee occupies the Premises prior to said Commencement Date, such occupancy shall be subject to all provisions of this Lease, such occupancy shall not change the termination date, and Lessee shall pay rent for such occupancy.

3.4 Uncertain Commencement. In the event commencement of the Lease term is defined as the completion of the improvements, Lessee a Lessor shall execute an amendment to this Lease establishing the date of Tender of Possession (as defined in paragraph 3.2.1) or the actual taking possession by Lessee, whichever first occurs, as the Commencement Date.

4. Rent.

4.1 Base Rent. Subject to adjustment as hereinafter provided in paragraph 4.3, and except as may be otherwise expressly provided in this Lease Lessee shall pay to Lessor the Base Rent for the Premises set forth in paragraph 1.6 of the Basic Lease Provisions, without offset or deduction. Lessee shall pay Lessor upon execution hereof the advance Base Rent described in paragraph 1.6 of the Basic Lease Provisions. Rent for any period during the term hereof which is for less than one month shall be prorated based upon the actual number of days of the calendar month involved. Rent is to be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessee may designate in writing.

4.2 Operating Expense Increase. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share, as hereinafter defined, of the amount by which all Operating Expenses, as hereinafter defined, for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase," in accordance with the following provisions: (a) Lessee's Share of the Operating Expense Increase for each Comparison Year shall be the percentage set forth in paragraph 1.10 of the Basic Lease Provisions, which percentage has been determined by dividing the approximate square footage of the Premises by the total approximate square footage of the rental space contained in the Office Building Project. It is understood and agreed that the square footage figures set forth in the Basic Lease Provisions are approximations which Lessor and Lessee agree are reasonable and shall not be subject to revision except in connection with an actual change in size of the Premises or a change in the space available for lease in the Office Building Project.

(b) "Base Year" is defined as the calendar year in which the Lease term commences.

(c) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first twelve (12) months of the Lease Term (other than as may be mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding that they occur during the first twelve (12) months); Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year to which Lessee is responsible for a share of such increase.

(d) "Operating Expenses" is defined, for purposes of this Lease, to include all costs, if any, incurred by Lessor in the exercise of its reasonable discretion, for:

(i) The operation, repair, maintenance, and replacement, in neat, clean, safe, good order and condition, of the Office Building Project including but not limited to, the following:

(ia) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and include parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, strip bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(ib) All heating, air conditioning, plumbing, electrical systems, life safety equipment, telecommunication and other equipment used common by or for the benefit of lessees or occupants of the Office Building Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair;

(ii) Trash disposal, janitorial and security services;

(iii) Any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the liability and property insurance policies to be maintained by Lessor under paragraph 8 hereof;

(v) The amount of the real property taxes to be paid by Lessor under paragraph 10.1 hereof;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services to the Office Building Project;

(vii) Labor, salaries and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Office Building Project and accounting and a management fee attributable to the operation of the Office Building Project;

(viii) Replacing and/or adding improvements mandated by any governmental agency and any repairs or removals necessitated therefrom amortized over its useful life according to Federal income tax regulations or guidelines for depreciation thereof (including interest on the unamortized balance as is then reasonable in the judgment of Lessor's accountant);

(ix) Replacements of equipment or improvements that have a useful life for depreciation purposes according to Federal income tax guidelines of five (5) years or less, as amortized over such life.

(x) Operating Expenses shall not include the costs of replacements of equipment or improvements that have a useful life for Federal income tax purposes in excess of five (5) years unless it is of the type described in paragraph 4.2(d)(viii), in which case their cost shall be included as above provided.

(xi) Operating Expenses shall not include any expenses paid by any lessee directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

(y) Lessee's Share of Operating Expense Increase shall be payable by Lessee within ten (10) days after a reasonably detailed statement of actual expenses is presented to Lessee by Lessor. At Lessor's option, however, an amount may be estimated by Lessor from time to time in advance of Lessee's Share of the Operating Expense Increase for any Comparison Year, and the same shall be payable monthly or quarterly, as Lessor may designate, during each Comparison Year of the Lease term, on the same day as the Base Rent is due hereunder. In the event that Lessee pay Lessor's estimate of Lessee's Share of Operating Expense Increase as aforesaid, Lessor shall deliver to Lessee within sixty (60) days after the expiration of each Comparison Year a reasonably detailed statement showing Lessee's Share of the actual Operating Expense Increase incurred during such year. If Lessee's payment under this paragraph 4.2(y) during said Comparison Year exceed Lessee's Share as indicated on said statement, Lessee shall be entitled to credit the amount of such overpayment against Lessee's Share of Operating Expense Increase next falling due. If Lessee's payment under this paragraph during said Comparison Year were less than Lessee's Share as indicated on said statement, Lessee shall pay to Lessor the amount of the deficiency within ten (10) days after delivery by Lessor to Lessee of said statement. Lessor shall pay to Lessee the amount of any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increase, notwithstanding that the Lease term may have terminated before the end of such Comparison Year. Each year's increase shall not exceed 5% of the previous year's expenses.

4.3 Rent Increase.
4.3.1 At the time set forth in paragraph 1.7 of the Basic Lease Provisions, the monthly Base Rent payable under paragraph 4.1 of this Lease shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers, (1987=100), "All Items" for the city nearest the location of the Building, herein referred to as "CPI," since the date of this Lease.

4.3.2 The monthly Base Rent payable pursuant to paragraph 4.3.1 shall be calculated as follows: the Base Rent payable for the first month of the term of this Lease, as set forth in paragraph 4.1 of this Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month in which the original Lease term commences. The sum so calculated shall constitute the new monthly Base Rent hereunder, but, in no event, shall such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the date for the rent adjustment.

4.3.3 In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or

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agency or shall be discontinued, then the Index most nearly the same as the CPI shall be used to make such calculations. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in the County in which the Premises are located. In accordance with the then rules of said association and the decision of the arbitrator shall be binding upon the parties, notwithstanding one party failing to appear after due notice of the proceeding. The cost of said Arbitrator shall be paid equally by Lessor and Lessee.

4.3.4 Lessee shall continue to pay the rent at the rate previously in effect until the increase, if any, is determined. Within five (5) days following the date on which the increase is determined, Lessee shall make such payment to Lessor as will bring the increased rental current, commencing with the effective date of such increase through the date of any rental installments then due. Thereafter the rental shall be paid at the increased rate.

4.3.5 At such time as the amount of any change in rental required by this Lease is known or determined, Lessor and Lessee shall execute an amendment to this Lease setting forth such change.

5. Security Deposit: Lessee shall deposit with Lessor upon execution hereof the security deposit set forth in paragraph 1.8 of the Basic Lease Provisions as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default for the payment of any other item to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount then required of Lessee. If the monthly Base Rent shall, from time to time, increase during the term of this Lease, Lessee shall, at the time of such increase, deposit with Lessor additional money as a security deposit so that the total amount of the security deposit held by Lessor shall at all times bear the same proportion to the then current Base Rent as the initial security deposit bears to the initial Base Rent set forth in paragraph 1.8 of the Basic Lease Provisions. Lessor shall not be required to keep said security deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Lessor, shall be returned, without payment of interest or other increment in interest, to Lessee, at Lessee's option, to the last assignee, if any of Lessee's interest hereunder at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.

6. Lessee shall provide Lessor with copy of resolution to approve funding Lease payment within thirty days of City approval.

6.1 Use. The Premises shall be used and occupied only for the purpose set forth in paragraph 1.4 of the Basic Lease Provisions or any other use which is reasonably comparable to that use and for no other purpose.

6.2 Compliance with Law.

(a) Lessor warrants to Lessee that the Premises, in the state existing on the date that the Lease term commences, but without regard to alterations or improvements made by Lessee or the use for which Lessee will occupy the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term Commencement Date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation.

See Paragraph 5.3

(b) Except as provided in paragraph 6.2(a), Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements of any fire insurance underwriters or rating bureau, now in effect or which may hereafter come into effect, whether or not they reflect a change in policy from that now existing, during the term or any part of the term hereof, relating in any manner to the Premises and the occupation and use by Lessee of the Premises. Lessee shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance or shall tend to disturb other occupants of the Office Building Project.

6.3 Condition of Premises.

(a) Lessor shall deliver the Premises to Lessee in a clean condition on the Lease Commencement Date (unless Lessee is already in possession) and Lessor warrants to Lessee that the plumbing, lighting, air conditioning, and heating system in the Premises shall be in good operating condition. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises and the Office Building Project in their condition existing as of the Lease Commencement Date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants, conditions or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed hereby and by any exhibits attached hereto. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Lessor nor Lessor's agent or agent has made any representation or warranty as to the present or future suitability of the Premises, Common Areas, or Office Building Project for the conduct of Lessee's business.

7. Maintenance, Repairs, Alterations and Common Area Services.

7.1 Lessor's Obligations. Lessor shall keep the Office Building Project, including the Premises, interior and exterior walls, roof, and common areas, and the equipment whether used exclusively for the Premises or in common with other Premises, in good condition and repair; provided, however, Lessor shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the Building or are above then Building standards. Except as provided in paragraph 7.5, there shall be no abatement of rent or liability of Lessee on account of any injury or interference with Lessee's business with respect to any improvements, alterations or repairs made by Lessor to the Office Building Project or any part thereof. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

See Paragraph 5.5

7.2 Lessee's Obligations.

(a) Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any Premises improvements that are not ordinarily a part of the Building or that are above then Building standards. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

(b) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Lessee. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, alterations, furnishings and equipment. Except as otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, wall coverings, carpets, wall paneling, ceilings and plumbing on the Premises and in good operating condition.

7.3 Alterations and Additions. See Paragraph 5.6

(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, Utility installations or repairs in, on or about the Premises, or the Office Building Project. As used in this paragraph 7.3 the term "Utility installation" shall mean carpeting, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. At the expiration of the term, Lessor may require the removal of any or all of said alterations, improvements, additions or Utility installations, and the restoration of the Premises and the Office Building Project to their prior condition, at Lessee's expense. Should Lessor permit Lessee to make its own alterations, improvements, additions or Utility installations, Lessee shall use only such contractor as has been expressly approved by Lessor, and Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility installations without the prior approval of Lessor, or use a contractor not expressly approved by Lessor, Lessor may, at any time during the term of this Lease, require that Lessee remove any part or all of the same.

(b) Any alterations, improvements, additions or Utility installations in or about the Premises or the Office Building Project that Lessee shall desire to make shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent to Lessee's making such alteration, improvement, addition or Utility installation, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from the applicable governmental agencies, furnishing a copy thereof to Lessor prior to the commencement of the work, and compliance by Lessee with all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises, the Building or the Office Building Project, or any interest therein.

(d) Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises by Lessee, and Lessor shall have the right to post notice of non-responsibility in or on the Premises or the Building as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy

any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, the Building Office Building Project, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested claim or demand indemnifying Lessor against liability for the same and holding the Premises, the Building and the Building Project free from the effect of such claim or demand. In addition, Lessor may require Lessee to pay Lessor's reasonable attorneys' fees and in participating in such action if Lessor shall decide it is to Lessor's best interest so to do.

(f) All alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee which may be made to the Premises by Lessee, including but not limited to, floor coverings, panelings, doors, drapes, built-ins, moldings, alterations, and heating and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to paragraph 7.3(e). Provided Lessee is not in default, notwithstanding the provisions of this paragraph 7.3(e), Lessee's personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises or the Building, and other than Utility Installations, shall remain the property of Lessee and be removed by Lessee subject to the provisions of paragraph 7.2.

(g) Lessee shall provide Lessor with as-built plans and specifications for any alterations, improvements, additions or Utility Installations.

7.4 Utility Additions. Lessor reserves the right to install new or additional utility facilities throughout the Office Building Project for the benefit of Lessor or Lessee, or any other lessee of the Office Building Project, including, but not by way of limitation, such utilities as plumbing, electrical and communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises.

B. Insurance; Indemnity

8.1 Liability Insurance—Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability Insurance utilizing an insurance Services Office standard form with Broad Form General Liability Endorsement (GLI) or equivalent, in an amount of not less than \$1,000,000 per occurrence of bodily injury and property damage combined or in a greater amount reasonably determined by Lessor and shall insure Lessee with Lessor as an additional insured against liability arising out of the use, occupancy and maintenance of the Premises. Compliance with the above requirement shall not, however, limit the liability of Lessee hereunder.

8.2 Liability Insurance—Lessor. Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit B and C Broad Form Property Damage Insurance, plus coverage against such other risks Lessor deems advisable from time to time, insuring Lessor but not Lessee against liability arising out of the ownership, use, occupancy or maintenance of the Office Building Project in an amount not less than \$6,000,000.00 per occurrence.

8.3 Property Insurance—Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease for the benefit of Lessee a replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, sprinkler leakage and earthquake sprinkler loss endorsement, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all Lessee's personal property, fixtures, equipment and tenant improvements.

8.4 Property Insurance—Lessor. Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Office Building Project improvements, but not Lessee's personal property, fixtures, equipment or tenant improvements, in an amount of the full replacement cost thereof, as the same may exist from time to time, utilizing insurance Services Office standard form, or an equivalent providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, such other perils as Lessor deems advisable or may be required by a lender having a lien on the Office Building Project. In addition, Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessor, which insurance shall also cover all Operating Expenses for said period. Lessee will not be named in any such policies carried by Lessor and Lessor shall not be bound by any conditions, exclusions or limitations which may be contained in any such policies. In the event that the Premises shall suffer an insured loss as defined in paragraph 8.1(f) hereof, the deductible amount under the applicable insurance policies shall be deemed an Operating Expense. Lessee shall not do or permit to be done anything which shall increase the insurance premium or which shall increase the amount of any deductible amount under any such policies. Lessee shall pay the entire amount of any increase in the property insurance premium for the Office Building Project over what it was immediately prior to the commencement of the term of this Lease if the increase is specified by Lessor's insurer as being caused by the nature of Lessee's occupancy or any act or omission of Lessee.

8.5 Insurance Policies. Lessee shall deliver to Lessor copies of liability insurance policies required under paragraph 8.1 or certificates evidencing the existence and amounts of such insurance within seven (7) days after the Commencement Date of this Lease. No such policy shall be canceled or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor. Lessee shall, at least thirty days prior to the expiration of such policies, furnish Lessor with renewals thereof.

8.6 Waiver of Subrogation. Lessee and Lessor each hereby release and relieve the other and waive their entire right of recovery against the other for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether or not the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees, if necessary all property insurance policies required under this Lease shall be endorsed to so provide.

8.7 Indemnity. Lessee shall indemnify and hold harmless Lessor and its agents, Lessor's master or ground lessor, partners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Office Building Project from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or adjacent thereto and shall further indemnify and hold harmless Lessor from and against any and all claims, costs and expenses arising from any breach of Lessee, or any of Lessee's agents, contractors, employees, or invitees, and from and against all perils, attorney's fees, expenses and liabilities incurred by Lessor as the result of any such use, conduct, activity, work, things done, permitted or suffered, breach, default or negligence, and in each action or proceeding brought against Lessor by reason of any such matter, Lessee upon notice of proceeding involved therein and in case of expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Office Building Project arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

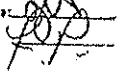
8.8 Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of or damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or a third person in or about the Premises of the Office Building Project, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wiring, plumbing, air conditioning or lighting fixtures, or from any other cause, sources or places, or from new construction or the repair, alteration or improvement of any part of the Office Building Project, or of the equipment, fixtures or appliances applicable thereto, and regardless of whether the cause of such damage or injury or the means of repairing the same is foreseeable, Lessor shall not be liable for any damages arising from any act or neglect of any other lessee, occupant or user of the Office Building Project, nor from the failure of Lessor to enforce the provisions of any other lease of any other lessee of the Office Building Project.

8.9 No Representation of Adequate Coverage. Lessor makes no representation that the limits or terms of coverage of insurance specified in this paragraph 8 are adequate to cover Lessee's property or obligations under this Lease.

B. Damage or Destruction

8.1 Definitions.

- (a) "Premises Damage" shall mean if the Premises are damaged or destroyed to any extent.
- (b) "Premises Building Partial Damage" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent the cost to repair is less than fifty percent (50%) of the then Replacement Cost of the Building.
- (c) "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Building.
- (d) "Office Building Project Buildings" shall mean all of the buildings on the Office Building Project site.
- (e) "Office Building Project Buildings Total Destruction" shall mean if the Office Building Project Buildings are damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Office Building Project Buildings.
- (f) "Insured Loss" shall mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8. The fact that an insured loss has a deductible amount shall not make the loss an uninsured loss.
- (g) "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition existing at the time of the damage occurring, excluding all improvements made by lessees, other than those included by Lessor or Lessee's expense.

Initials: 

9.2 Premises Damage; Premises Building Partial Damage.

(a) **Insured Loss:** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Lessor shall, as soon as reasonably possible and to the extent the required materials and labor are readily available through usual commercial channels, at Lessor's expense, repair such damage (but not Lessor's fixtures, equipment or tenant improvements originally paid for by Lessee) to its condition existing at the time of the damage, and this Lease shall continue in full force and effect.

(b) **Uninsured Loss:** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), which damage prevents Lessee from making any substantial use of the Premises, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which event this Lease shall terminate as of the date of the occurrence of such damage.

9.3 Premises Building Total Destruction; Office Building Project Total Destruction. Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, which falls into the classification of either (i) Premises Building Total Destruction, or (ii) Office Building Project Total Destruction, then Lessor may at Lessor's option either (i) repair such damage or destruction as soon as reasonably possible at Lessor's expense (to the extent the required materials are readily available through usual commercial channels) to its condition existing at the time of the damage, but not Lessor's fixtures, equipment or tenant improvements, and this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease, in which case this Lease shall terminate as of the date of the occurrence of such damage.

9.4 Damage Near End of Term.

(a) Subject to paragraph 9.4(b), if at any time during the last twelve (12) months of the term of this Lease there is substantial damage to the Premises, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.4(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Damage during the last twelve (12) months of the term of this Lease. If Lessee duly exercises such option during said twenty (20) day period, Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said twenty (20) day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

9.5 Abatement of Rent; Lessee's Remedies.

(a) In the event Lessor repairs or restores the Building or Premises pursuant to the provisions of this paragraph 9, and any part of the Premises are not usable (including loss of use due to loss of access or essential services), the rent payable hereunder (including Lessee's Share of Operating Expense Increase) for the period during which such damage, repair or restoration continues shall be abated, provided (i) the damage was not the result of the negligence of Lessee, and (ii) such abatement shall only be to the extent the operation and profitability of Lessee's business as operated from the Premises is adversely affected. Except for said abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises or the Building under the provisions of this Paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such occurrence, or if Lessor shall not complete the restoration and repair within six (6) months after such occurrence, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement or completion, respectively, of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

(c) Lessee agrees to cooperate with Lessor in connection with any such restoration and repair, including but not limited to the approval and/or execution of plans and specifications required.

9.6 Termination-Advance Payments. Upon termination of this Lease pursuant to this paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.7 Waiver. Lessor and Lessee waive the provisions of any statute which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessor shall pay the real property tax, as defined in paragraph 10.3, applicable to the Office Building Project subject to reimbursement by Lessee of Lessee's Share of such taxes in accordance with the provisions of paragraph 4.2, except as otherwise provided in paragraph 10.2.

10.2 Additional Improvements. Lessee shall not be responsible for paying any increase in real property tax specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Office Building Project by either Lessee or by Lessor for the exclusive enjoyment of any other lessee. Lessee shall, however, pay to Lessor at the time that Operating Expenses are payable under paragraph 4.2(c) the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Lessee or at Lessee's request.

10.3 Definition of "Real Property Tax" As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Office Building Project or any portion thereof 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, as against any legal or equitable interest of Lessor in the Office Building Project or in any portion thereof, as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Office Building Project. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax" or (ii) the nature of which was heretofore included within the definition of "real property tax" or (iii) which is imposed for a service or right not charged prior to June 1, 1978, or if previously charged, has been increased since June 1, 1978, or (iv) which is imposed as a result of a change in ownership, as defined by applicable local statutes for property tax purposes, of the Office Building Project or which is added to a tax or charge hereinabove included within the definition of real property tax by reason of such change of ownership, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereto.

10.4 Joint Assessment. If the improvements or property, the taxes for which are to be paid separately by Lessee under paragraph 10.2 or 10.5 are not separately assessed, Lessee's portion of that tax shall be equitably determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information (which may include the cost of construction) as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere.

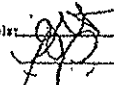
(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, and janitorial services as reasonably required, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use, and replacement light bulbs and fluorescent tubes and ballasts for standard overhead fixtures.

11.2 Services Exclusive to Lessee. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If any such services are not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises in the Building.

11.3 Hours of Service. Said services and utilities shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

Initials: 

11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden to the utilities or services, including but not limited to security services, over standard office usage for the Office Building Project. Lessor shall not reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessee's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease without the need for notice. To Lessee under paragraph 13.1, "transfer" within the meaning of this paragraph 12 shall include the transfer or transfer's aggregation; (1) Lessee is a corporation, more than twenty-five percent (25%) of the voting stock of such corporation, or (2) if Lessee is a partnership, more than twenty-five percent (25%) of the profit and loss participation in such partnership. *See Section 57*

12.2 Lessee Affiliate. Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Lessee Affiliate"; provided that before such assignment shall be effective (a) said assignee shall assume, in full, the obligations of Lessee under this Lease and (b) Lessor shall be given written notice of such assignment and assumption. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after a necessary reassignment or subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

12.3 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the prior liability of Lessee to pay the rent and other sums due Lessor hereunder including Lessee's Share of Operating Expense increases, and to perform other obligations to be performed by Lessee hereunder.

(b) Lessor may accept rent from any person other than Lessee pending approval or disapproval of such assignment.

(c) Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this paragraph 12 or this Lease.

(d) If Lessee's obligations under this Lease have been guaranteed by third parties, then an assignment or sublease, and Lessor's consent thereto, shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(e) The consent by Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the sublessee. However, Lessor may consent to subsequent sublettings and assignment of the sublease and any amendments or modifications thereto without notifying Lessee or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or said sublease; however, such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Lessee or sublessee under this Lease.

(f) In the event of any default under this Lease, Lessor may proceed directly against Lessee, any guarantors or any one else responsible for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible hereunder to Lessee or any security held by Lessor or Lessee.

(g) Lessor's written consent to any assignment or subletting of the Premises by Lessee shall not constitute an acknowledgment that no debt then exists under this Lease of the obligations to be performed by Lessee nor shall such consent be deemed a waiver of any then existing debt except as may be otherwise stated by Lessor at the time.

(h) The discovery of the fact that any financial statement relied upon by Lessor in giving its consent to an assignment or subletting is materially false shall, at Lessor's election, render Lessor's said consent null and void.

12.4 Additional Terms and Conditions Applicable to Subletting. Regardless of Lessor's consent, the following terms and conditions shall apply to a subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressed incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease heretofore hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided however that until a default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the rent accruing under such sublease. Lessor shall not, by reason of this or any other assignment of such sublease to Lessor nor by reason of the collection of rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to sublessee under such sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessee stating that a default exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents due and to become due under it pay such rents to Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim by Lessee to the contrary. Lessee shall have no right or claim against said sublessee or Lessor for any such rents so paid by said sublessee to Lessee.

(b) No sublease entered into by Lessee shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease Lessee shall use only such form of sublease as is satisfactory to Lessor, and once approved by Lessor, such sublease shall not be changed or modified without Lessor's prior written consent. Any sublease shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessor to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Lessee other than such obligations as are contrary to or inconsistent with provisions contained in a sublease in which Lessor has expressly consented in writing.

(c) In the event Lessee shall default in the performance of its obligations under this Lease, Lessor at its option and without any obligation to do so, may require any sublessee to assume to Lessor, in which event Lessor shall undertake the obligations of Lessee under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior defaults of Lessee under such sublease.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Lessee to the sublessee. Such sublessee shall have the right to cure a default of Lessee within three (3) days after service of said notice of default upon such sublessee, and the sublessee shall have a right of reimbursement and offset from and against Lessee for any such default cured by the sublessee.

12.5 Lessor's Expenses. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable costs and expense incurred in connection therewith, including attorneys', architect's, engineer's or other consultants' fees.

12.6 Conditions to Consent. Lessor reserves the right to condition any approval to assign or sublet upon Lessor's determination that (a) the proposed assignee or sublessee shall conduct a business on the Premises of a quality substantially equal to that of Lessee and consistent with the general character of the other occupants of the Office Building Project and not in violation of any covenants or rights then held by other tenants, and (b) the proposed assignee or sublessee be at least as financially responsible as Lessee was expected to be at the time of the execution of this Lease or of such assignment or subletting, whichever is greater.

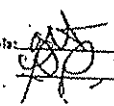
13. Default Remedies.

13.1 Default. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

(a) The vacation or abandonment of the Premises by Lessee. Vacation of the Premises shall include the failure to occupy the Premises for a continuous period of sixty (60) days or more, whether or not the rent is paid.

(b) The breach by Lessee of any of the covenants, conditions or provisions of paragraphs 7.3(a), (b) or (c) (alterations), 12.1 (assignment or subletting), 13.1(a) (vacation or abandonment), 13.1(e) (insolvency), 13.1(f) (false statement), 16(a) (stoppage certificate), 30(b) (subordination), 33 (assessments), or 4.1 (assessments), all of which are hereby deemed to be material, non-curable defaults without the necessity of any notice by Lessor to Lessee.

(c) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Lessor to Lessee. In the event that Lessor serves notice with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

Initials: 

(d) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee other than those referenced in subparagraphs (b) and (c), above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said thirty (30) day period and thereafter diligently pursues such cure to completion. To the extent permitted by law such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Lessee under applicable Unlawful Distraint statutes.

(e) (i) The making by Lessee of any general assignment or general assignment for the benefit of creditors; (ii) Lessee becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto; (iii) In the case of a petition filed against Lessee, the same is dismissed within sixty (60) days; (iv) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (v) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this paragraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect.

(f) The discovery by Lessor that any financial statement given to Lessor by Lessee, or its successor in interest or by any guarantor of Lessee's obligation hereunder, was materially false.

13.2 Remedies. In the event of any material default or breach of this Lease by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid; the worth of the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental lost for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to paragraph 15 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have vacated or abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as if become due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently pursues the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of Base Rent, Lessee's Share of Operating Expense increase or other sums due hereunder will cause Lessor 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 on Lessor by the terms of any mortgage or deed of trust covering the Office Building Project. Accordingly, if any installment of Base Rent, Operating Expense increase, or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof or the Office Building Project 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; provided that if so much of the Premises or the Office Building Project are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Premises, Lessee shall have the option, to be exercised only in writing within thirty (30) days after Lessor shall have given Lessee written notice of such taking for in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. If Lessee 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 rent and Lessee's Share of Operating Expense increase shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof. Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Premises or the Office Building Project. Any award for the taking of all or any part of the Premises or the Office Building Project under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the fee-hold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any separate award for loss of or damage to Lessee's trade fixtures, removable personal property and unattached tenant improvements that have been paid for by Lessee. For that purpose the cost of such improvements shall be amortized over the original term of this Lease excluding any option. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee

(a) The brokers involved in this transaction are _____ as "listing broker" and _____ as "cooperating broker," licensed real estate broker(s). A "cooperating broker" is defined as any broker other than the listing broker entitled to a share of any commission arising under this Lease. Upon execution of this Lease by both parties, Lessor shall pay to said brokers jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate agreement between Lessor and said broker(s), or in the event there is no separate agreement between Lessor and said broker(s), the sum of \$_____ for brokerage services rendered by said broker(s) to Lessor in this transaction.

(b) Lessor further agrees that (i) if Lessee exercises any Option, as defined in paragraph 9.1 of this Lease, which is granted to Lessee under this Lease, or any subsequently granted option which is substantially similar to an Option granted to Lessee under this Lease, or (ii) if Lessee acquires any rights to the Premises or other premises described in this Lease which are substantially similar to what Lessee would have acquired had an Option herein granted to Lessee been exercised, or (iii) if Lessee remains in possession of the Premises after the expiration of the term of this Lease after having failed to exercise an Option, or (iv) if said broker(s) are the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, or (v) if the Base Rent is increased, whether by agreement or operation of an escalation clause contained herein, then as to any of said transactions or rent increases, Lessor shall pay said broker(s) a fee in accordance with the schedule of said broker(s) in effect at the time of execution of this Lease. Said fee shall be paid at the time such increased rental is determined.

(c) Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law, shall be deemed to have assumed Lessor's obligation under this paragraph 15. Each listing and cooperating broker shall be a third party beneficiary of the provisions of this paragraph 15 to the extent of their interest in any commission arising under this Lease and may enforce that right directly against Lessor; provided, however, that all brokers having a right to any part of such total commission shall be a necessary party to any suit with respect thereto.

(d) Lessee and Lessor each represent and warrant to the other that neither has had any dealings with any person, firm, broker or lender further than the respective broker(s) named herein, or any other person, firm or entity in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby; and no other broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction and Lessee and Lessor do each hereby indemnify and hold the other harmless from and against any costs, expenses, attorneys' fees or liability for compensation or charges which may be claimed by any such unnamed broker, lender or other similar party by reason of any dealings or actions of the indemnifying party.

16. Escrowed Certificate

(a) Each party (as "requesting party") shall at any time upon not less than ten (10) days' prior written notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date

Initials:

to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any unsecured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Office Building Project or of the business of Lessee.

(b) At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this Lease is in full force and effect without modification except as may be represented by the requesting party, (ii) there are no unsecured defaults in the requesting party's performance and (iii) if Lessor is the requesting party, not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance, refinance, or sell the Office Building Project, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lesser interest in a ground lease of the Office Building Project, and except as expressly provided in paragraph 15, in the event of any transfer of such fee or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

18. 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.

19. Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law or judgment from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. Time of Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

21. Additional Rent. All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to Lessee's Share of Operating Expense Increase and any other expense payable by Lessee hereunder shall be deemed to be rent.

22. Incorporation of Prior Agreements. This Lease contains all agreements of the parties with respect to any matter mentioned hereon. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither the recording nor the filing in public records of this Lease nor any corresponding document hereon shall constitute a release of Lessor or any employee or agent of a third party from any oral or written warranties or representations to Lessee relative to the condition or use of the Office Building Project and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the fire use and acceptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease.

23. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified registered mail, and shall be deemed sufficiently given if delivered or addressed to Lessee or to Lessor at the address noted below or adjacent to the signature of the respective parties, as the case may be. Mailed notices shall be deemed given upon actual receipt at the address required, or forty-eight hours following deposit in the mail, postage prepaid, whichever first occurs. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premise shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such address as Lessor may from time to time hereafter designate by notice to Lessee.

24. Waivers. No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of Lessee of the same or any other provision, Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. Recording. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

26. Holding Over. If Lessee, with Lessor's consent, remains in possession of the Premises or any part hereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, except that the rent payable shall be two hundred percent (200%) of the rent payable immediately preceding the termination date of this Lease, and all Options, any granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

27. 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.

28. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

29. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Office Building Project is located and any litigation concerning this Lease between the parties hereto shall be instituted in the county in which the Office Building Project is located.

30. Subordination.

(a) This Lease, and any Option or right of first refusal granted hereby, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Office Building Project and to any and all advances made of the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent on time and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgage, trustee or ground lender shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and the five written notices hereof to Lessee, this Lease and such Options shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an assignment, a subordination, or to make this Lease or any Option grants herein prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder without further notice to Lessor or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessor's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor or Lessor's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

31. Attorneys' Fees.

31.1 If either party or the broker(s) named herein bring an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, trial or appeal thereon, shall be entitled to his reasonable attorneys' fees to be paid by the losing party as fixed by the court in the same or a separate suit, and whether or not such action is pursued to decision or judgment. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

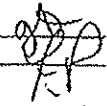
31.2 The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred in good faith.

31.3 Lessor shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of notice of default and consultations in connection therewith, whether or not a legal transaction is subsequently commenced in connection with such default.

32. Lessor's Access.

32.1 Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, performing any services required of Lessor, showing the same to prospective purchasers, lenders, or lessees, taking such safety measures, erecting such scaffolding or other necessary structures, making such alterations, repairs, improvements or additions to the Premises or to the Office Building Project as Lessor may reasonably deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. Lessor may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs.

32.2 Availability of Lessor pursuant to this paragraph shall be without abatement of rent, nor shall Lessor have any liability to Lessee for the same.

Initials: 

32.3 Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and so and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forcible unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessee's prop or business in connection therewith.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Com Areas without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be oblig to exercise any standard of reasonableness in determining whether to grant such consent. The holding of any auction on the Premises or Com Areas in violation of this paragraph shall constitute a material default of this Lease.

34. Signs. Lessee shall not place any sign upon the Premises or the Office Building Project without Lessor's prior written consent. Under no circ stances shall Lessee place a sign on any roof of the Office Building Project.

35. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not wor merge, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Les of any or all of such subtenancies.

36. Consents. Except for paragraphs 33 (auctions) and 34 (signs) herof, wherever in this Lease the consent of one party is required to an act of other party such consent shall not be unreasonably withheld or delayed.

37. Guarantor. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

38. Quiet Possession. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authori and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership inter in the Office Building Project.

39. Options.

39.1 Definition. As used in this paragraph the word "Option" has the following meaning: (1) the right or option to extend the term of this Lease to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (2) the option of right of first refusal to lease i Premises or the right of first offer to lease the Premises or the right of first refusal to lease other space within the Office Building Project or oth property of Lessor or the right of first offer to lease other space within the Office Building Project or other property of Lessor; (3) the right or option purchase the Premises or the Office Building Project, or the right of first refusal to purchase the Premises or the Office Building Project or the r of first offer to purchase the Premises or the Office Building Project, or the right or option to purchase other property of Lessor, or the right of f refusal to purchase other property of Lessor or the right of first offer to purchase other property of Lessor.

39.2 Options Personal. Each Option granted to Lessee in this Lease is personal to the original Lessee and may be exercised only by the origi Lessee while occupying the Premises who does so without the intent of thereafter assigning this Lease or subletting the Premises or any portio hereof, and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than Lessee; provided, however, if an Option may be exercised by or assigned to any Lessee Affiliate as defined in paragraph 12.2 of this Lease. The Options if any herein granted Lessee are not assignable separate and apart from this Lease, nor may any Option be separated from this Lease in any manner, either by reservati or otherwise.

39.3 Multiple Options. In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised unti the prior option to extend or renew this Lease has been exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary, (i) during the tin commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(c) or 13.1(d) and continuing until the non-complianc alleged in said notice is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessee is due fro Lessee and unpaid (without any necessity for notice thereof to Lessee) and continuing until the obligation is paid, or (iii) in the event that Lessor h given to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, during the month period of time immediately prior to the time that Lessee attempts to exercise the subject Option, (iv) if Lessee has committed any non-curea breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants or conditions o this Lease.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exerci an Option because of the provisions of paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's du and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligati c Lessee for a period of thirty (30) days after such obligation becomes due without any necessity of Lessor to give notice thereof to Lessee, o (ii) Lessee fails to commence to cure a default specified in paragraph 13.1(c) within thirty (30) days after the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessor gives to Lessee three or more notices o default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, or (iv) if Lessee has committed any non-curable breach including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants and conditions of this Lease

40. Security Measures--Lessor's Reservations.

40.1 Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for th benefit of the Premises or the Office Building Project. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and th property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Office Building Project or any part thereof, in which event the cost thereof shall be included withi the definition of Operating Expenses, as set forth in paragraph 4.2(b).

40.2 Lessor shall have the following rights:

(a) To change the name, address or title of the Office Building Project or building in which the Premises are located upon not less than 90 days prior written notice;

(b) To, at Lessee's expense, provide and install building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate;

(c) To permit any lessee the exclusive right to conduct any business so long as such EXCLUSIVE DOES NOT CONFLICT WITH ANY RIGHTS EXPRESSLY GIVEN HEREIN;

(d) To place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the buildings or the Office Building Project or on parts signs in the Common Areas;

40.3 Lessee shall not:

(a) Use a representation (photographic or otherwise) of the Building or the Office Building Project or their name(s) in connection with Lessee's business;

(b) Suffer or permit anyone, except in emergency, to go upon the roof of the Building.

41. Easements.

41.1 Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the re-creation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material default of this Lease by Lessee without the need for further notice to Lessee.

41.2 The obstruction of Lessee's view, air or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessee.

42. 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.

43. Authority. If Lessee is a corporation, trust, or general or limited partnership, Lessee, and each individual executing this Lease on behalf of such entity represent and warrant that such individual is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

44. Conflict. Any conflict between the printed provisions, Exhibits or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

45. No Offer. Preparation of this Lease by Lessor or Lessor's agent and submission of same to Lessee shall not be deemed an offer to Lessee to lease. This Lease shall become binding upon Lessor and Lessee only when fully executed by both parties.

46. Leasing Modification. Lessee agrees to make such reasonable modifications to this Lease as may be reasonably required by an institutional lender in connection with the obtaining of normal financing or refinancing of the Office Building Project.

47. Multiple Parties. If more than one person or entity is named as either Lessor or Lessee herein, except as otherwise expressly provided herein, the obligations of the Lessor or Lessee herein shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee, respectively.

48. Work Letter. This Lease is supplemented by that certain Work Letter of even date executed by Lessor and Lessee, attached hereto as Exhibit C and incorporated herein by this reference.

49. Attachments. Attached hereto are the following documents which constitute a part of this Lease:

- Addendum to Lease Paragraphs 53 through 60.
- Exhibit A Description of Premises 2 Pages.
- Exhibit B Rules and Regulations
- Exhibit C Work Letter

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY 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 LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN IT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKER OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING THERETO. THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

LESSOR

LESSEE

Frank Purcell, Trustee and Pamela Purcell, Garden Grove Agency for Community Development

By Frank Purcell
Its _____

By [Signature]
Its Director

By Pamela Purcell
Its _____

By [Signature]
Its Deputy Secretary

Executed at _____
on 21st February 1996
Address 16594 Knattwood Rd
Granada Hills CA 91344

Executed at _____
on _____
Address 11222 Acacia Parkway
GARDEN GROVE, Ca. 92640

For these forms write or call the American Industrial Real Estate Association, 350 South Figueroa Street, Suite 275, Los Angeles, CA 90071, (213) 687-8777.
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ADDENDUM TO LEASE

Frank Purcell, Tru
Pamela Purcell, Tru

Addendum to Lease dated Jan, 22, 1995 and between
as Lessor and Garden Grove Agency for Community Development as Lessee

*Condition of
Premises*

52. Janitorial. Lessee, at Lessee's sole cost and expense, to provide interior janitorial for their respective leased space.

53. Environmental Compliance. ^{Lessor and both} Lessee represents, warrants and covenants to Lessor that Lessee shall at no time use or permit the Premises to be used in violation of any Regulations, including any Regulations which are related to or govern Hazardous Materials and/or the environmental conditions in, on, under or about the Premises, including, but not limited to, air quality, soil and surf and subsurface water conditions (individually and collectively, "Environmental Regulations"). Lessee shall assume sole and full responsibility for, and shall remedy at its sole cost and expense, all such violations. Lessee shall at no time use, generate, release, store, treat, dispose of, or otherwise deposit, in, on, under or about the Premises any hazardous or toxic substances, wastes or related materials ("Hazardous Materials") or permit or allow any third party to do so, without Lessor's express, prior, written consent. Lessee's compliance, at Lessee's sole cost and expense, with all Environmental Regulations. Lessee shall pay or reimburse Lessor for any costs or expenses incurred by Lessor, including reasonable attorneys', engineers, consultants' and other experts' fees and disbursements incurred or payable to determine, review, approve, consent to or monitor the requirements for compliance with Environmental Regulations. For the purposes of this Section, Hazardous Materials shall include, but not be limited to, asbestos, asbestos-containing matter, and the group of organic compounds known as polychlorinated biphenyls, as well as substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; ("CERCLA"); the Hazardous Material Transportation Act, 49 U.S.C. Section 1802; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq.; ("RCRA"); those substances identified in regulations, orders, and publications adopted pursuant to California Health and Safety Code Section 25249, as "Chemicals Known to Cause Cancer or Reproductive Toxicity"; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code and in the regulations adopted and publications promulgated pursuant thereto and any Regulation which now exists or which may be enacted or become effective after the date of this Lease; ^{and then} all as the foregoing may be amended or modified from time to time. Lessee shall provide Lessor with written notification immediately upon the discovery or notice of reasonable grounds to suspect, by the Lessee, its successors, assigns, licensees, employees, agents, partners and/or any other third party, that any provision of this Section has not been strictly complied with. It shall be an Event of Default under this Lease, entitling Lessor to exercise any of its rights and remedies under this Lease, if any provision of this Section is not strictly complied with at all times. Lessor's election to conduct such inspections shall not be construed as approval of Lessee use of the Premises or any activities conducted thereon, and shall in no way constitute an assumption by Lessor of any responsibility whatsoever of Lessee's use of the Premises or Hazardous Materials.

*Caused by such party
which occur during the
Term of the lease*

each party's

such party

the other party's

A party's

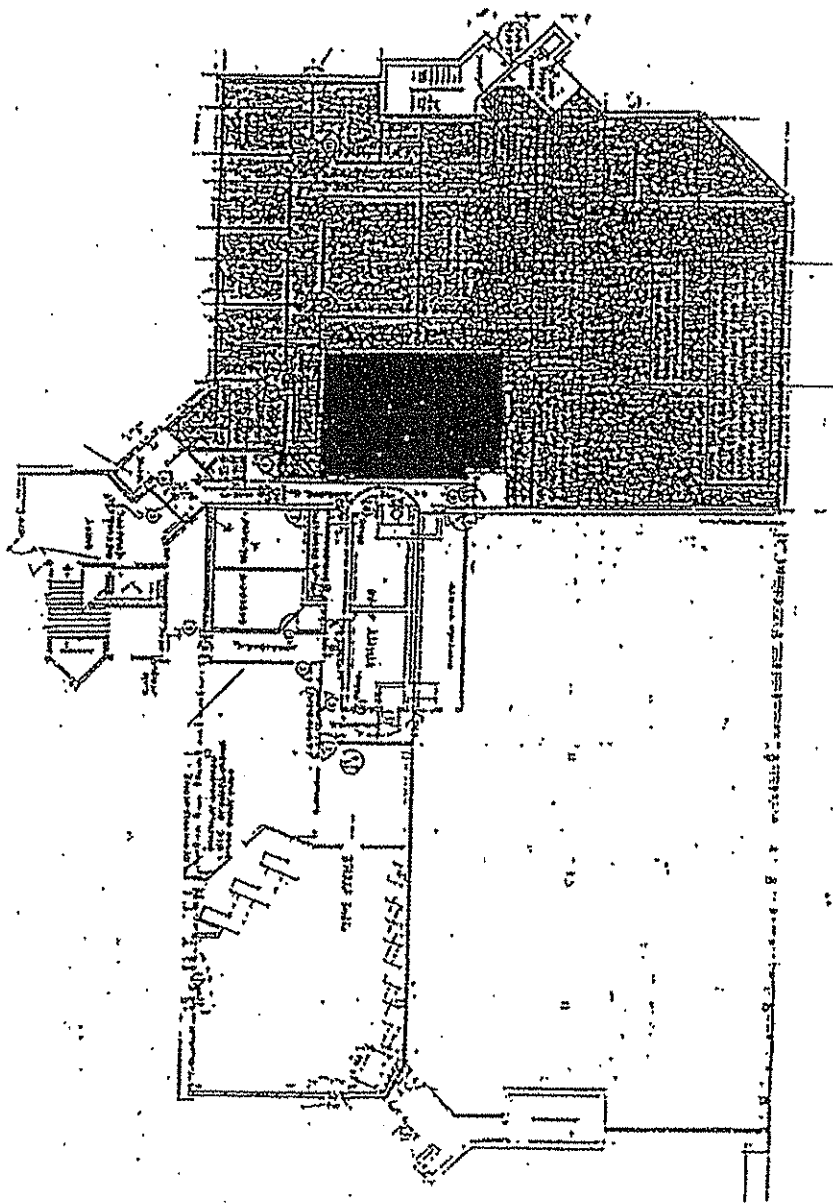
Initials FP

*of
part*

ADDENDUM TO LEASE - Continued

- 53.1 **Americans With Disabilities Act Compliance.** Lessor shall be responsible for all costs of complying with the Americans With Disabilities Act ("ADA"), of July 26, 1990, Pub. L. No. 101-336, 104 Stat. 327, 42 U.S.C. §12101, et. seq., as amended or recodified from time to time, and with the requirements of all similar or successor federal, state or local statutes currently existing or hereafter enacted, which costs result from Lessee's use and occupancy of the Premises. *Lessor shall indemnify, defend (with counsel reasonably acceptable to Lessee) and hold harmless Lessee and its subtenants, successors, assigns, directors, officers, employees, representatives and agents from and against, and shall pay for, all losses, costs, expenses, claims, damages, causes of action and liabilities of any kind (including but not limited to, court costs and attorneys' fees) arising from or relating to any liabilities, lawsuits, administrative actions or any other matter which may now or in the future involve Lessee or its subtenants, successors, assigns, directors, officers, employees, representatives or agents by reason of, resulting from, in connection with, or arising in any manner whatsoever out of Lessor's breach of its obligations under this Section, * as of the date of commencement March 1, 1996, Lessee responsible if use and occupancy requires compliance in the future.
54. **Option Term.** In the event that the Lessee is not in default of this Lease, the Lessee shall have the right to extend the Term of this Lease by notifying the Lessor of its intent to extend the Term for up to two (2) additional five (5) year periods (the "Option Periods") by written notice thereof to the Lessor not more than twelve (12) months nor less than six (6) months prior to the expiration of the Term or the applicable Option Period. The Base Rent payable during such Option Periods shall be adjusted in the manner set forth in Section 4.3 hereof on the anniversary of the Commencement Date in each even-numbered year during such Option Periods.
55. **Lessor's Maintenance Obligations.** In addition to any obligations set forth in Section 7.1 hereof, Lessor shall be responsible at its sole expense for the following: waste removal, parking lot sweeping, parking lot lighting, parking lot asphalt maintenance and striping, elevator maintenance, fire suppression maintenance, fire and burglar alarm maintenance, landscape and hardscape maintenance, building maintenance, including without limitation paint, electrical, plumbing and carpets, roof repair, HVAC maintenance, outside window washing, sign maintenance, fire extinguisher maintenance, pest control, emergency power system maintenance, and answering service for elevator, and automatic door maintenance.
56. **Lessor's Work.** Lessor shall be responsible, at its sole expense, for the following improvements to the Premises, which shall be completed prior to the Commencement Date of this Lease, and as a condition to Lessee's obligations hereunder: re-keying all locks, installation of window coverings, replacement of all carpets, installation of interior signage, and installation of an additional exit on the first floor of the Premises if such additional exit is required by the City of Garden Grove. The specifications for such items are set forth in the Work Letter attached hereto as Exhibit C, not to exceed \$500.00.
57. **Approval of Subleases.** Notwithstanding Lessor's rights to consent to subleases of the Premises as set forth in Section 12 of this Lease, Lessor hereby consents to Lessee's sublease of a portion of the Premises to the Rancho Santiago Community College District for educational classroom uses, and Lessee's sublease of a portion of the Premises for office space for the Job Training Partnership Act.
58. **EXTERIOR JANITORIAL.** Lessee shall steam clean all areas which Lessee uses for food consumption on a quarterly basis.
59. **PROPERTY TAX RELIEF.** Lessee agrees to cooperate with and assist Lessor in obtaining property tax relief based on Lessee's tax exempt status. It is further agreed that said cooperation and assistance shall be at no cost and expense or liability to Lessee. Said tax relief shall be solely for the benefit of Lessor.
60. **COMMENCEMENT.** As Lessee cannot sign this Lease until February 13, 1996, Lessee will release Lessor of obligations to perform all conditions spelled out in the Lease prior to taking possession on March 1, 1996. Lessor shall use its best efforts to complete work by March 1, 1996, but in no event shall commencement of Lease be extended past March 1, 1996.
- LP

STANDARD OFFICE LEASE
FLOOR PLAN

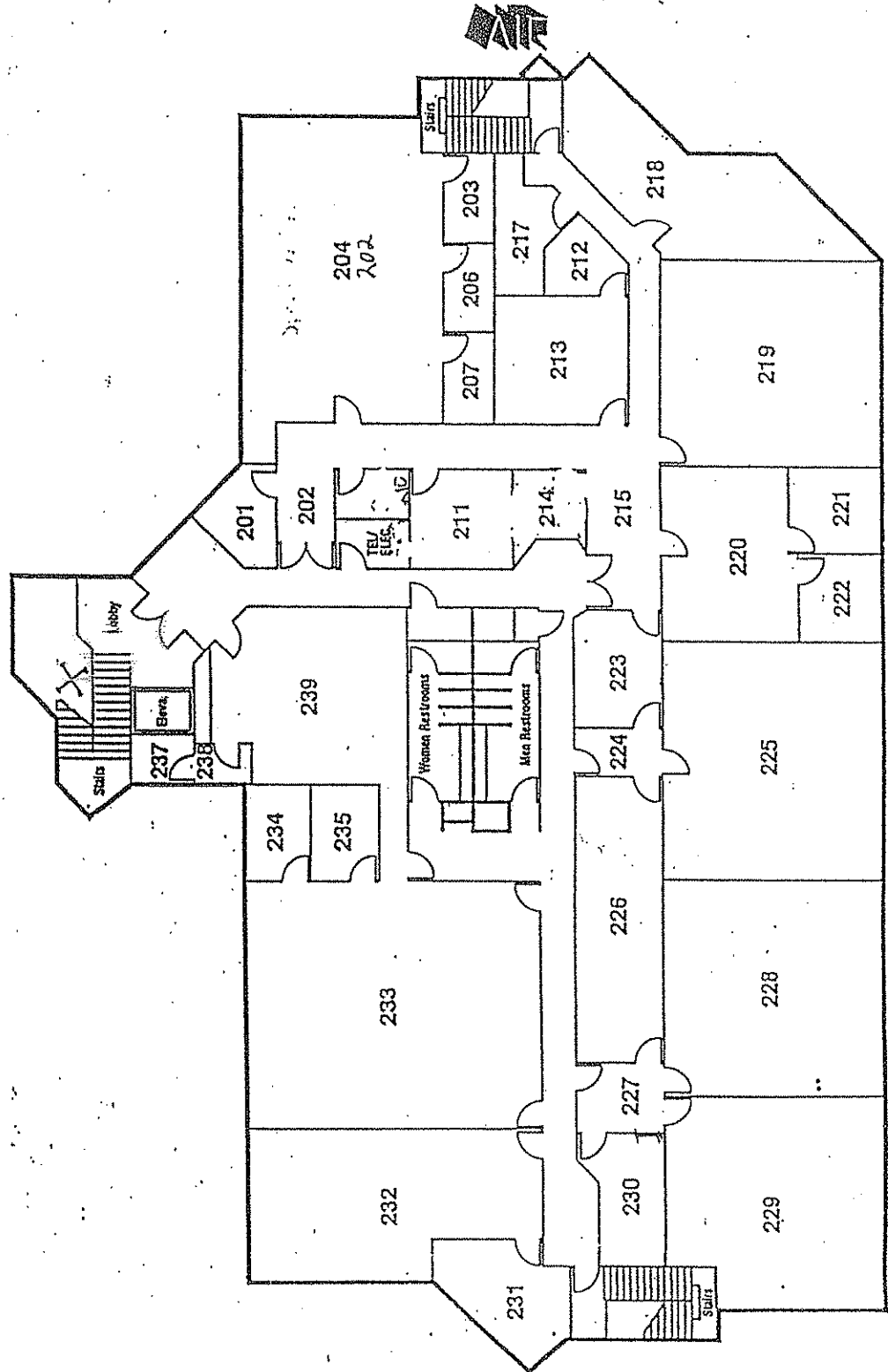


FIRST FLOOR 11277 GARDEN GROVE BLVD.

EXHIBIT A
Page 1 of 2

Initials: *[Handwritten initials]*

STANDARD OFFICE LEASE
FLOOR PLAN



Pacific Plaza Office Building
 SECOND FLOOR
 Street Address: 1277 Garden Grove Blvd
 Garden Grove, CA 92643

EXHIBIT A
Page 2 of 2

Initials: *[Signature]*

RULES AND REGULATIONS FOR
STANDARD OFFICE LEASE



Dated: January 22, 1996

By and Between Frank Purcell, Trustee and Pamela Purcell, Trustee as Lessor and Garden Grove Agency for Community Development as Lessee

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Office Building Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project.
4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into any area not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Office Building Project.
9. Lessee shall not suffer or permit any thing in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Office Building Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays, and on other days between the hours of 7 P.M. and 7 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the proper operation and safety of the Office Building Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles" other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with applicable rules, regulations, laws and/or agreements.
5. ~~Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent office location(s) and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.~~
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

Initials:

WORK LETTER TO STANDARD OFFICE LEASE

Dated: _____

By and between: _____

The Premises shall be constructed in accordance with Lessor's Standard Improvements, as follows:

1. Partitions
2. Wall Surfaces
3. Draperies
4. Carpeting
5. Doors
6. Electrical and Telephone Outlets
7. Ceiling
8. Lighting
9. Heating and Air Conditioning Ducts
10. Sound Proofing
11. Plumbing

13. Completion of Improvements

Lessor shall construct and complete improvements to the Premises in accordance with the plans and specifications prepared by _____, dated _____, consisting of sheets _____ (the "improvements")

14. Preparation of Plans and Specifications

Within _____ days after the date of this Lease Lessor shall prepare at its cost and deliver to Lessee for its approval _____ copies of preliminary plans and specifications for the completion of the improvements, which plans and specifications shall itemize the work to be done by each party, including a cost estimate of any work required of Lessor in excess of Lessor's Standard Improvements. Lessee shall approve said preliminary plans and specifications and preliminary cost estimate or specify with particularity its objection thereto within _____ days following receipt thereof. Failure to so approve or specify within said period of time shall constitute approval thereof. If Lessee shall reject said preliminary plans and specifications either partially or totally, and they cannot in good faith be modified within ten (10) days after such rejection to be acceptable to Lessor and Lessee, this Lease shall terminate and neither party shall thereafter be obligated to the other party for any reason whatsoever having to do with this Lease, except that Lessee shall be refunded any security deposit or prepaid rent. The plans and specifications, when approved by Lessee, shall supersede any prior agreement concerning the improvements.

15. Construction

If Lessor's cost of constructing the improvements to the Premises exceeds the cost of Lessor's Standard Improvements, Lessee shall pay to Lessor in cash before the commencement of such construction a sum equal to such excess.

If the final plans and specifications are approved by Lessor and Lessee, and Lessee pays Lessor for such excess, then Lessor shall, at its sole cost and expense, construct the improvements in accordance with said approved final plans and specifications and all applicable rules, regulations, laws or ordinances.

16. Completion.

16.1 Lessor shall obtain a building permit to construct the improvements as soon as possible.

16.2 Lessor shall complete the construction of the improvements as soon as reasonably possible after the obtaining of necessary building permits.

16.3 The term "Completion," as used in this Work Letter, is hereby defined to mean the date the building department of the municipality having jurisdiction of the Premises shall have made a final inspection of the improvements and authorized a final release of restrictions on the use of public utilities in connection therewith and the same are in a broom-clean condition.

16.4 Lessor shall use its best efforts to achieve Completion of the improvements on or before the Commencement Date set forth in paragraph 1.5 of the Basic Lease Provisions or within one hundred eighty (180) days after Lessor obtains the building permit from the applicable building department, whichever is later.

16.5 In the event that the improvements or any portion thereof have not reached Completion by the Commencement Date, this Lease shall not be invalid, but rather Lessor shall complete the same as soon thereafter as is possible and Lessor shall not be liable to Lessee for damages in any respect whatsoever.

16.6 If Lessor shall be delayed at any time in the progress of the construction of the improvements or any portion thereof by extra work, changes in construction ordered by Lessee, or by strikes, lockouts, fire, delay in transportation, unavoidable casualties, rain or weather conditions, governmental procedures or delay, or by any other cause beyond Lessor's control, then the Commencement Date established in paragraph 1.5 of the Lease shall be extended by the period of such delay.

17. Term

Upon Completion of the improvements as defined in paragraph 16.3, above, Lessor and Lessee shall execute an amendment to the Lease setting forth the date of Tender of Possession as defined in paragraph 3.2.1 of the Lease or of actual taking of possession, whichever first occurs, as the Commencement Date of this Lease.

18. Work Done by Lessee

Any work done by Lessee shall be done only with Lessor's prior written consent and in conformity with a valid building permit and all applicable rules, regulations, laws and ordinances, and be done in a good and workmanlike manner with good and sufficient materials. All work shall be done only with union labor and only by contractors approved by Lessor, it being understood that all plumbing, mechanical, electrical wiring and ceiling work are to be done only by contractors designated by Lessor.

19. Taking of Possession of Premises

Lessor shall notify Lessee of the Estimated Completion Date at least ten (10) days before said date. Lessee shall thereafter have the right to enter the Premises to commence construction of any improvements Lessee is to construct and to equip and fixture the Premises, as long as such entry does not interfere with Lessor's work. Lessee shall take possession of the Premises upon the tender thereof as provided in paragraph 3.2.1 of the Lease to which this Work Letter is attached. Any entry by Lessee of the Premises under this paragraph shall be under all of the terms and provisions of the Lease to which this Work Letter is attached.

20. Acceptance of Premises

Lessee shall notify Lessor in writing of any items that Lessee deems incomplete or incorrect in order for the Premises to be acceptable to Lessee within ten (10) days following Tender of Possession as set forth in paragraph 3.2.1 of the Lease to which this Work Letter is attached. Lessee shall be deemed to have accepted the Premises and approved construction if Lessee does not deliver such a list to Lessor within said number of days.

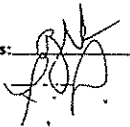
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EXHIBIT B

THE OVERLEASE

[SEE ATTACHED]

FIRST AMENDMENT TO SUBLEASE

This FIRST AMENDMENT TO SUBLEASE (this "Amendment") is made as of the _____ day of April, 2011, by and between GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT ("Sublandlord") and the CITY OF GARDEN GROVE ("Subtenant") with regard to the following facts.

RECITALS

A. Sublandlord is the tenant under that certain Standard Office Lease – Gross (as amended, extended, supplemented or otherwise modified, the "Master Lease"), dated as of January 22, 1996, with Pamela V. Purcell, Trustee of the Purcell Marital Trust (the "Master Landlord") (a copy of which Master Lease is attached hereto as Exhibit A and by this reference made a part hereof) concerning approximately 31,310 rentable square feet of office space (the "Master Premises") in an office building (the "Building") located at 11277 Garden Grove Boulevard, Garden Grove, California. All capitalized terms not otherwise defined in this Sublease shall have the same meanings defined in the Master Lease.

B. Subtenant and Sublandlord have entered into that certain Sublease dated as of September 19, 2006 ("Original Sublease") pursuant to which Sublandlord agreed to lease and demise to Subtenant and Subtenant agreed to hire and take from Sublandlord all of the Master Premises (the "Subleased Premises").

AMENDMENT

In consideration of the mutual covenants contained herein, the sufficiency of which are hereby acknowledged, the parties hereto agree to amend the Original Sublease as follows:

1. Amendment. The foregoing recitals are incorporated herein by this reference. The effectiveness of this Amendment is expressly conditioned upon: (a) Sublandlord receiving the written consent of the Master Landlord to the transaction contemplated by this Amendment and (b) Subtenant's delivery to Sublandlord of certificate(s) of insurance evidencing the existence of the insurance required by paragraph 8.1 of the Master Lease. Subtenant acknowledges that Master Landlord is not obligated to grant such consent and that Sublandlord shall have no liability for Master Landlord's failure to grant such consent.

2. Term. Subject to the satisfaction of all of the conditions set forth in the second sentence of Section 1 above, the Sublease Term shall end, unless sooner terminated as provided in the Master Lease, on February 28, 2016.

3. Consent of Master Landlord. The validity of this Amendment shall be subject to the Master Landlord's prior written consent hereto pursuant to the terms of the Master Lease.

4. Counterparts. This Amendment may be executed in facsimile and in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

5. No Further Changes. Except as expressly provided in this Amendment, the Original Sublease shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Sublease to be executed as of the day and year first above written.

SUBLANDLORD:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**

Matthew Fertal, Director

ATTEST:

Kathleen Bailor, Secretary

APPROVED AS TO FORM

Stradling Yocca Carlson & Rauth,
Agency Counsel

SUBTENANT:

CITY OF GARDEN GROVE

Matthew Fertal, City Manager

ATTEST:

Kathleen Bailor, City Clerk

APPROVED AS TO FORM

Woodruff Spradlin & Smart,
City Attorney

CONSENT TO SUBLEASE

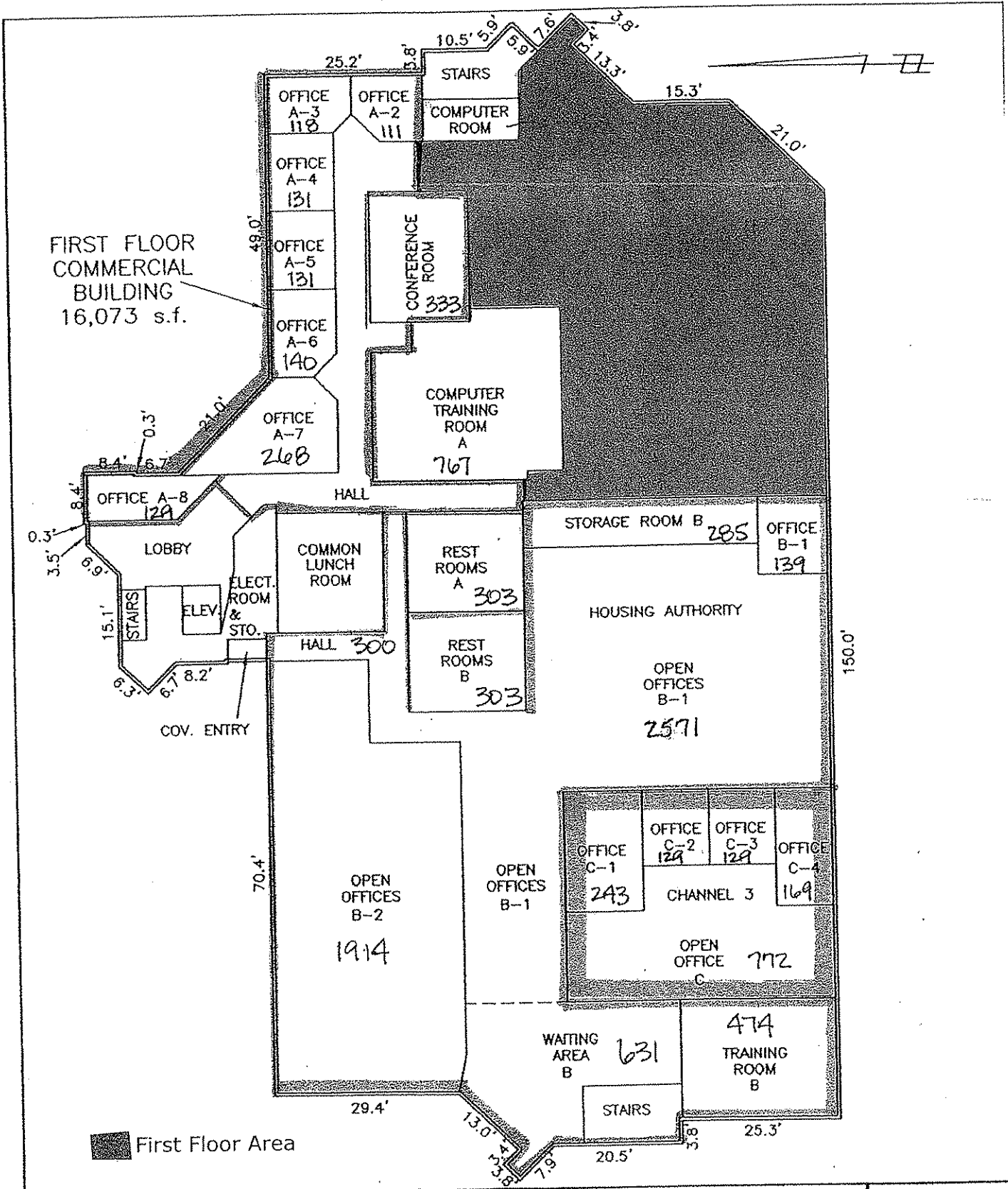
The undersigned, Pamela V. Purcell, Trustee of the Purcell Marital Trust, the landlord ("Master Landlord") under that certain Standard Office Lease - Gross dated January 22, 1996, as amended, extended, supplemented or otherwise modified and in effect ("Master Lease"), hereby consents and agrees to (i) the subletting of the premises described in the Master Lease ("Premises") by Garden Grove Agency for Community Development ("Sublandlord") to the City of Garden Grove ("Subtenant"), and (ii) that certain Sublease dated as of September 19, 2006 and that certain First Amendment to Sublease dated as of April ___, 2011, by and between Sublandlord and Subtenant ("Sublease"); provided, however, that Sublandlord shall remain liable as lessee under the Master Lease. The undersigned hereby represents and warrants to Sublandlord and Subtenant that the Purcell Marital Trust is the sole owner of the Premises and that she is authorized as its Trustee to execute this Consent to Sublease on behalf of the Purcell Marital Trust.

Dated: _____, 2011

Pamela V. Purcell, Trustee of the Purcell
Marital Trust

EXHIBIT C

DEPICTION OF SUBLEASED PREMISES



PROJECT: **11277 GARDEN GROVE BLVD.**

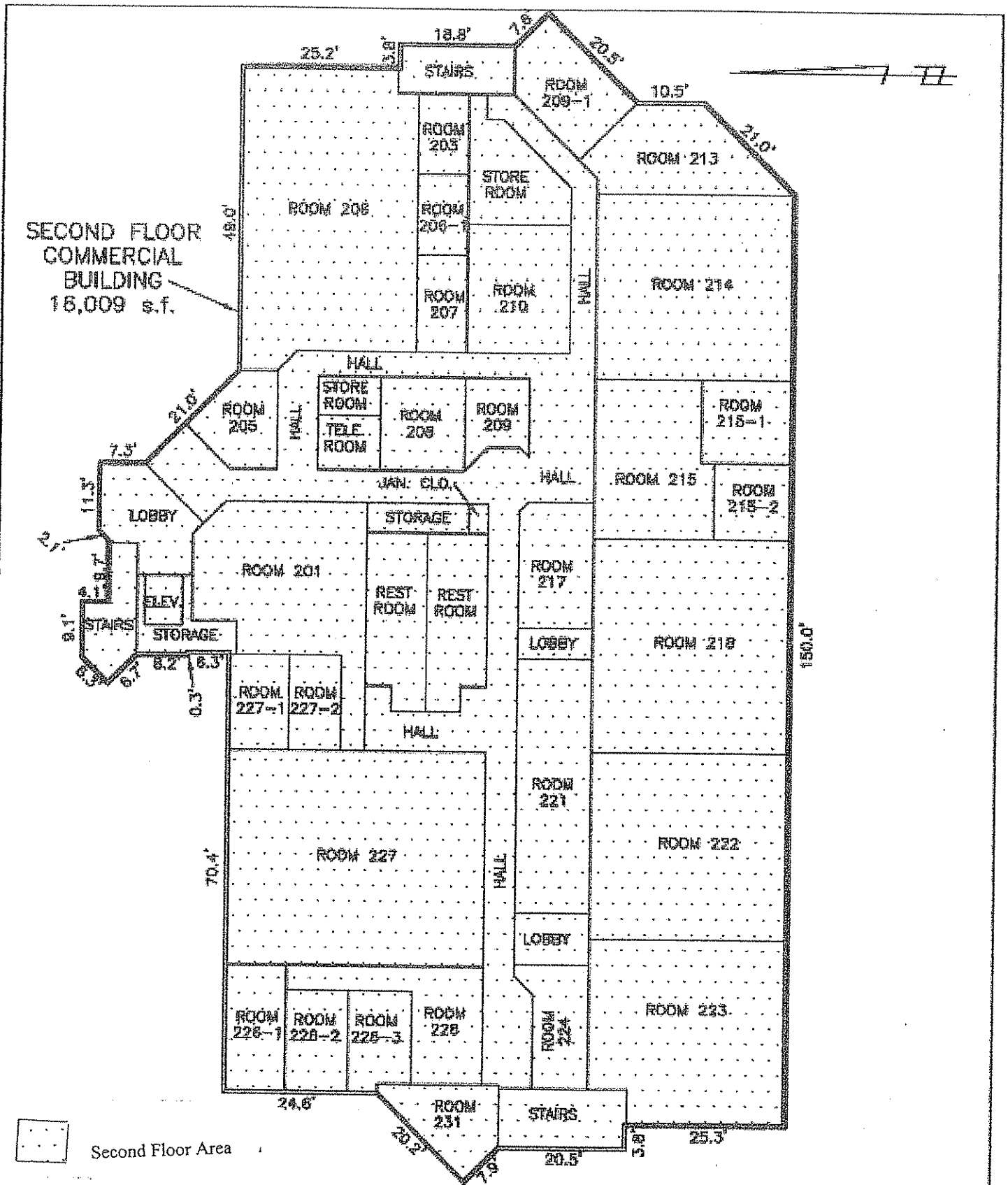
CLIENT: **CITY OF GARDEN GROVE**

APPRAISAL SUPPORT SERVICES
North Hills, CA
(818) 891-024


DRAWN BY: THK	VERIFIED BY: THK	FILE NAME 06GG01-1	PAGE 1 OF 1
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DATE: **JUNE, 2006**

SCALE: **1"=20'**



SECOND FLOOR
COMMERCIAL
BUILDING
16,009 s.f.

 Second Floor Area

PROJECT: 11277 GARDEN GROVE BLVD.				CLIENT: CITY OF GARDEN GROVE		APPRAISAL SUPPORT SERVICES	
DRAWN BY: THK	VERIFIED BY: THK	FILE NAME: 06GG01-2	PAGE: 1 OF 1	DATE: JUNE, 2006	SCALE: 1"=20'	North Hills, CA (818) 891-0244	