

**HARDSHIP EXEMPTION APPLICATION**

05-0872-543

CD12

ICO Area: <b>Los Angeles</b>	Council File No.:
Interim Control Ordinance No.:	Additional Interim Control Ordinance No.:
Effective Date:	

179027

9-14-07

Applicant (Record Owner): <b>Joshua Levinson Valley Compassionate Cooperative</b>	Telephone: <b>818-510-4958</b>
Applicant Mailing Address: <b>15650 Nordhoff #105 North Hills, CA</b>	Zip Code: <b>91345</b>
Applicant's Representative: <b>Law Offices of William S Kruper</b>	Telephone: <b>323-655-5700</b>
Representative's Mailing Address: <b>8888 Olympic Blvd Beverly Hills, CA</b>	Zip Code: <b>90211</b>

Property Address: <b>15650 Nordhoff #105 North Hills, CA 91345</b>	Lot Area (sq. ft.):
Legal Description: <b>Retail Store</b>	Structure/Building Construction Date:
Existing Zone (ZIMAS):	Permit History (Include Permit Numbers):
Existing Land Use Designation (From City Planning Department):	

Describe Current Use (Include size in square feet, height, etc.):

**Current use is AS A Medical Marijuana dispensary.**

Note: A Master Land Use Application is not required.

CD12

Describe Proposed Project and Use (Include size in square feet, height, etc.):

Applicant wishes to continue AS A  
medical MARIJUANA dispensary.

Why do you believe a hardship exists for which an exemption should be granted? (Attach a statement on a separate sheet if necessary. An economic analysis may also be submitted.)

Applicant went thru a name and  
Address change. Previous liability insurance  
not in current name, can not locate  
sellers permit in effect on 9/14/07

Do you have any ownership interest in any other parcels within 300 feet of this property? ( ) Yes ( ) No  
(If yes, submit a map showing the location and boundaries of the property for which an exemption is being requested, and the location of the other ownerships.)

#### ADDITIONAL INFORMATION FILING REQUIREMENTS

In addition to this form, all below items should be included with the application, unless otherwise instructed by City Staff.

- a. Attach a **map showing the location and boundaries** of the property for which the exemption is being requested. (May be the same map as required in No. 7)
- b. Attach a **Plot Plan** showing the building footprint, parking plan, landscaping, balconies, driveways, any amenities, etc.
- c. Attach an **Elevation Plan**, which includes dimensions for all views.
- d. Attach **Building Plans**. If plans have been accepted by the Department of Building and Safety, list Plan Check No. \_\_\_\_\_ and Submittal Date \_\_\_\_\_.
- e. Submit a **Project History** summary that includes dates and descriptions of meetings, negotiations, expenditures, commitments, etc.
- f. Submit **Photographs** of the subject property and all surrounding property – not over 8 ½ x 11 inches, but of adequate size to illustrate the condition and physical context of the property under discussion.
- g. Attach any **additional information** as needed.

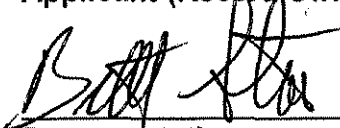
**Note: A Master Land Use Application is not required.**

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THE FOREGOING INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Applicant (Record Owner) \*

Date

 for William S Kroser  
Representative

11/12/07

Date

\* Proof of ownership will be required at the time of application submittal. A recorded grant deed and/or City Clerk's ownership records printout are acceptable.

**Note: A Master Land Use Application is not required.**

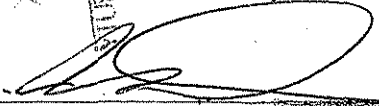
**MEDICAL MARIJUANA DISPENSARY  
BUSINESS INFORMATION FORM**

Business Name Valley Compassionate Cooperative "105405"	Telephone Number 818 5104958
Street Address, Unit # 15650 Nordhoff # 105	
City, State, Zip North Hills, CA 91345	
Business Owner Joshua Levenson	Telephone Number 818 454-2045
Business Operator/Manager <del>XXXXXXXXXXXXXXXXXXXX</del> Andrew KRAMER	Telephone Number 818 454 2975

Fill out the information form above and attach the following documents.

- a. City of Los Angeles Tax Registration Certificate
- b. State Board of Equalization seller's permit
- c. Property lease or documentation of ownership
- d. Business insurance
- e. Dispensary membership forms (blank)
- f. Los Angeles County Health Department permit (if needed)

105405  
 15650 NORDHOFF  
 NORTH HILLS, CA 91345  
 818 510 4958  
 818 454 2045  
 818 454 2975

  
 Signature \_\_\_\_\_ Date 11/9/07

I certify that to the best of my knowledge and under the penalty of perjury, that the information contained on this Medical Marijuana Dispensary Business Information Form is correct.

I further certify that to the best of my knowledge and under the penalty of perjury, that attached documents are correct and true.

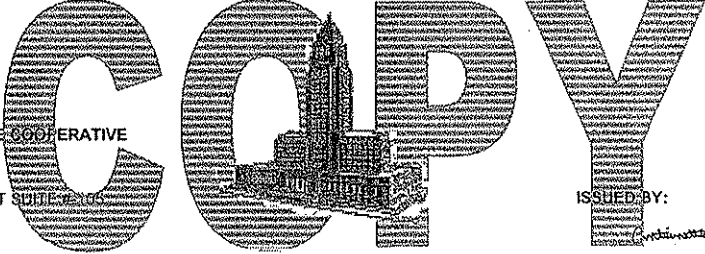
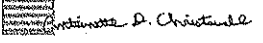


CITY OF LOS ANGELES  
Office of Finance  
P.O. Box 53200  
Los Angeles CA 90053-0200

JOSHUA LEVENSON  
VALLEY COMPASSIONATE COOPERATIVE

15650 NORDHOFF STREET SUITE #105  
MISSION HILLS, CA 91345

15650 NORDHOFF STREET SUITE #105  
MISSION HILLS, CA 91345

THIS CERTIFICATE MUST BE POSTED AT PLACE OF BUSINESS CITY OF LOS ANGELES TAX REGISTRATION CERTIFICATE THIS CERTIFICATE IS GOOD UNTIL SUSPENDED OR CANCELLED					
BUSINESS TAX			ISSUED: 11/08/2007		
ACCOUNT NO.	FUND/CLASS	DESCRIPTION	STARTED	STATUS	
0002089949-0002-1	L044	Retail Sales	01/03/2007	Active	
JOSHUA LEVENSON VALLEY COMPASSIONATE COOPERATIVE 15650 NORDHOFF STREET SUITE #105 MISSION HILLS, CA 91345 15650 NORDHOFF STREET SUITE #105 MISSION HILLS, CA 91345				ISSUED BY:  DIRECTOR OF FINANCE	

## CALIFORNIA STATE BOARD OF EQUALIZATION

**SELLER'S PERMIT**

ACCOUNT NUMBER

10/31/2007 SR AC 100-974771

**VALLEY COMP. COOPERATIVE INC.**  
**15650 NORDHOFF ST STE 105**  
**NORTH HILLS, CA 91343-3285**

**NOTICE TO PERMITTEE:**  
 You are required to obey all Federal and State laws that regulate or control your business. This permit does not allow you to do otherwise.

IS HEREBY AUTHORIZED PURSUANT TO SALES AND USE TAX LAW TO ENGAGE IN THE BUSINESS OF SELLING TANGIBLE PERSONAL PROPERTY AT THE ABOVE LOCATION. THIS PERMIT IS VALID ONLY AT THE ABOVE ADDRESS.

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED AND IS NOT TRANSFERABLE. IF YOU SELL YOUR BUSINESS OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES OWED BY THE NEW OPERATOR OF THE BUSINESS.

*Not valid at any other address*

**For general tax questions, please call our Information Center at 800-400-7115.**

**For information on your rights, contact the Taxpayers' Rights Advocate Office at 888-324-2798 or 916-324-2798.**

BOE-442-R REV. 15 (2-06)

**A MESSAGE TO OUR NEW PERMIT HOLDER**

**As a seller, you have rights and responsibilities under the Sales and Use Tax Law. In order to assist you in your endeavor and to better understand the law, we offer the following sources of help:**

- Visiting our website at [www.boe.ca.gov](http://www.boe.ca.gov)
- Visiting a district office
- Attending a Basic Sales and Use Tax Law class offered at one of our district offices
- Sending your questions in writing to any one of our offices
- Calling our toll-free Information Center at 800-400-7115

**As a seller, you have the right to issue resale certificates for merchandise that you intend to resell. Conversely, you have the responsibility of not misusing resale certificates. While the sales tax is imposed upon the retailer,**

- You have the right to seek reimbursement of the tax from your customer
- You are responsible for filing and paying your sales and use tax returns timely
- You have the right to be treated in a fair and equitable manner by the employees of the Board
- You are responsible for following the regulations set forth by the Board

As a seller, you are expected to maintain the normal books and records of a prudent businessperson. You are required to maintain these books and records for no less than four years, and make them available for inspection by a Board representative when requested. You are also expected to notify us if you are buying, selling, adding a location, or discontinuing your business, adding or dropping a partner, officer, or member, or when you are moving any or all of your business locations. If it becomes necessary to surrender this permit, you should only do so by mailing it to a Board office, or giving it to a Board representative.

If you would like to know more about your rights as a taxpayer, or if you are unable to resolve an issue with the Board, please contact the Taxpayers' Rights Advocate Office for help by calling toll-free, 888-324-2798 or 916-324-2798. Their fax number is 916-323-3319.

**Please post this permit at the address for which it was issued and at a location visible to your customers.**

STATE BOARD OF EQUALIZATION  
 Sales and Use Tax Department

**SHOPPING CENTER LEASE**

**LANDLORD: LAVENDER INVESTMENT GROUP**

**TENANT: Andrew Kramer**

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EXHIBITS:	"A"	SITE PLAN	_____
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	"C"	TENANT'S MENU	_____
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	"E"	SIGN CRITERIA	_____
	"E-1"	SIGNAGE	_____
	"F"	POLE SIGN AGREEMENT	_____
	"J"	EQUIPMENT LIST	_____
	"K"	TERM	_____
	"L"	RULES AND REGULATIONS	_____
	"M"	WARNING LABEL	_____

Landlord's Initials \_\_\_\_\_

Tenant's Initials AK



LEASE

THIS LEASE dated this 10th day of January, 2007, between LAVENDER INVESTMENT GROUP LLC hereinafter called "Landlord," and Andrew Kramer hereinafter called "Tenant."

WITNESSETH

1. BASIC LEASE PROVISIONS.

1.1 Premises. Landlord leases to Tenant the premises located in the City of North Hills, County of Los Angeles, State of California, and commonly known as, 15650 Nordhoff Street, unit # 104 and 105, North Hills, Ca 91343, consisting of approximately 1200 square feet of space (where the area of such space is measured from the outside of exterior walls, and/or storefront glass surfaces, to the interior mid-point of any shared interior demising walls) and described on a site plan attached hereto as Exhibit "A" and made a part hereof, hereinafter referred to as the "Premises." The Premises are located in A Multi-Use Shopping Center hereinafter referred to as the "Shopping Center."

1.2 Term. The term of this Lease shall be for a period of 36 month commencing on the Rent Commencement Date as defined in Article 2.1.

1.3 Minimum Rent (Initial). The Minimum Rent payable pursuant to Article 3.1 at the commencement of this Lease shall be the sum of Two Thousand One Hundred and 00/100 dollars (\$2,100.00) per month.

1.4 Percentage Rent. Tenant shall pay to Landlord, in the manner and times as specified in Article 3.2, an amount equal to percent (0%) of Tenant's gross sales.

1.5 Security Deposit. Tenant has deposited with Landlord the sum of Twenty Four Thousand and 00/100 Dollars (\$24,000.00) as security deposit pursuant to Article 5 hereof.

1.6 Use. Tenant shall use the Premises for the purpose of conducting therein Medical Equipment Sales Store and for no other purpose, subject to the provisions of Article 6 hereof.

1.7 CAM Estimate. Tenant's initial monthly estimate for Common Area Maintenance ("CAM") expenses, Real Estate Taxes, and Insurance (collectively, "CAM Estimate") payable pursuant to Article 18.5 hereof shall be the sum of Nine Hundred Dollars and 00/100 Dollars (\$900.00).

1.8 Broker(s): Landlord's Broker(s): None Tenant's Broker(s): None

(See Article 31.23)

Landlord leases to Tenant, and Tenant leases from Landlord, upon the terms and on the conditions hereinafter set forth, the real property and the building thereon described and identified in Article 1.1.

2. TERM.

2.1 Term.

The term of this Lease shall be for a period of time as set forth in Article 1.2 hereinabove, and shall run for such period of time as measured from the Rent Commencement Date as hereinafter defined; provided however, that in the event the Rent Commencement Date falls on a date other than the first day of a month, the initial term hereof shall be extended by that partial month from the Rent Commencement Date to the first day of the following month. In such event, Tenant shall pay rent and other charges as defined in the Lease for the period from the Rent Commencement Date to the first day of the following month pro-rated based on the number of days in such period versus the number of days in the entire month.

The Lease Commencement Date shall be the date delivery of possession of the Premises is given to Tenant.

The Rent Commencement Date shall be the earlier of one (1) day after Lease Commencement or Tenant's opening for business.

Tenant shall commence the installation of fixtures and equipment, if any, promptly upon substantial completion of Landlord's work, in the Premises, if any, and shall diligently prosecute such installation to completion, and shall open the Premises for business as soon as reasonably possible.

When the Rent Commencement Date of this Lease has been ascertained, the parties shall immediately execute a Confirmation of Term of Lease in the form of Exhibit "K." Failure to execute such a Confirmation of Term of Lease shall not prevent this Lease from expiring on the last day of the last month of the last year of the Lease term.

2.2 Delay in Possession.

Notwithstanding said Rent Commencement Date, if for any reason Landlord cannot deliver possession of the Premises to Tenant on said date, Landlord shall not be subject to any liability therefore, nor shall such failure affect the validity of this Lease or the obligation of Tenant hereunder. However, in such a case, Tenant shall not be obligated to pay rent or perform any other obligation of Tenant under the terms of this Lease, except as may be otherwise provided in this Lease until the time that Landlord tenders possession of the Premises to Tenant. The term of this Lease shall be extended by such delay. Notwithstanding the foregoing, if Landlord fails to deliver possession of the Premises to Tenant within twelve (12) months from said Rent Commencement Date, Tenant may, at Tenant's option, by notice in writing to Landlord within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided further, however, that if such written notice of Tenant is not received by Landlord within said ten (10) days, Tenant's right to cancel this Lease hereunder shall terminate and be of no further force or effect. If Tenant elects to cancel said Lease by written notice after the expiration of the 12-month period, Landlord shall incur no liability or penalty to Tenant for Landlord's failure to tender possession of the premises to Tenant. No change in the commencement of term of the Lease shall occur if the delay is caused by or on behalf of Tenant.

2.3 Early Occupancy

Landlord's Initials: \_\_\_\_\_

Tenant's Initials: AK

In the event Landlord permits Tenant to occupy the Premises before the Lease Commencement Date, such occupancy shall be subject to all the provisions of this Lease, including, without limitation, the payment of Minimum Rent, construction, hold harmless, liability insurance, unless otherwise agreed by the parties.

### 3. RENT.

#### 3.1 Minimum Rent.

(a) Tenant shall pay Landlord minimum guaranteed rent ("Minimum Rent") for the Premises in monthly payments in advance commencing on the Rent Commencement Date and thereafter, in advance, on the first (1st) day of each succeeding calendar month in the sum as prescribed in Article 1.3 of this Lease and as hereinafter adjusted, without notice or demand, deduction or offset. In the event that the Rent Commencement Date is not the first (1st) day of a calendar month, Minimum Rent will be prorated for the period from the Rent Commencement Date to the first (1st) day of the next month. Said rental shall be paid to Landlord in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing.

(b) The Minimum Rent will be increased, but in no event decreased, on the first day of the month of each anniversary of the Rent Commencement Date (each such anniversary, an "Adjustment Date") in the amount of Five Percent ( 5% ) in accordance with the provisions of this Article and with reference to the Consumer Price Index (All Items) for All Urban Consumers for the area nearest the Premises as published by the Bureau of Labor Statistics of the United States Department of Labor (1982-84=100) (the "Index"). The Index published for the date which is four (4) calendar months prior to the Adjustment Date (the "Adjustment Index") shall be compared with the Index published for the date which is four (4) calendar months prior to the Rent Commencement Date, (the "Base Index"). If the Adjustment Index is greater than the Base Index, then the annual Minimum Rent payable from and after the Adjustment Date (until the next adjustment) shall be determined by multiplying the initial annual Minimum Rent as set forth in Article 1.3 by a fraction, the numerator of which shall be the Adjustment Index and the denominator of which shall be the Base Index. When the adjusted annual Minimum Rent is determined after each Adjustment Date. If at any Adjustment Date the Index shall not exist, then Landlord may substitute any official Index published by the Bureau of Labor Statistics or successor or similar agency that is then most nearly equivalent to the Index. (See Addendum, Article 32.1 for the Schedule of Rent.); Landlord shall give Tenant written notice indicating the amount and method of computation thereof.

#### 3.2 Percentage Rent.

(a) In addition to the Minimum Rent to be paid by Tenant pursuant to Article 3.1, Tenant shall pay to Landlord at the time and in the manner herein specified additional rent in an amount equal to the percentage as set forth in Article 1.4 of the amount of Tenant's gross sales made in, upon, or from the Premises during each month of the year of the Lease term, less the amount of the Minimum Rent previously paid by Tenant for said month.

(b) Within twenty (20) days after the end of each month following the Rent Commencement Date, Tenant shall furnish to Landlord a statement in writing, certified as true and correct under penalty of perjury by Tenant or a qualified accounting or bookkeeping representative of Tenant, showing the gross sales made in, upon, and from the premises during the preceding calendar month, and shall accompany each such statement with a payment to Landlord equal to said hereinabove stated percentage of the total monthly gross sales during each calendar month, less the minimum rent for such prior calendar month, if previously paid. Tenant agrees to pay Landlord the sum of Twenty-Five Dollars (\$25.00) for each sales report not timely submitted by the terms of this Lease; such fee for late reporting shall not relieve Tenant from reporting such sales or paying any percentage rent due.

Within thirty (30) days after the end of each calendar year of the term hereof, Tenant shall furnish to Landlord a statement in writing, certified to be correct, showing the total gross sales by months made in, upon, or from the Premises during the preceding calendar year.

(c) The term "gross sales" as used in this Lease shall include the entire gross receipts of every kind and nature from sales and services made in, upon, or from the Premises, whether upon credit or for cash, in every department operating in the Premises, whether operated by the Tenant or by a subtenant or subtenants, or by a concessionaire or concessionaires, and including all orders secured or received in the demised Premises by telephone, mail, house-to-house, or other canvassing, catalogue sales or by any other means by personnel operating from, reporting to, or under the supervision of any employee, agent, or representative located at or operating out of the demised Premises, or which Tenant in the normal and customary course of its operations would credit or attribute to its business in the demised premises, whether or not such orders are filed elsewhere, excepting therefrom any rebates and/or refunds to customers and the amount of all sales tax receipts which has to be accounted for by Tenant to any government, or any governmental agency. Sales upon credit shall be deemed cash sales and shall be included in the gross sales for the period which the merchandise is delivered to the customer, whether or not title to the merchandise passes with delivery.

(d) Tenant shall keep full, complete and proper books, records and accounts, including cash register printed receipts, of its daily gross sales, both for cash and credit, of each separate department, subtenant, and concessionaire operated at any time in the Premises. Landlord and its agents and employees shall have the right at any time and all times, during the regular business hours, to examine and inspect all of the books and records of the Tenant, including any sales tax reports pertaining to the business of the Tenant conducted in, upon or from the Premises, for the purpose of investigating and verifying the accuracy of any statement of gross sales. Landlord may once in any calendar year cause an audit of the business of Tenant to be made by an accountant of Landlord's selection and if the statement of gross sales previously made to Landlord shall be found to be inaccurate, then and in that event, there shall be an adjustment and one party shall pay to the other on demand such sums (hereinafter referred to as "overdue percentage rate") as may be necessary to settle in full the accurate amount of said percentage rent that should have been paid for the period or periods covered by such inaccurate statement or statements. The amount of overdue percentage rent will be subject to a late charge of ten percent (10%) for each year or portion thereof until such overdue percentage rent is paid. Tenant shall keep all said records for three (3) years. If said audit shall disclose an inaccuracy by Tenant of greater than a two percent (2%) error with respect to the amount of gross sales reported by Tenant for the period of said report, then Tenant shall immediately pay to Landlord the cost of such audit; otherwise, the cost of such audit shall be paid by Landlord. If such audit shall disclose any willful or substantial inaccuracies this Lease may thereupon be canceled and terminated, at the option of Landlord.

**3.3 Additional Rent.** In addition to the Minimum Rent and the Percentage Rent, Tenant shall pay as additional rent all other sums of money or charges required to be paid pursuant to the terms of this Lease whether or not the same be designated "additional rent". Such sums of money or charges include, but are not limited to, security deposit pursuant to Article 5, real property taxes, pursuant to Article 11, insurance pursuant to Article 14, assignment and/or sublease charges pursuant to Article 17, common area expenses pursuant to Article 18, late charges pursuant to Article 24, and attorney's fees pursuant to Article 31.6. If such amounts or charges are not paid at the time provided for in this Lease, these shall nevertheless, if not paid when due, be collectible as additional rent upon demand, but nothing herein contained shall be deemed to suspend or delay the payment of any amounts of money or charges at the time the same becomes due and payable hereunder, or limit any remedy of Landlord.

### 4. POSSESSION AND CONDITION OF THE PREMISES.

Landlord's Initials \_\_\_\_\_

Tenant's Initials 

**4.1 Possession.** Subject to Article 2, possession of the Premises will be given to Tenant on the Lease Commencement Date unless Tenant occupies the Premises prior to said Lease Commencement Date, in which case, Tenant's obligation to pay rent shall commence on the date of occupancy, and any such prior occupancy shall not affect the termination date under Article 2.1.

**4.2 "As Is."** By entry hereunder, Tenant acknowledges that it has examined the premises and has accepted the premises in their "as is" condition as of the date hereof and throughout the term of this Lease. Without limiting the foregoing, Tenant's rights in the Premises are subject to all municipal, county, state and federal laws, ordinances and regulations governing and regulating the use and occupancy of the Premises. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Tenant's business. In no event shall Landlord be liable for any defect in such property or from such limitation on its use.

## 5. SECURITY DEPOSIT.

Tenant, contemporaneously with the execution of this Lease, has deposited with Landlord the sum as prescribed in Article 1.5 of this Lease, said deposit being given to secure the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease by Tenant to be kept and performed during the term hereof. Tenant agrees that if Tenant shall fail to pay the rent herein reserved promptly when due, said deposit may, at the option of Landlord (but Landlord shall not be required to) be applied to any rent due and unpaid, and if Tenant violates any of the other terms, covenants, and conditions of this Lease, said deposit may be applied to any damages suffered by Landlord as a result of Tenant's default, to the extent of the amount of damages suffered. Nothing in this Article 5 shall in any way diminish or be construed as waiving any of Landlord's other remedies by law or in equity. Should all or any part of the security deposit be applied by Landlord as herein provided, then Tenant shall, on the written demand of Landlord, deposit cash with Landlord within five (5) days of said demand sufficient to restore said security deposit to its original amount. After the termination of this Lease, Landlord shall return said security deposit to Tenant less any portion of said security deposit which may have been previously applied or expended by Landlord to remedy or cure any default or breach on the part of Tenant hereunder. If the lease term has not been met by Tenant, due to default by Tenant, Landlord may apply all of the security deposit to remedy or cure the breach by Tenant hereunder. Tenant will forfeit the security deposit in full. Landlord shall have the right to commingle or invest said security deposit, and in no event shall Tenant be entitled to receive any interest or income thereon, it being agreed that any interest be deemed to be additional rent. Landlord may deliver the funds deposited under this Article 5 by Tenant to the purchaser of Landlord's interest in the Premises in the event such interest be sold; thereupon Landlord shall be discharged from further liability with respect to such deposit.

## 6. USE AND LIMITATIONS.

**6.1 Use.** The premises shall be used and occupied by Tenant and its approved assignees, sub lessees, licensees and concessionaires for the purpose as described in Article 1.6 of this Lease and for no other purpose in accordance with all present and future zoning laws, rules and regulations of governmental authorities having jurisdiction thereof, and subject to all covenants, easements and rights of way of record, if any, which are presently in existence or hereafter consented to in writing by Landlord. (See Exhibit "D" and "L.")

**6.2 Governmental Actions.** Tenant's consent shall not be required for the creation of any covenants, easements or rights of way which are created by the action of any governmental authority.

**6.3 Uses Prohibited.** Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which is not within the permitted use of the Premises nor which will in any way increase the existing rate or effect any fire or other insurance upon the building and/or Premises or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the building or injure or annoy them or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant be permitted to conduct any business on the Premises, without the prior written approval of Landlord, that differs from the use specifically set forth in Article 6.1 above. Furthermore, Tenant shall not cause, maintain or permit any nuisance on/about the Premises and Tenant shall not commit or allow to be committed any waste in or about the Premises.

Landlord and Tenant hereby agree that the introduction for the use by Tenant's customers of any type of food sales, check cashing, hair care products, hair care services, television shows, video game, arcade game, pinball machine or similar game of skill or amusement from Tenant's customers is expressly forbidden. Landlord and Tenant further agree that any violation of this use provision by Tenant, where such violation shall continue for a period of three (3) days after written notice thereof by Landlord to Tenant, shall constitute a default and breach of this Lease by Tenant.

## 7. COMPLIANCE WITH LAW; SIGNS.

**7.1 Compliance.** Tenant shall at Tenant's sole cost and expense, comply promptly with all applicable statutes, ordinances, rules, regulations, laws, orders, restrictions of record, if any, and requirements in effect during the term, or any part hereof, regulating the use or occupancy by Tenant of the Premises, provided that Landlord shall not make or consent to any restrictions on Tenant's use of the Premises during the term of this Lease without Tenant's prior written approval. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or government rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant, and shall be deemed a default by Tenant.

**7.2 Signs and Store Front.** Without Landlord's consent and approval as to form, size, material, type of installation, color, location, duration, copy, nature, and display qualities, as the case may be, Tenant shall not (a) install any exterior lighting or plumbing fixtures, shades or awnings, fences, or any structures of any kind or nature, or any exterior decorations or signs, or make any changes to the store front; (b) erect or install any window signs, door signs, advertising media, window or door lettering, trademarks, placards, or any other like items on the exterior of the Premises or any part of the buildings or common areas of the Shopping Center; (c) keep or display any merchandise on, or otherwise obstruct, the sidewalks or other areas of the Shopping Center; (d) fail to maintain the show windows and signs in a neat and clean condition, or (e) affix, place, or maintain within the interior of the Premises any paper signs, cardboard signs, advertising placards, descriptive material or other like items within twelve (12) feet of the front entrance to the Premises that can be seen from the community areas of the Shopping Center. Furthermore, Tenant shall not use any advertising or other media objectionable to Landlord or other tenants, such as loud speakers, phonographs, or radio broadcasts that can be heard outside the Premises, nor install or maintain any flashing, revolving, neon, fiber optic or other lighting deemed distracting by Landlord anywhere within or upon the Premises or common areas of the Shopping Center. In addition to the remedies for default set forth in this Lease, Landlord may, at Tenant's cost, remove any item erected in violation of this Article.

Notwithstanding anything to the contrary, all signage of any kind and nature, on or about the Premises is subject to Landlord's prior written approval as to design, size, color, materials, duration, and location.

**7.3 Sign Criteria.** In the event the sign criteria for the Shopping Center is changed or made uniform, Tenant shall, upon 30 day's notice, remodel, or replace Tenant's store sign, at Tenant's sole cost and expense, so as to conform with the then existing sign criteria for the Shopping Center. Tenant shall be excused from having to remodel or replace its store sign to comply with the provisions of this paragraph if: (a) Tenant shall have installed its store sign within the preceding (1) year; or (b) the term of the Lease then remaining is less than one (1) year.

## 8. MAINTENANCE AND REPAIRS.

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**8.1 Landlord's Initial Repairs, and Limited Warranty.** At the inception of this Lease, Landlord shall make the following repairs and installations at its own cost and expense (to be maintained and repaired by Tenant), and none other (See Exhibit "B"). Except for any act, negligence, or omission of Tenant or Tenant's employees, agents, contractors, or customers, and except for any new alterations and improvements by Tenant, Landlord shall warrant the heating, ventilation, and/or air-conditioning systems ("HVAC"), if any, (excepting any evaporative coolers which may be installed), and the electrical systems servicing the Premises to be in good working order and condition for the first thirty (30) days following (i) the Lease Commencement Date; or, (ii) the date Tenant takes possession of the Premises for purposes other than remodeling or installing fixtures or finishes, whichever occurs first. Tenant shall notify Landlord prior to the end of said thirty (30) day period in writing in the event any of the described items are in need of repair. Should Tenant fail to timely notify Landlord, and, in any event, after the thirty (30) day period, it will be deemed conclusive that the described items are in good working order and condition and any required repair and/or replacement shall be the sole responsibility of Tenant, as described in Article 8.2 herein below.

**8.2 Tenant's Repairs.** Subject to the provisions of Articles 8.1 and 8.3, Tenant shall keep the Premises and every part thereof, structural or non-structural, in good order, condition and repair, making all repairs and replacements, interior and exterior, above or below ground, whether ordinary or extraordinary whether or not the need for such repairs or replacements occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises, including without limiting the generality of the foregoing, all work done by Landlord under Article 8.1, all plumbing, heating, air conditioning, ventilating, electrical wiring, conduits, glazing, electrical lighting facilities and equipment from time to time within the Premises, fixtures, walls (interior and exterior), structural, roof, floors, storefront, thresholds, weather-stripping, window casements, windows, doors, plate glass and sky lights located within or upon the Premises. Tenant shall also keep, maintain and repair all alterations, additions or improvements to the Premises made by Tenant as provided in Article 9. Tenant is responsible for all pest control within or originating from the demised premises. Tenant shall, upon the expiration or sooner termination of this Lease hereof, surrender the premises to Landlord in good condition, broom clean, ordinary wear and tear, and damage from causes beyond the reasonable control of Tenant excepted. Any damage to adjacent premises caused by Tenant's use of the premises shall be repaired at the sole cost and expense of Tenant; if Tenant fails to repair such damage after notice from Landlord, Landlord may cause the damage to be repaired and Tenant will immediately reimburse Landlord for the costs of such repair. Tenant will repair and/or replace any damage to premises caused by breaking and entering.

**8.3 Landlord's Maintenance and Repair.** In the event that the Premises are a part of a building which contains other leasable area, then Landlord shall keep in good order, condition and repair the foundations, exterior walls (excluding the interior of all walls and the exterior or interior of any windows, doors, plate glass, and display windows) but including repainting of the exterior walls, roof including repair and/or replacement (excluding interior ceiling), and any plumbing or sewage main lines, or other utilities servicing more than one tenant of such building, except for any damage thereto caused by any act, negligence or omission of Tenant or Tenant's employees, agents, contractors or customers, except for reasonable wear and tear and except for any structural alterations or improvements required by any governmental agency by reason of Tenant's use and occupancy of the Premises, and Tenant shall reimburse Landlord, as additional rent for Tenant's prorate share of the costs which Landlord incurs in performing its obligations as described herein with respect to all of the buildings within the Shopping Center which Landlord is obligated to so repair, which prorate share shall be in the same proportion as the total square footage of the Premises bears to the total leasable square footage of all of the buildings in the Shopping Center which Landlord is obligated to so repair. Landlord shall not be liable for any failure to make such repairs or to perform any maintenance unless such failure continues to persist from an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant, and Landlord has made no reasonable attempts to make such repairs. There shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the building or the premises or in or to its fixtures, appurtenances and equipment therein. Reimbursement by Tenant to Landlord for its share of such costs shall be made in the manner set forth in Article 18.5 hereof, or at Landlord's option, upon receipt of Landlord's demand therefore. It is an express condition precedent to all obligations of Landlord to repair that Tenant shall have notified Landlord in writing of the need for such repair.

**8.4 Tenant's Failure.** If Tenant fails to perform Tenant's obligations under this Article 8, Landlord may, at its option (but shall not be required to), enter upon the Premises after twenty (20) days prior written notice to tenant of the specific failure of tenant under this Article 8, and provided that Tenant has not theretofore cured such failures, put the same in good order, condition and repair, and the cost thereof, with an overhead surcharge of ten percent (10%) of such cost, together with interest on the total at the highest legal rate attainable, shall become due and payable as additional rental to Landlord together with Tenant's next rental installment.

**8.5 Waiver.** Except for the obligations of Landlord under Article 8.1, Article 16 (Damage or Destruction), and Article 26 (Condemnation), it is intended by the parties hereto that Landlord shall have no obligation in any manner whatsoever to repair and maintain the Premises, or to pay for the repair and/or maintenance of the Premises nor any building or improvements located thereon, nor the equipment therein, whether structural or non-structural, all of which obligations are those of Tenant under this Lease. Tenant expressly waives the benefit of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense, or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair. Tenant waives the provisions of any statute now or hereafter in effect with respect to Landlord's obligations for tenant ability of the Premises, and Tenant's right to make repairs and deduct the expenses of such repairs from the rent.

**8.6 Contest.** Tenant has the right to contest by appropriate judicial or administrative proceedings, without cost or expense to Landlord, the validity or application of any law, ordinance, order, rule, regulation or requirement (hereinafter called "law") that Tenant repair, maintain, alter or replace the improvements on the Premises in whole or in part or that would affect Tenant's use of the Premises. In the event that any such contest is finally determined in a manner adverse to Tenant, Tenant shall undertake such repairs, maintenance, alterations or replacements to or of the Premises as is required by such law or modify its use of the Premises as is required by such law. Tenant agrees to indemnify and hold Landlord harmless from and against any and all liability that Landlord may sustain by reason of Tenant's failure or delay in complying with the law. Landlord may, but is not required to contest any such law independently of Tenant. Landlord may, and on Tenant's notice or request shall, join in Tenant's contest.

**8.7 HVAC Maintenance.** In addition to Tenant's obligation to repair and maintain the Premises described in Article 8.2 above and unless Landlord elects to provide for service as provided for herein below, in the event there is an HVAC system for the Premises, Tenant shall also be obligated to retain an air conditioning service company approved by Landlord, which approval Landlord shall not unreasonably withhold, to service and maintain the air conditioning equipment servicing the Premises on a regular periodic inspection and service basis which provides inspection and servicing not less frequently than once quarterly, and provide copies of such service contract to Landlord. Notwithstanding the foregoing, Landlord may, at Landlord's option, employ and pay a firm satisfactory to Landlord, engaged in the business of maintaining air-conditioning systems, to perform periodic inspections of the HVAC systems serving the Premises and to perform any necessary work of maintenance and/or repair thereto, provided said rates are competitive. In such event, Tenant shall reimburse Landlord for all sums paid by Landlord in connections therewith, such reimbursement to be made in the manner set forth in Article 18.5 hereof.

## 9. ALTERATIONS AND NEW IMPROVEMENTS.

**9.1 Alterations.** Tenant may, during the first year of this Lease, but subject to the conditions hereinafter stated, make the following alterations, additions or improvements (hereinafter collectively called "alterations") in, on, to or about the Premises at Tenant's sole cost and expense, to wit: NONE all subject to the terms, covenants, and conditions of this Lease. Except for those alterations, additions or improvements specifically set forth above, Tenant shall not make or allow to be made to the premises any alterations, additions or improvements with a cumulative value in excess of \$1,000 without first obtaining the written consent of Landlord. All of the foregoing alterations shall be at the option and sole cost and expense of Tenant. All of said alterations shall be made in compliance with all applicable zoning and building codes, and

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shall only be permitted by landlord provided they do not diminish the fair market value of the improvements on the Premises. All such alterations, additions or improvements which require governmental approval or permits will have such a permit issued, at Tenant's sole cost and expense, and Tenant shall provide a copy of same to Landlord before work commences and a copy of final approval when obtained. Tenant agrees there shall be no bars or security gates installed outside the premises, and that any such security items installed inside the premises will be hidden from site during business hours. Any alterations, additions, or improvements to or of said premises, including, but not limited to walls, wall covering, floor covering, window covering, paneling and built-in cabinet work, but excepting only moveable furniture and trade fixtures, shall at once become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. Except as herein stated, Tenant shall not have the right, without Landlord's prior written consent, to demolish any part of the improvements existing on the Premises at the date of the execution of this Lease, except as may be necessary in order to restore the Premises when required under Article 16 or Article 26. Tenant shall pay when due, all claims for labor and materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises, or any interest therein, and Tenant agrees to indemnify and hold Landlord and Premises harmless from and against any and all liability arising out of any such claims.

**9.2 Bond.** Before the commencement of any alterations, Tenant, at its cost, shall furnish to Landlord a Performance and Completion Bond issued by an insurance company qualified to do business in the state where the Premises are located, in a sum equal to the cost of the alterations (as determined by the construction contract between Tenant and its contractor) guaranteeing the completion of the alterations free and clear of all liens and other charges, and in accordance with the plans and specifications. The alterations shall be performed in a manner that will not interfere with the quiet enjoyment of the other tenants of the Shopping Center. Tenant shall give Landlord not less than ten (10) days' notice in writing prior to the commencement of the alterations and Landlord shall have the right to post Notice of Non Responsibility in or on the Premises, as provided by law. Tenant shall have the right in good faith to contest the validity of any such lien, claim or demand, and Tenant shall, at its sole expense, defend itself and Landlord against the same, and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Landlord or the Premises. Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in participating in any such action, if Landlord participates therein at the request of Tenant, or if Landlord is joined as a defendant in such action and Tenant's counsel determines that it cannot properly or effectively represent both Tenant's and Landlord's interests in such action.

**9.3 Removal.** Any alterations made shall remain on and be surrendered with the Premises on the expiration or termination of the term, except that Landlord can elect within thirty (30) days before the expiration of the term, or within thirty (30) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant, at its sole cost and expense, shall, forthwith and with all due diligence, repair any damage to the premises caused by such removal. In the event Tenant shall fail to remove any of Tenant's property or floor covering as provided herein, Landlord may, but is not obligated to, at Tenant's expense, remove all of Tenant's property and floor coverings not so removed and repair all damage to the premises resulting from such removal and may, and is not obligated to, at Tenant's expense, store the same in any public or private warehouse, and in any event Landlord shall have no liability to Tenant for any loss or damage to Tenant's property or floor covering caused by or resulting from such removal or otherwise. The foregoing provision shall not apply to any alterations made by Tenant or any subtenant at Tenant's or such Sub-tenant's sole cost which are capable of being removed by Tenant, or any subtenant, without substantial and un-repairable damage to the Premises, and which Tenant, or any subtenant, elects to remove upon the termination of this Lease, provided that Tenant or any subtenant promptly repairs, at its sole cost and expense, all damage to the remaining improvements on the Premises caused by such removal, and provided further, that the value of the improvements remaining on the Premises following such removal is substantially equal to what the value of the improvements existing on the Premises at the time of the execution of this Lease would have been, if the same had remained on the Premises at the time of termination of this Lease, assuming no alterations and additions thereto, and only normal wear and tear since the date of the execution of this Lease.

**9.4 Plans.** On completion of any work of alteration, addition or improvement by Tenant, or any subtenant, Tenant shall supply Landlord with "as built" drawings accurately reflecting all such work.

## 10. UTILITIES.

Tenant shall pay for all water, sewer, gas, heat, light, power, steam, telephone and all other utilities and services, including repairs to same, supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion to be determined by Landlord of all charges jointly metered with all other premises. Under no circumstances shall Landlord be responsible for any interruption, cessation or interference with any such utility service.

## 11. REAL PROPERTY TAXES.

**11.1 Real Property Taxes.** Tenant shall pay all real property taxes applicable to the Premises during the term of this Lease. All such payments shall be made at least ten (10) days prior to the delinquency date of such payment. Tenant shall promptly furnish Landlord with satisfactory evidence that such taxes have been paid. If any such taxes paid by Tenant shall cover any period of time prior to or after the expiration of the term hereof, Tenant's share of such taxes shall be equitably prorated to cover only the period of time within the tax year during which this Lease shall be in effect, and Landlord shall reimburse Tenant to the extent required. If Tenant shall fail to pay any such taxes, Landlord shall have the right to pay the same, in which case Tenant shall repay such amount to Landlord with Tenant's next rent installment, together with interest at the highest legal rate attainable.

**11.2 Allocation.** If the premises are not separately assessed, Tenant shall pay its proportionate share of all real property taxes, levied and assessed during the term of this Lease upon the Shopping Center or parcel of which the premises are a part. The share of real property taxes to be paid by Tenant shall be deemed to be that portion of the total real property taxes levied and assessed against the Shopping Center or parcel which the total square footage of the Premises bears to the total square footage of the Shopping Center or parcel as the case may be, or, alternatively, at Landlord's discretion, Tenant's share of real property taxes shall be deemed to be that portion of the total real property taxes levied and assessed against the building in which the Premises are contained which the total square footage of the Premises bears to the total leasable square footage of such building, plus an equitable allocation of Tenant's share of real property taxes and assessments attributable to the common areas of the Shopping Center, unless such common area taxes are otherwise included in the above, or with other amounts charged to Tenant under the Lease. Tenant shall pay one-twelfth (1/12th) of the amount estimated by Landlord (from time to time) to be Tenant's share of such real property taxes with each monthly installment of rent and other expenses due hereunder in the manner set forth Article 18.5 (Proration of Expenses).

**11.3 Definition.** As used herein the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes and income taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage, facilities or other improvement district thereof, as against any legal or equitable interest of Landlord in the Premises or in the real property of which the Premises are a part, as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Premises, or any tax imposed in substitution, partially or totally, of any tax previously included within the definition of real property tax, or any additional tax the nature of which was previously included within the definition of real property tax.

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**11.4 Contest.** Tenant may contest the legal validity or amount of any taxes, assessments, or charges for which Tenant is responsible under this Lease, and may institute such proceedings as Tenant considers necessary. If Tenant protests any such tax, assessment or charge, Tenant may withhold or defer payment provided the Premises are separately assessed and such taxes are paid directly to the taxing authority by Tenant, or may pay under protest in cases where the Premises are not separately assessed, provided that in every case, Tenant shall indemnify and hold Landlord and the Premises harmless from and against any claim or lien against Landlord or the Premises arising out of Tenant's failure to pay the contested taxes, assessments or charges.

**11.5 Receipts.** If the Premises are separately assessed, Tenant shall furnish to Landlord, at least ten (10) days before the date when any tax, assessments or charges would become delinquent, receipt or other appropriate evidence establishing their payment.

**11.6 Proration.** All payments of taxes or assessments, or both, shall be prorated for the initial Lease year and for the year in which this Lease terminated, based on the number of days in the tax year in question during which the term of this Lease is in effect.

**11.7 Increased Assessment.** Tenant acknowledges and understands that in the event Landlord should at any time in the future sell the Premises, there would potentially be an increase in the real property taxes. Landlord makes no representations, statements or warranties to Tenant, expressly or impliedly, that it will not sell the Premises at any time in the future during the term or extended term of this Lease.

**11.8 Timing of Real Property Tax Payments.**

(a) In the case where the Premises are located within the State of California the Real Estate Taxes payable for the Shopping Center are generally billed by the county tax assessor in two (2) separate installments for the fiscal year running from July 1st to June 30th. The first installment is billed for the period of July 1st to December 31st and is due no later than December 10th of that year. The second installment is billed for the period of January 1st to June 30th and is due no later than April 10th of that year. The county generally provides the taxpayer, however, the option of paying the second installment prior to the end of the calendar year immediately preceding the April 10th payment due date as opposed to paying in the subsequent calendar year. It is hereby understood that in those cases where Landlord is responsible for paying the Real Property Taxes, Landlord may elect to pay the second installment of such Real Estate Tax bills in the same calendar year as the first installment as described above, and in such event, the cost thereof may be reflected on the invoice sent to Tenant after the close of any calendar year during the term hereof. Tenant acknowledges that, in such event, there may be a balance due arising (in part or in whole) from that portion of the Real Estate Tax bill that relates to the second half of the fiscal year (i.e., January 1st to June 30th) immediately following the calendar year in which such tax bill was paid. In such event, it is expressly understood and agreed that such balance due is simply a function of the timing of the payments, and does not constitute an improper or invalid demand for payment by Landlord, and Tenant agrees to pay such tax bill as and when billed by Landlord.

(b) In the event the Premises are located outside the State of California, there may be timing differences as to the payment of Real Estate Taxes and the period to which such payments pertain similar to the situation in California as described above, and in such event, Landlord reserves the right to make such payments as may be allowed by the taxing authority, and Tenant shall be obligated for reimbursement thereof as provided in the Lease.

(c) Notwithstanding the foregoing, in no event shall the Tenant be obligated to pay for real estate taxes attributable to the Premises for any period of time prior to the commencement of the Lease, or subsequent to the expiration or earlier termination of the Lease.

**12. PERSONAL PROPERTY TAXES.**

Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property located in the premises. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay the taxes attributable to Tenant within ten (10) days prior to the delinquency date for payment of such taxes and shall furnish Landlord with satisfactory evidence of the payment of such taxes. In the event said personal property is assessed with Landlord's real property and Landlord pays the real property taxes, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

**13. INDEMNITY.**

**13.1 Indemnity.** Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use of the Premises, or from the conduct of Tenant's business, or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises, and shall further indemnify and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation of Tenant's part to be performed under the terms of the Lease, or arising from any act or negligence of Tenant, or any of Tenant's officers, agents, contractors, customers, licensees, guests, invitees or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in or about the defense of any such claim or any action or proceeding brought thereon. In case any action or proceeding be brought against Landlord by reason of any such claim, Tenant, upon written notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk to property or injury to persons in, upon or about the Premises arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord except to the extent otherwise provided in Article 13.3. Tenant shall give prompt notice to Landlord in case of casualty or accidents in or about the premises.

In the event Tenant fails to indemnify and hold harmless Landlord as required above, and should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy hereunder, in addition to other remedies allowed to Landlord under this Lease, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual fees, professional fees, such as appraisers, accountants, attorney's fees, and the like, plus interest at the maximum rate allowed by law from the date such cost was incurred.

Tenant shall indemnify, defend and hold the Landlord and their shareholders, officers, directors, and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against the Landlord by reason of the acts of Tenant which arise out of its gross negligence or fraud of Tenant, its agents or employees or Tenant's breach of this Agreement. If any person or entity makes a claim or institutes a suit against the Landlord on a matter for which the Landlord claim the benefit of the foregoing indemnification, then (a) the Landlord shall give Tenant prompt notice thereof in writing; (b) Tenant shall defend such claim or action by counsel of its own choosing provided such counsel is reasonably satisfactory to the Landlord; and (c) neither the Landlord or Tenant shall settle any claim without the other's written consent.

**13.2 Waiver.** Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business, or any loss of income therefrom, or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors, whether such damage or injury is caused by results from fire, steam, explosion, falling plaster, electricity, gas, water or rain which may leak from any part of the building, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from the roof, street, sewer system, or sub-surface, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places where the

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resulting damage or injury occurs on or about the Premises, and regardless of whether the cause of such damage or injury, or the means of repairing the same, is inaccessible to Tenant, and regardless of whether the cause of such damage or injury was due to or arose out of the negligence of Landlord, its agents, servants, or employees or otherwise. Landlord shall not be liable for any damage arising from any act or neglect of any other tenant, if any, of the building and/or Shopping Center in which the Premises are located. Landlord or its agents shall not be liable for interference with the light, air, or for any latent defect in the Premises.

**13.3 Willful Acts.** Nothing in Article 13.1 or 13.2 shall be construed as a waiver by Tenant as against Landlord of, or as an agreement by Tenant to indemnify or hold Landlord harmless from or against, any claims, costs, attorneys' fees, expenses, liabilities, damages, losses or injuries caused by the willful act or omission of Landlord. The provisions of this Article 13 shall survive any termination of this Lease with respect to any obligations hereunder accruing prior to such termination.

#### 14. INSURANCE.

**14.1 Tenant's Liability Insurance.** Tenant at its cost shall maintain comprehensive public liability and property damage insurance with a single combined liability limit of one million dollars (\$1,000,000) and property damage limits of not less than two hundred thousand dollars (\$200,000) insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises. Such insurance shall further insure Landlord and Tenant against liability for Fire Damage Legal Liability of at least \$200,000. All public liability insurance and property damage insurance shall insure performance by Tenant of the indemnity provisions of Article 13. Both parties shall be named as coinsured and the policy shall contain cross-liability endorsements. The limit of any such insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may provide this insurance under a blanket policy, provided that said insurance shall have a Landlord's protective liability endorsement attached thereto. Tenant shall deliver to Landlord, prior to right of entry, copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Landlord. Not more frequently than each year, if, in the opinion of Landlord's insurance broker, the amount of public liability and property damage insurance coverage at the time is not adequate, Tenant shall increase the insurance coverage as determined by Landlord's insurance broker. If Tenant fails to procure and maintain said public liability and property damage insurance, Landlord may, but shall not be required to, with or without prior notice to Tenant, procure and maintain the same, but at the expense of Tenant, and any amounts expended or expenses incurred by Landlord in procuring and/or maintaining such insurance shall be immediately reimbursed by Tenant to Landlord as additional rent payment hereunder, all such payment being subject to the application of late charge and interest provisions as more particularly provided in Article 24.

**14.2 Tenant's Property Damage Insurance.** Tenant at its cost shall maintain on all of its personal property, tenant's improvements, and alterations, in, on, or about the Premises, a policy of standard fire and extended coverage insurance with vandalism and malicious mischief endorsements, to the extent of at least eighty percent (80%) of their full replacement value. The proceeds from any such insurance shall be used by Tenant for the replacement of property or the restoration of Tenant's improvements or alterations. The foregoing insurance shall include full coverage for plate glass on the Premises and both parties shall be named as coinsured. Tenant shall furnish Landlord with a certificate of such policy within thirty (30) days of the commencement of this Lease and whenever required in order to satisfy Landlord that such policy is in full force and effect. If Tenant fails to procure and maintain said standard fire and extended coverage insurance, and property damage insurance, Landlord may, but shall not be required to, with or without prior notice to Tenant, procure and maintain the same, but at the expense of Tenant, and any amount expended or expenses incurred by Landlord in the procuring and/or maintaining such insurance shall be immediately reimbursed by Tenant to Landlord as additional rent payment hereunder, all such payment being subject to the application of late charge and interest provisions as more particularly provided in Article 24.

**14.3 Tenant's Rental Interruption Insurance.** Tenant, at its cost, shall keep and maintain a policy of rental interruption as the insured, which policy shall provide for payment to Landlord of a sum equal to the Rents as calculated pursuant to Article 3 hereof, for a term of not less than six (6) months after any casualty or destruction which results in interference with Tenant's business or operations.

**14.4 Use.** No use shall be made or permitted to be made on the premises, or acts done, which will increase the existing rate of insurance upon the building or cause the cancellation of any insurance policy covering the building, or any part thereof, nor shall Tenant sell, or permit to be kept, used or sold, in or about the premises, any article which may be prohibited by the standard form of fire insurance policies. Tenant shall, at its sole cost and expense, comply with any and all requirements, pertaining to the premises, of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance covering the premises, or the building or which it is a part. Tenant agrees to pay to Landlord as additional rent, any increase in premiums on policies which may be carried by Landlord on the premises covering damages to the building and loss of rent caused by fire and the perils normally included in extended coverage, which increase is attributable to Tenant's particular use of the Premises.

**14.5 Landlord's Property Damage Insurance.** Landlord shall maintain on the Shopping Center a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of full replacement value, as well as coverage for one (1) year's rent loss, and at Landlord's election, or if required by Landlord's lender or mortgage holder, including earthquake coverage. The insurance Landlord procures may include coverage on buildings or improvements other than the Premises including all of the Shopping Center. Notwithstanding the fact that Landlord shall maintain such insurance, Tenant shall pay to Landlord, as additional rent, Tenant's proportionate share of the cost of such insurance. Tenant's proportionate share of said cost shall be allocated by using the fraction described in Article 18.1. Landlord may collect Tenant's proportionate share thereof in the manner provided for in Article 18.4 and 18.5 or may separately bill Tenant for its proportionate share, in which event Tenant shall pay Landlord the sum due on demand.

If, in the opinion of Landlord, or Landlord's insurance carrier or broker, Tenant's particular use of the Premises requires certain improvements or alterations to be made, or equipment installed within the Premises in order to remedy an otherwise potentially dangerous condition affecting the risk of fire or other damage to the Premises arising out of Tenant's particular use of the Premises, then in such an event, Tenant, at its sole cost and expense, shall within thirty (30) days of receipt of written notice from Landlord, make such improvements, alterations, or equipment installations required to remedy such dangerous conditions, including but not limited to, (and by way of example only), the installation of automatic fire extinguishing systems in cases where Tenant is operating certain food preparation equipment creating grease laden vapors without the protection of such equipment.

**14.6 Landlord's Liability Insurance.** Landlord shall maintain public liability and property damage insurance with a single combined liability limit of one million dollars (\$1,000,000) and property damage limit of not less than two hundred thousand dollars (\$200,000) insuring against claims for bodily injury, death or property damage occurring in or upon the Shopping Center. Not more frequently than each year, if, in the opinion of Landlord's insurance broker or lender, the amount of public liability and property damage insurance coverage at that time is not adequate, Landlord may increase the coverage as determined by Landlord's insurance broker or lender. The cost of said insurance shall be allocated and collected in the manner described in Article 14.5.

**14.7 All insurance required to be maintained by Tenant under this Lease shall:**

(a) Be issued by an insurance company authorized to do business in the state where the Premises are located, with a financial rating of at least an A-3A status as rated in the most recent edition of Best's Insurance Reports.

(b) Be issued as a primary policy.

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(c) Contain an endorsement requiring thirty (30) days written notice from the insurance company to Landlord before cancellation or change in the coverage, scope or amount of any policy.

(d) Be evidenced by a policy or certificate of policy, together with evidence of payments of premiums, which shall all be deposited with Landlord at the commencement of the term of this Lease and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy, or as and when requested by Landlord.

#### 15. WAIVER OF SUBROGATION.

Tenant hereby waives as against Landlord, and against the officers, employees, agents and representatives of Landlord, any and all right to recovery for any and all losses and damages insured against under any fire and extended coverage insurance policy, including Tenant's policies described in Article 14, in force at the time of any such loss or damage or required to be in force at such time by the terms and conditions of this Lease. Tenant shall, upon obtaining the policies of insurance required by Article 14, give notice to the insurance carrier or carriers that the foregoing waiver of subrogation is contained in this Lease.

#### 16. DAMAGE, DESTRUCTION AND RESTORATION.

**16.1 Duty to Restore.** If the improvements on the Premises are partially or totally damaged by fire or other casualty so as to become partially or totally un-tenantable, which damage is insured against under any policy of fire and extended coverage insurance then covering the damaged improvements, this Lease shall not terminate and said improvements shall be rebuilt by Landlord with reasonable diligence, at Landlord's expense, unless Landlord elects to terminate this Lease, as provided in Article 16.2. Landlord shall not be required to repair any injury or damage by fire or other cause, or make any repairs to, or replacements of, or reimbursements for any leasehold improvements, fixtures, or other personal property of Tenant.

**16.2 Election to Terminate.** If the improvements on the Premises are damaged by an insured casualty to the extent of at least twenty-five percent (25%) of their replacement cost (cost to repair or replace at the time of loss without deduction for physical depreciation) during the term of this Lease, other than during the last three (3) Lease years of said term, or to the extent of at least ten percent (10%) thereof during the last three (3) Lease years of said term or to any extent by an uninsured cause at any time during the Lease term, or if, at any time, more than twenty-five percent (25%) of the building area of the Shopping Center (whether or not the Premises is affected) or more than twenty-five percent (25%) of the building of which the Premises is a part (whether or not the Premises is affected) is so damaged, Landlord shall, within not more than ninety (90) days after such damage, notify Tenant of Landlord's election: (a) to terminate this Lease; or (b) to restore the improvements on the Premises. If Landlord elects to repair or restore the damaged improvements, then, with respect to the Premises, Landlord and Tenant each shall restore them in the same manner and to the same extent as work was done by each of them in the original construction and fixturing of the improvements. If Landlord elects not to restore, as aforesaid, this Lease shall terminate effective as of the date of such damage upon the giving of notice of election by Landlord, as aforesaid, in which event this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of the giving of notice. If Landlord elects to restore or fails to give notice of its election, as aforesaid, then this Lease shall remain in full force and effect.

**16.3 Rent Adjustments.** If this Lease is not terminated, as provided in this Article 16, then, during the period of repair and restoration, the Minimum Rent as adjusted pursuant to Article 3.1(b) shall not be reduced but the Tenant shall be entitled to have proceeds of the rental insurance applied to such Minimum Rent obligations.

**16.4 Time Limitation.** If the damage is such that in reasonable contemplation it cannot be repaired within nine (9) months from the date of its occurrence (force majeure excepted) then either party shall have the right to terminate this Lease on sixty (60) days notice to the other.

**16.5 Termination Date.** If this Lease is terminated in accordance with the provisions of this Article 16, such termination shall become effective as of the first day after the occurrence of the casualty causing the damage.

#### 17. ASSIGNMENT, SUBLETTING AND RECAPTURE.

**17.1 Request for Consent.** Tenant shall not assign or otherwise transfer by operation of law or otherwise this Lease or any interest herein without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Tenant understands and agrees that Tenant's intended use of the Premises as well as Tenant's business expertise, financial strength and background, and planned future business operation in and about the Premises are of a special and unique value to Landlord, and as such, constitute an important and valuable part of the planned and unique Tenant mix which Landlord has attempted to establish within the Shopping Center, and that these things constitute a material consideration to Landlord for this Lease, and are hereby deemed to be valid and commercially reasonable grounds for the exercise of Landlord's right to withhold its consent to any proposed assignment under this Lease. If Tenant desires at any time to assign or otherwise transfer this Lease, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord: (a) the name of the proposed assignee; (b) the nature of the proposed assignee's business to be carried on in the Premises; (c) a copy of any agreements to be entered into concurrently with such assignment; and (d) such financial information as Landlord may reasonably request concerning the proposed assignee. Landlord hereby reserves the right to condition any such approval upon Landlord's determination that the proposed assignee is financially responsible as a tenant and that the proposed assignee is likely to conduct a business on the Premises of a type and quality substantially equal to that conducted by Tenant. Tenant shall pay to Landlord the sum of \$500 as the reasonable fee for Landlord's expenses in reviewing such proposed assignment. Said fee is non-refundable. This Lease may not be assigned without complying with the provisions of this Article 17.1 in reliance on any law relating to bankruptcy or debtor's rights generally unless adequate assurance of future performance is provided Landlord including adequate assurance of the source of rent and other expenses due under this Lease for the entire term of this Lease and unless the assignee and the proposed use of the Premises by the assignee are consistent with the type of other tenants in the Shopping Center and the use by such tenants of their premises.

**17.2 Subsequent Assignment.** The consent by Landlord to any assignment shall not constitute a consent to any subsequent assignment by Tenant or to any subsequent or successive assignment by the assignee. However, Landlord may consent to subsequent assignments of the Lease or any amendments or modifications thereto without notifying Tenant or anyone else liable on the Lease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or assignment; however, such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Tenant or assignor under this Lease or such assignment.

**17.3 Assignee's Default.** In the event of any default under this Lease, Landlord may proceed directly against Tenant, any guarantors or anyone else responsible for the performance of this Lease, including any assignments, amendments or modifications thereto, any guarantors or anyone responsible for the performance of this Lease, including the assignee without first exhausting Landlord's remedies against any other person or entity responsible therefore to Landlord, or any security held by Landlord or Tenant. Furthermore, Landlord's acceptance of rent and/or consent to any assignment of the Premises by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by the Tenant, nor shall such consent be deemed a waiver of any then existing default, except as may be otherwise provided in writing by the Landlord to the Tenant at that time.

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**17.4 False Representations.** The discovery of the fact that any financial statement, or any other fact, relied upon by Landlord in giving its consent to an assignment or subletting was materially false shall, at Landlord's election, render Landlord's consent null and void.

**17.5 Subletting, Partial Assignment and Hypothecation.** Partial assignments of Tenant's interest in this Lease and the hypothecation of any of Tenant's interest in this Lease are prohibited. Tenant shall not sublease all or any portion of the Premises. A transfer of control of Tenant shall be deemed an assignment of this Lease and shall be subject to all of the provisions of this Article 17. Landlord's consent to any sale, assignment, encumbrance, subleasing, occupation or other transfer shall not release Tenant from any of Tenant's obligations hereunder or be deemed to be a consent to any subsequent assignment, subleasing or occupation. Any sale, assignment, encumbrance or other transfer of this Lease and any subletting or occupation of the Premises which does not comply with the provisions of this Article 17 shall be void and shall be a default hereunder.

**17.6 Consideration.** Tenant shall pay to Landlord, promptly following receipt, the amount of the value of any consideration received by Tenant from any assignment of this Lease. In addition, Tenant shall pay to Landlord promptly following receipt the amount by which all sublease rental and other payments for the use of the Premises received by Tenant from any subtenant or any other person occupying any portion of the Premises exceeds the rental and any other amounts payable by Tenant pursuant to this Lease for the portion of the Premises subleased, with the rental and other amounts payable by Tenant for the Premises allocated on the basis of square footage. The provisions of this Article 17.3 shall apply regardless of whether such assignment, subleasing or occupation is made in compliance with the term of this Lease. Any payments made to Landlord pursuant to this Article 17.3 shall not cure any default under this Lease arising from such assignment, subleasing or occupation.

**17.7 Recapture.** If Tenant requests Landlord's consent to any assignment of this Lease, Landlord shall have the right, to be exercised by giving written notice to Tenant within thirty (30) days of receipt by Landlord of the information concerning such assignment required by Article 17.1 to terminate this Lease effective as of the date Tenant proposes to assign this Lease. On termination of this Lease by Landlord pursuant to this Article 17.1 Landlord shall pay to Tenant the unamortized cost of any tenant improvements to the Premises paid by Tenant, with such costs amortized over the term of this Lease without reference to any unexercised options.

**17.8 No Waiver.** As a condition to Landlord's written consent as provided for in this Article 17, Tenant shall deliver to Landlord an executed copy of any assignment or agreement related to the Premises. Any assignee shall assume the obligations of Tenant under this Lease. The collection or acceptance of rent or other payment by Landlord from any person other than Tenant shall not be deemed a waiver of any payment provisions of this Article, the acceptance of any assignee or subtenant as the tenant hereunder, or a release of Tenant or any assignor from any obligation under this Lease.

## 18. MAINTENANCE OF PARKING AND COMMON AREAS.

**18.1 Common Areas Expense.** Tenant shall pay to Landlord, as additional rent, Tenant's proportionate share of the common area expenses, as hereinafter more particularly described. Tenant's proportionate share for any calendar year during the term hereof shall be that percentage that the total square footage of the demised Premises bears to the total square footage of the Shopping Center which is leasable during all or any portion of any such calendar year, or as it relates to the total floor area of the building or buildings or parcel of which the Premises are a part, whichever is deemed appropriate by Landlord.

**18.2 Common Areas.** Landlord covenants that the common areas and parking areas (hereinafter "areas") now located in the Shopping Center shall at all times be available for the nonexclusive use of Tenant (except as hereinafter provided) during the term of this Lease or any extension of the term hereof; provided, that the condemnation or other taking by any public authority, or sale in lieu of condemnation of any or all such areas, shall not constitute a violation of this covenant. Landlord reserves the right from time to time to change the entrances, exits, traffic lanes and the boundaries and location of such areas; provided, however, that at all times the ratio between improved and unimproved areas complies with law. Landlord reserves the right from time to time to make changes in the shape and location of the improvements, building, driveways, accommodation areas and other improvements, and to eliminate or add any improvements or buildings to the Shopping Center; provided, however, that at all times the ratio between improved and unimproved areas complies with law.

**18.3 Maintenance.** Landlord shall keep the areas in a clean and orderly condition, lighted during normal and permitted hours of operation and landscaped, and shall repair any damage to the facilities thereof.

**18.4 Expenses.** It is understood and agreed that the word "expenses," as used herein, shall be construed to include but not be limited to all sums expended by Landlord in connection with said areas (including administrative and professional expenses) for all maintenance and repair, replacement, resurfacing, painting, re-stripping, cleaning, snow removal, sweeping and janitorial services, planting, landscaping, lighting and other utilities, signs, markers, bumpers, garbage or refuse removal, security or policing, fire protection or alarm systems, depreciation on all equipment purchased (but not directly expensed) for the purpose of operating and/or maintaining such areas (or rent if such equipment is leased) and maintenance and repair of such equipment, the cost of personnel to implement and/or supervise such services, real and personal property taxes and assessments thereon, management fees (which may be computed as a percentage of the rental income), adequate public liability and property damage insurance on the entire Shopping Center (which shall be carried and maintained by Landlord unless otherwise agreed). Landlord may, however, cause any or all of said services to be provided by an independent contractor or contractors. Notwithstanding the foregoing, if either the real property taxes (described in Article 11) or the insurance premiums (described in Article 14), are not separately assessed by Landlord, Landlord may include said taxes and/or insurance premiums as a Common Area expense, as prescribed in Article 18.5 below.

**18.5 Proration of Expenses.** Tenant shall pay to Landlord the common area expenses, as well as Tenant's proportionate share of costs, expenses, and charges to be allocated to Tenant under any other provisions of this Lease, if Landlord elects to include same, in the following manner:

(a) From and after the Rent Commencement Date, but subject to adjustment as provided in this sub-paragraph (a), Tenant shall pay Landlord on the first day of each month of the term of this Lease one-twelfth (1/12th) of Tenant's proportionate share of the anticipated common area expenses and other costs, charges and expenses to be included, as an estimate which shall be applied to Tenant's account and maintained by Landlord for the items included therein, which monthly amount may be adjusted from time to time by Landlord on the basis of Landlord's experience as well as the anticipated cost of all of the foregoing items. Notwithstanding anything contained herein or any verbal representations made by Landlord or Landlord's agent to the contrary, Landlord expressly does not represent or warrant that the CAM Estimate as set forth at the commencement of this Lease, or in effect at any time during the term hereof, is an accurate representation of the actual costs which may ensue for those items for which the estimated payments are being made. While the Landlord may endeavor to estimate such actual costs; for various reasons, including fluctuations in many expenses and taxes over which the Landlord may have little control, and the ability of the parties to freely negotiate the level of such estimates, there may be a shortfall when the reconciliation of the estimates to such actual costs is made. Tenant expressly acknowledges that such a shortfall may occur, and hereby agrees to promptly pay its share of these costs in accordance with the terms of this Lease.

(b) If, at the end of any calendar year, Tenant's share of the foregoing costs exceeds the total of the estimates made by Tenant during which calendar year, Tenant shall pay to Landlord the deficiency upon demand. If said estimates exceed Tenant's share of the same, Tenant shall be entitled to offset the excess against the estimates thereafter to become due to Landlord. Landlord shall furnish a statement showing categories of expenses to Tenant annually for the actual expenses for all of the foregoing items and the excess or deficiency of Tenant's payments.

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**18.6 Use of Common Areas.** Tenant, for the use and benefit of Tenant, its agents, employees, customers, licensees, and subtenants, shall have the nonexclusive right, in common with Landlord and other present and future owners, tenants, and their agents, employees, customers, licensees and subtenants, to use said areas during the entire term of this Lease, or any extension thereof, for ingress and egress, roadway, sidewalk and automobile parking, except for any restrictions and/or exclusions from such non-exclusive use for the benefit of any other tenant or other purpose which may exist at the commencement of this Lease and which is reasonably apparent upon inspection of such areas, or as may otherwise be disclosed to Tenant. Tenant, in the use of said common and parking areas, agrees to comply with such reasonable rules and regulations as Landlord may adopt from time to time for the orderly and proper operation of said common and parking areas. Such rules may include but not be limited to the following:

(a) Contract for a parking lot company to provide attendants to supervise parking lot and collect for parking beyond validation time limit for Tenant's customers and other visitors, where and when it is desirable to conserve parking spaces for customers.

(b) The restricting of Tenant and employee parking to a limited designated area(s) or the exclusion of Tenant and employee parking within the Shopping Center; and

(c) The regulation of the removal, storage and disposal of Tenant's refuse and other rubbish, at the sole cost and expense of Tenant.

**19. HOLDING OVER.**

Should Tenant hold over after the termination of this Lease, Tenant shall become a tenant from month-to-month only upon each and all of the terms herein provided as may be applicable to such month-to-month tenancy and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant's Minimum Rent as set forth in Article 3.1 of this Lease shall be one hundred fifty percent (150%) of the minimum rent in effect immediately prior to such hold over period, plus the average monthly percentage rent paid during the prior year, if applicable.

**20. HOURS OF BUSINESS; CONDUCT OF BUSINESS.**

Subject of the provisions of this Article 20, Tenant shall continuously during the entire term hereof, conduct and carry on Tenant's business in the Premises. Tenant shall keep the Premises open for business and cause Tenant's business to be conducted therein during the usual business hours of each and every business day as is customary for businesses of like character in the city in which the Premises are located to be open for business; provided, however, that this provision shall not apply if the Premises should be temporarily closed on account of strikes, lockouts, or similar causes beyond the reasonable control of Tenant. Tenant shall keep the Premises adequately stocked with merchandise and with sufficient sales personnel to care for the patronage, and to conduct said business in accordance with sound business practices. Tenant shall also keep its primary trade name sign lit during the evening hours as is customary for businesses of like character in the city in which the Premises are located, and particularly in conformity with the majority of the tenants of the Shopping Center, and in any event, until 9:00 p.m. each night. In the event of breach by Tenant of any of the conditions in this Article 20, Landlord shall have in addition to any and all remedies herein provided, the right at its option to collect not only the Minimum Rent as adjusted pursuant to Article 3.1(b), but additional rent at the rate of one three hundred and sixty fifth (1/365th) of the amount of the Annual Minimum Rent as adjusted pursuant to Article 3.1(b) for each day Tenant is in breach of the provisions of this Article.

**21. COMPETITION.**

During the term of this Lease, Tenant covenants not to engage in conduct which would diminish the Percentage Rent payable to Landlord pursuant to Article 3.2 including but not limited to the complete or partial ownership operation or control of any store or any business within a radius of two (2) miles of the Premises which is competitive with Tenant's permitted use under this Lease. In the event that the Tenant owns, operates or controls such a competing store or business, then such store or business will be deemed to constitute a portion of the Premises for the purposes of Article 3.2 and Landlord will be entitled to Percentage Rent on sales therefrom, or, alternatively, Landlord may elect to declare a default under this Lease with all the remedies available pursuant to Article 22 hereof.

**22. TENANT'S DEFAULT AND REMEDIES.**

**22.1 Default.** The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- (a) The vacating or abandonment of the premises by Tenant;
- (b) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant.
- (c) The failure of Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in sub-paragraph (b) above, Article 24.1 and Article 31.6(c), where such failure shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of the Tenant's default is such that more than ten (10) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said ten (10) day period and thereafter diligently pursues such cure to completion;
- (d) The making by Tenant of any general assignment for the benefit of creditors;
- (e) The filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days);
- (f) The appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days;
- (g) The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets located at the Premises, or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.
- (h) The failure of Tenant to observe or perform any laws, rules, regulations or judicial decisions under the laws of the State of California or US Government.

**22.2 Remedies.** In the event of any such default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have reason of such default or breach:

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(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant'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; and the worth at the time of award by the court having jurisdiction thereof of (i) the unpaid rent and other charges and adjustments called for under the Lease which had been earned at the time of termination, (ii) the amount by which the unpaid rent and other charges and adjustments called for under the Lease which would have been earned after termination until the time of award exceeds the amount of such rental loss for the same period which the Tenant proves could have been reasonably avoided, and (iii) the amount by which the unpaid rent and other charges and adjustments called for under the Lease for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, and (iv) any and all costs incurred by Landlord for the taking of an inventory of, removal of and/or storage of any and all property left in, upon or about the Premises by Tenant, following Tenant's abandonment, vacating or otherwise surrendering of Premises. The worth at the time of award of the sums referred to in clauses (i) and (ii) above, shall be computed by allowing interest from the due date at the highest legal rate attainable. The worth at the time of award of the amount referred to in clause (iii) above, shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). As used herein rent shall include charges equivalent to rent. Landlord shall be entitled to recover from Tenant all damages set forth in Section 1951.2 of the California Civil Code as well as the worth at the time of the 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 loss for the same period that Tenant proves could be reasonably avoided. Landlord shall also be entitled to recover damages and attorney's fees for the cost of recovering possession of the Premises and expenses of reletting.

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

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state where the Premises are located, and recover as damage the value of any free rent, Tenant improvement, or other Lease concessions which may have been granted to Tenant hereunder prior to any such default. Notwithstanding the foregoing, Landlord shall not be liable for, nor required to credit, post judgment replacement lease rental income against prejudgment rental loss or other monetary damage sustained by Landlord as a result of any such default on part of Tenant hereunder and Tenant hereby waives any right Tenant may have to so apply such replacement lease rental credit, if applicable.

## 23. DEFAULTS BY LANDLORD.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of each mortgage or deed of trust covering the Premises whose name and address shall have at any time been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or an injunction. Moreover, any claim, demand, right or defense of any kind by Tenant which is based upon or arises in any connection with this Lease or the negotiations prior to its execution, shall be barred unless Tenant commences an action thereon, or interposes in a legal proceeding a defense by reason thereof, within six (6) months after the date of the inaction or omission or the date of the occurrence of the event or of the action to which the claim, demand, right or defense relates, whichever applies.

## 24. LATE CHARGES; INTEREST.

24.1 Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within three (3) days after such amount shall be due, Tenant shall pay to Landlord a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payments by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

24.2 Unless otherwise specifically provided herein, any sum payable to Landlord which is not paid when due shall bear interest at the rate of ten percent (10%) per annum from the date same becomes due, until paid.

## 25. SAFETY AND HEALTH.

Tenant covenants at all times during the term of this Lease to comply with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. Subsection 651 et seq. and any analogous legislation in the state where the Premises are located (collectively the "Act"), to the extent that the Act applies to the Premises and any activities thereon. Without limiting the generality of the foregoing, Tenant covenants to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Act, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may, from time to time, be present upon the Premises (except to the extent that the particular activities of such agents, employees or contractors of Landlord on the Premises require safety precautions or alterations of the conditions of the Premises beyond the requirements of such Act otherwise applicable to the Premises, in which event Tenant shall not be obligated to undertake or provide any such additional safety precautions or alterations of conditions), and Tenant agrees to indemnify and hold Landlord harmless from and against any liability, claim or damages, arising as a result of a breach of the foregoing covenant and from all costs, expenses and charges arising therefrom, including without limitation, reasonable attorneys' fees and court costs incurred by Landlord in connection therewith, which indemnity shall survive the expiration or termination of this Lease.

## 26. CONDEMNATION; EMINENT DOMAIN.

26.1 **Definition.** If there is any taking of, or damage to, all or part of the Premises, or any interest therein because of the exercise of the power of eminent domain or inverse condemnation, whether by condemnation proceedings, or otherwise, or any transfer or any part thereof or any interest herein made in avoidance thereof (all of the foregoing being hereinafter referred to as "taking") before or during the term hereof, the rights and obligations of the parties with respect to such taking shall be as provided in this Article 26.

26.2 **Total Condemnation.** If there is a taking of all of the Premises, this Lease shall terminate as of the date of such taking.

Landlord's Initials \_\_\_\_\_

Tenant's Initials 

**26.3 Partial Condemnation.** If twenty-five percent (25%) or more of the total floor area of the Premises as described in Article 1.1 (the "Area") shall be taken, either party shall be entitled to terminate this Lease or, if twenty-five percent (25%) or more of the floor areas of the building in which the Premises are located shall be taken, either Landlord or Tenant shall be entitled to elect to terminate this Lease; and the terminating party shall give the other party written notice of such election not later than thirty (30) days after the date Landlord delivers notice to Tenant that possession or title to the portion of the Premises or said building taken has vested in the condemnor. If neither party gives such notice, or less than twenty-five percent (25%) of the Area of the Premises or the floor area of the building shall be taken, this Lease shall remain in full force and effect and rent shall be adjusted as provided in Article 26.7.

**26.4 Common Area.** If any part of the common area shall be taken or appropriated, Landlord shall, within sixty (60) days of said taking, have the right at its option to terminate this Lease upon written notice to Tenant.

**26.5 Termination Date.** If this Lease is terminated in accordance with the provisions of this Article 26, such termination shall become effective as of the date physical possession of the condemned portion is taken.

**26.6 Repair and Restoration.** If this Lease is not terminated, as provided in this Article 26, Landlord shall, at its sole expense, restore, with due diligence, the remainder of the improvements occupied by Tenant so far as practicable to a complete unit of like quality, character and condition as that which existed immediately prior to the taking, provided that the scope of the work shall not exceed the scope of the work done by Landlord originally in constructing the Premises, and further provided that Landlord shall not be obligated to expend an amount greater than that which was awarded for said restoration to Landlord for such taking.

**26.7 Rent Adjustment.** If this Lease is not terminated, as provided in this Article 26, the Minimum Rent as adjusted pursuant to Article 3.1(b) shall be reduced by that proportion which the Area taken from the Premises bears to Tenant's total Area immediately before the taking.

**26.8 Award.** The total and entire award or compensation in such proceedings, whether for a total or partial taking, or for diminution in the value of the leasehold or for the fee or for any other reason shall belong to, and be the property of, Landlord; provided, that Tenant shall be entitled to recover from the condemnor such compensation as may be separately awarded by the condemnor to Tenant or recoverable from the condemnor by Tenant in its own right for the taking of trade fixtures and equipment owned by Tenant in its own right (meaning personal property, whether or not attached to real property, which may be removed without injury to the Premises) and for the expense of removing and relocating them, and for the loss of goodwill to the extent that is severally awardable.

## 27. HAZARDOUS MATERIALS.

Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances, or materials in or about the Premises or the property of which the Premises are a part. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the property any such materials or substances except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such substances or materials. Without limitation, hazardous substances and materials shall mean any substance which is toxic, ignitable, reactive, or corrosive and which is regulated by any local government, the State of California, or the United States Government, and shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Article 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Article 6901 et seq., any applicable state or local laws and the regulations adopted under these acts.

If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials, then the reasonable costs thereof shall be reimbursed to Landlord from Tenant upon demand as additional charges if such requirement applies to the Premises. Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of hazardous substances or materials on the Premises. In addition, Tenant shall undertake to comply with any and all applicable laws, statutes, and ordinances, concerning hazardous substances and materials to which Tenant, in the course of its business in the Premises, is subject, and Tenant hereby agrees to cooperate with Landlord as may be required by Landlord's undertaking to similarly comply. In all events, Tenant shall indemnify and hold Landlord harmless from all liability, claims, penalties, fines, judgments, costs, losses, damages and expenses of any kind, including, without limitation, cleanup costs, a decrease in value of the premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impact on marketing of the space, and any and all sums paid for settlement of claims, consultant fees, expert fees, and reasonable attorney's fees incurred by Landlord as a result of Tenant's breach regarding hazardous materials on or about the Premises occurring while Tenant is in possession, or elsewhere if caused by Tenant or persons acting under Tenant. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated for a federal, state or local agency or political subdivision. Without limitation to the foregoing, if Tenant causes or permits the presence of any hazardous substance on the Premises and such results in contamination, Tenant shall promptly, at its sole expense, take any and all necessary actions to return the premises to the condition existing prior to the presence of any hazardous substance on the premises. Tenant shall first obtain Landlord's approval for any such remedial action. The within covenants shall survive the expiration or earlier termination of the Lease term.

## 28. NO ACCORD AND SATISFACTION.

No acceptance by Landlord of a lesser sum than the minimum fixed rent, percentage rent, additional rent or any other charge then due shall be deemed to be other than on account of whichever installment of such rent or charge due as Landlord, at Landlord's sole discretion, so elects to apply, nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent or other charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy as provided in this Lease.

## 29. RELOCATION OF PREMISES.

Landlord shall have the right to relocate the Premises to another part of the Shopping Center ("relocated Premises") in accordance with the following:

**29.1** The relocated Premises shall be substantially the same in size and nature of the Premises, and shall be placed in that condition by Landlord at Landlord's cost.

**29.2** The physical relocation of the Premises shall be accomplished by Landlord at Landlord's cost.

**29.3** Landlord shall give Tenant at least thirty (30) day's notice of Landlord's intention to relocate the Premises.

**29.4** Landlord shall diligently pursue the relocation of the Premises, and the minimum monthly rent and all other sums and charges payable under this Lease shall abate during the period of such relocation when Tenant is not open for business.

Landlord's Initials \_\_\_\_\_

Tenant's Initials *AB*

**29.5** All incidental costs incurred by Tenant as a result of the relocation, including, without limitations, costs incurred in changing addresses on stationery, business cards, directories, advertising and other such items, shall be paid by Landlord in a sum not to exceed one thousand dollars (\$1,000.00) upon written verification of said costs.

**29.6** Landlord may relocate the Premises not more than twice during the term of the Lease, and not more than once during any calendar year.

**29.7** If the relocated Premises are of a different size than the Premises as they existed before the relocation, then the minimum rental and other charges payable hereunder shall be adjusted by multiplying the minimum rental and other charges by a fraction, the numerator of which shall be the total number of square feet in the relocated Premises and the denominator of which will be the total number of square feet in the Premises before relocation.

**29.8** The parties shall immediately execute an amendment to this Lease reflecting the relocation of the Premises and the adjustment, if any, of rent.

**29.9** If Tenant shall reasonably disapprove of the relocated Premises proposed by Landlord pursuant to this Article 29, Tenant may, as its sole remedy, cancel this Lease. In the event Tenant elects to cancel the Lease, neither party shall have any further responsibility of liability to the other with respect to the Lease; provided, however, Tenant must, within fifteen (15) days from the date the notice is given, notify Landlord in writing of its intention to terminate this Lease, or Tenant shall be deemed to have accepted the new location for the Premises.

### **30. CHANGES TO SHOPPING CENTER; EASEMENTS AND LICENSES; RIGHT OF ENTRY.**

**30.1 Changes to Shopping Center.** Landlord reserves the right at any time or times during the term of this Lease, to remodel, expand, contract, and, delete, multi-deck or otherwise alter or change any portion or portions of the entire center without the consent of Tenant. Landlord shall have the right to modify the location, shape, size, design or any other component of the center, including its community areas, and any such modified center or community area shall, effective as of the completion of such modification, be deemed to be the center or community area as described in this Lease. Landlord makes no warranties or representations as to the present occupants or occupancy level of the center, or of future occupancy commitments. Tenant waives any duty or obligation, express or implied, on the part of Landlord to keep the center leased or occupied, or partially leased or occupied, or to Lease, (or not to Lease) portions of the center for any specific purpose, use or type of use.

**30.2 Easement, Licenses and Rights.** Landlord reserves unto itself, and to the extent not so reserved Tenant hereby grants to Landlord, such licenses, easements, and other rights in, over or under the Premises, or any portion thereof as shall be required for the construction, installation, repair, replacement and/or maintenance of structural supports and members, mains, conduits, pipes or other facilities to serve the center, or any part thereof, as the same may be altered as provided in Article 30.1 hereof, including, but not by way of limitation, the Premises of any occupants; provided, however, that Landlord shall pay for any such alterations required on the Premises as a result of any such exercise, occupancy, use or enjoyment of any such license or easement or other right and, provided further, that if the exercise, occupancy, use or enjoyment of any such license or easement shall result in an unreasonable interference with Tenant's use, occupancy or enjoyment of the Premises as contemplated by this Lease, then the minimum rent shall be abated to the extent of and only during such actual interference.

**30.3 Conformance of Premises.** If Landlord alters the center as provided in Article 30.1, then Tenant shall, upon 90 days notice, remodel or replace the store signs, at Tenant's sole cost and expense, so as to conform with the Landlord's then criteria therefor. Tenant shall be excused from the covenants set forth in this Article if: (a) Tenant shall have installed its store signs within the preceding one (1) year; or (b) the term of the Lease then remaining is less than one (1) year.

**30.4 Waiver of Claims.** Tenant hereby waives any and all claims and causes of action resulting directly or indirectly from Landlord's exercise of any of its rights, reservations, licenses or easements as provided in this Article, including by way of example but not limitation, claims for business interference, lost profits, damage to or loss of personal property, loss of benefit of the Lease or the Premises, or otherwise.

### **31. GENERAL PROVISIONS.**

**31.1 Force Majeure.** If any party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws or regulations or by other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this Article 31.1 contained shall excuse Tenant from the prompt payment of any rental or other charge required of Tenant hereunder except as may be expressly provided elsewhere in this Lease.

**31.2 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.

**31.3 Covenants and Conditions.** Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

**31.4 Binding Effect; Choice of Law.** Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the Provisions of Article 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 Premises are located; any action brought to enforce or nullify this Lease or the provisions hereof must be brought in the County where the Premises are located.

#### **31.5 Subordination; Attornment.**

(a) Tenant hereby agrees, upon Landlord's written request, to subordinate this Lease and Tenant's rights hereunder to any ground lease, mortgage, deed of trust, or any other hypothecation of security hereafter placed upon the real property of which the Premises are a part, and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof, but such subordination shall be only on the condition that Tenant's rights to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease on Tenant's part to be performed, unless this Lease is otherwise terminated pursuant to its terms.

(b) In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

Landlord's Initials \_\_\_\_\_

Tenant's Initials 

**31.6 Attorneys' Fees.** In the event of any litigation between Tenant and Landlord to enforce any provision of this Lease or any right of either party hereto, the unsuccessful party to such litigation shall pay the successful party all costs and expenses, including reasonable attorneys' fees, incurred therein. Moreover, if either party hereto without fault is made a party to any litigation instituted by or against any other party to this Lease, such other party shall indemnify Landlord or Tenant, as the case may be, against and save it harmless from all costs and expenses, including reasonable attorneys' fees, incurred by it in connection therewith. In addition thereto, Tenant agrees to pay Landlord's costs, expenses and reasonable attorneys' fees with respect to:

(a) Each request by Tenant for permission or consent to assign or sublet the Premises, in whole or in part, (which is exclusive of Landlord's non-refundable \$500.00 administrative fee as set forth in Article 17.1);

(b) Each request made by Tenant to modify, amend or supplement this Lease, and

(c) Any breach or default of Tenant which is cured prior to litigation or cured after litigation has commenced but prior to judgment;

Landlord shall notify Tenant of the amount of such costs and attorneys' fees, and Tenant shall pay same (as additional rent) within three (3) days of such notice.

**31.7 Landlord's Access.** Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times and upon reasonable notice to Tenant for the purpose of inspecting same and showing the same to prospective lenders, buyers, and/or tenants, and to post notices of non-responsibility. Landlord and Landlord's agents shall also have the right to enter the Premises and make any repairs or restoration as may be needed to maintain the premises in the condition required under Articles 8 and 30.2 hereof, or to restore the Premises after any damage, destruction or taking as provided in Articles 16 and 26, hereof, and may for such purposes erect scaffolding and other necessary structures. Tenant hereby waives any claim for damages or for any injury or any inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. Landlord shall have the right to use any and all means which Landlord may deem proper to open the doors to Tenant's Premises in an emergency, in order to obtain entry to the Premises without liability to Tenant. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof. Landlord reserves the right to post two "For Lease" signs inside the windows of Tenant's Premises during the last sixty (60) days of the Lease term, or option and Tenant agrees to allow such signs to be reasonably displayed and to keep such signs posted.

**31.8 Merger.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work as a merger.

**31.9 Net, Net, Net Lease.** Landlord and Tenant understand and agree that this Lease is what is commonly known in the business as a "net, net, net Lease." Tenant recognizes and acknowledges without limiting the generality of any other terms or provisions of this Lease, that it is the intent of the parties hereto that any and all rentals in this Lease provided to be paid by Tenant to Landlord, shall be net to Landlord, and any and all expenses incurred in connection with the Premises and Shopping Center, or in connection with the operations thereon, including any and all taxes, assessments, general or special license fees, insurance premiums, public utility bills and costs or repair, maintenance and operation of the Premises and Shopping Center and all buildings, structures, permanent fixtures and other improvements comprised therein, together with the appurtenances thereto, and management fees, shall be paid by Tenant, in addition to the rentals herein provided for, as its sole and exclusive proper costs and expenses.

**31.10 Estoppel Certificate.** Tenant shall at any time from time to time upon not less than ten (10) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing 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 dates to which the rental and other charges are paid in advance, if any, and acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and setting forth the date of commencement of rents and expiration of the term hereof. It is expressly understood and agreed that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that this Lease is in full force and effect, without modification except as may be represented by Landlord, that there are not uncured defaults in Landlord's performance, and that not more than two (2) months' rental has been paid in advance. If Landlord desires to finance or refinance the premises, or any part thereof, then upon compliance by Landlord with the applicable provisions of Article 31.10 hereof, Tenant agrees to deliver to any lender designated by Landlord Tenant's published financial statements for the immediately preceding three fiscal years of Tenant.

**31.11 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 thereof.

**31.12 Time of Essence.** Time is of the essence.

**31.13 Captions.** Article and Section captions are not a part thereof.

**31.14 Incorporation of Prior Agreements; Amendments.** This Lease contains all agreements of parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification, it is understood there are no oral agreements between the parties hereto, or their agents, affecting this Lease and this Lease supersedes and cancels any and all previous promises, negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord or its agents to Tenant with respect to the subject matter hereof, and none thereof shall be used to interpret or construe this Lease. Landlord reserves the absolute right to affect such other tenancies in the Shopping Center as Landlord, in the exercise of its sole business judgment, shall determine to best promote the interests of the Shopping Center. Tenant does not rely on the fact, nor does Landlord represent, that any specific Tenant or number of tenants, shall, during the term of this Lease, occupy any space in the Shopping Center. This Lease is and shall be construed to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this document.

**31.15 Notice.** All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing and shall be deemed to have been given, if mailed by United States Mail, postage prepaid, on the date which is three (3) days after the date posted, or if personally delivered, when delivered to the address shown below, or to such other places Tenant or Landlord may from time to time designate in a notice to the other.

Landlord's Initials \_\_\_\_\_

Tenant's Initials *AK*

TO LANDLORD: Lavender Investment Group, LLC  
c/o Shawn Gabbale, Property Supervisor  
PO BOX 24-11-12  
Los Angeles, CA 90024  
Office 310-234-8887

TO TENANT: Andrew Kramer SECOND ADDRESS: 8921 West Sunset Blvd.  
15650 Nordhoff St #104 West Hollywood CA 90069  
North Hills, Ca 91343  
Leased Premises

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

**31.17 Landlord's Liability.** The term "Landlord," as used herein, shall mean only the owner or owners at the time in question, of the fee title to the Premises. In the event of a transfer of such title, Landlord herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed.

**31.18 Transfer of Security Deposit.** In the event that Landlord sells the real property of which the Premises are a part, Landlord may transfer and deliver any security given by Tenant to secure the faithful performance of the provisions of this Lease to the purchaser of the real property. Upon such transfer being made, Landlord shall be exonerated from any further liability with respect to said security.

**31.19 Rules and Regulations.** Tenant shall observe faithfully and comply directly with the Rules and Regulations attached to this Lease as Exhibit L and made part hereof and such other rules and regulations as Landlord may from time to time reasonably adopt for the safety, care and cleanliness of the Premises and/or the building in which the Premises are located, or the preservation of good order therein. Landlord shall not be liable to Tenant for violation of any such Rules and Regulations, or for the breach of any covenant or condition in any lease, by any other tenant or occupant in the Shopping Center. Tenant shall not post or permit the placement of any signs, advertisements or notices upon any exterior portion of the Premises (including windows), except for an entrance door sign which shall be in style, form, color, size and configuration approved by Landlord. Tenant agrees to furnish license numbers of all vehicles used by Tenant and Tenant's employees within ten (10) days after written request of Landlord. Tenant agrees not to distribute handbills in the Shopping Center without the express written consent of Landlord, which consent may be withheld.

**31.20 Mutual Agency; Co-Tenant.** Each Tenant hereby appoints each remaining Tenant as his, her or its agent, representative, and attorney in fact, to act for and on behalf of said Tenant with respect to all matters relating to, or arising from this Lease, the tenancy created hereby, the obligations herein set forth, and the use and occupancy of the Premises, specifically including but not limited to the right to alter, amend, modify, extend, supplement and terminate this Lease, and the tenancy created hereunder. This agency shall continue and is irrevocable at all times during the period that the Premises are occupied by either co-tenant.

**31.21 Authority of Tenant.** If any Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with the bylaws of said corporation and further that this Lease is binding and obligatory upon said corporate Tenant.

**31.22 Jury Trial Waiver.** Landlord and Tenant hereby waive their respective right to trial by jury of any cause of action, claim, counter-claim or cross-complaint in any action, proceeding and/or hearing brought by either Landlord against Tenant or Tenant against Landlord on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use for occupancy of the Premises or any claim of injury or damage, or the enforcement of any remedy under any law, statute or regulation emergency or otherwise now or hereafter in effect.

**31.23 Broker's Fee.** Landlord and Tenant each represent and warrant to the other that neither has had any dealings with any person, firm, broker or finder other than the person(s), if any, whose names are set forth in Article 1.8 of the Lease 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 Tenant and Landlord do each indemnify and hold harmless from and against any costs, expenses, attorney's fees or liability from 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.

**31.24 Plats and Riders.** Clauses, plats, riders, amendments and addenda, if any, affixed to this Lease are a part hereof.

**31.25 Recordation.** Neither Landlord nor Tenant shall record this Lease, but a short form memorandum hereof may be recorded at the request of Landlord.

**31.26 Returned Checks.** Tenant and Landlord agree that Landlord may require Tenant to provided all payments required under this Lease by cashier's check or money order for the 12 months following one of Tenant's checks being returned to Landlord by Tenant's bank uncashed, unless Landlord is in receipt of a letter from Tenant's bank stating that the check was returned by bank error. Tenant also agrees to pay Landlord a fee of \$25.00 for each such returned check, in addition to late charge or other penalties provided elsewhere in this Lease.

**31.27 Title to Premises.** Tenant acknowledges that title to the Premises may be subject to easements, covenants, restrictions, conditions, declarations and agreements of record and agrees to be bound by their terms. Tenant waives any right it might have to approve such changes to these provisions, or to approve any new provision of similar nature.

**31.28 Quiet Enjoyment.** Tenant shall have quiet possession of the Premises for the entire term of the Lease, subject to all of the provisions of this Lease.

**31.29 Interpretation.** The parties hereby acknowledge and agree that each has been given the opportunity to independently review this Lease with legal counsel, and/or has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. In the event of any ambiguity in or dispute regarding the interpretation of same, the interpretation of this Lease shall not be resolved by any rule of interpretation providing for the interpretation against the party who causes the uncertainty to exist or against the draftsman.

**31.30 Proration.** The rent and CAM's for the Period of February 10, 2007 to February 28, 2007 shall be prorated to the amount of Two Thousand Dollars 00/100 (\$ ) as a one time proration due by Tenant on February 10, 2007 in the form of cashier's check or money order payable to Lavender Investment Group LLC as the second month payment. All future rent payments and CAM payments

Landlord's Initials \_\_\_\_\_

Tenant's Initials AK

will be due on the first day of each and every month in the full amount. There will be no other prorations of the rent and no period of rent is given as free rent.

**31.31 Special Provisions.** Tenant shall instruct in writing all guest, invitees, costumers, family, patients and any other person who enters the premises that the property is a NO SMOKING property; all medical supplies sold by Tenant at premises may not be used or consumed on the property; no loitering on the premises or property; a written statement must be firmly attached to each package instructing the patient to "Place the package in the trunk of your vehicle immediately. Do NOT open the package or remove the contents from the package on this Property. Patients are forbidden to use any medication on the Property. Any patient who is seen using or displaying medicine on the Property by our staff will be banned from North Valley Caregivers permanently." (see "Exhibit M")

**31.32 Security Deposit.** The security deposit may be applied as the rent for the last six months of the lease term at the sole discretion of the Landlord by written authorization.

**NO REPRESENTATION OR RECOMMENDATION IS MADE BY LANDLORD AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS DOCUMENT OR THE TRANSACTION RELATED THERETO. THIS DOCUMENT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL REGARDING YOUR PROTECTION OF LEGAL RIGHTS.**

*IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.*

**LANDLORD:  
LAVENDER INVESTMENT GROUP LLC**

**TENANT:  
Andrew Kramer**

By: \_\_\_\_\_  
Shawn Gabbaie, Property Supervisor

\_\_\_\_\_  
*AK*

Date: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date: 1-11-07

Landlord's Initials \_\_\_\_\_

Tenant's Initials *AK*



**Exhibit "B"**

**Building Improvements**

**Premises "As-is"**

Landlord: Lavender Investment Group LLC  
Tenant: Andrew Kramer  
Premises: 15650 Nordhoff Blvd. #104 and #105 North Hills CA 91345

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Tenant acknowledges and agrees that landlord makes no representation or warranty, expressed or implied, with respect to the conditions of the Leased Premises or its suitability to Tenant's intended use, and that Tenant accepts such premises on an "AS-IS" basis.

---

End of Exhibit

Landlord's Initials \_\_\_\_\_


Tenant's Initials 

EXHIBIT "D"

SPECIFIC USES NOT PERMITTED

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Under no circumstances shall TENANT, or any sublessee, assignee or transferee of TENANT, at any time during the initial term and any extended term hereof, be permitted the uses outlined below.

1. Hair Salon and Beauty Care Supply Store
2. Pizza or other food sales
3. Check cashing and payment processing center
4. Any use not permitted in accordance with the provisions of Article 6.1 of the Lease.
5. Furthermore, Tenant shall not be permitted to use the Premises for any purpose which will violate any exclusive rights of any other tenants in the Shopping Center whose leases were in effect as of the date of this Lease, or which would represent a breach of any covenant to which Landlord is obligated in such other leases. In the event Landlord becomes aware of any use by Tenant hereunder, which use represents a violation or breach of such other leases, Landlord shall notify Tenant of such offending use and Tenant hereby agrees to abate such use immediately upon receipt of such notice from Landlord.

Landlord's Initials \_\_\_\_\_

Tenant's Initials 

EXHIBIT "E-1"

TENANT SIGNAGE

TENANT SIGNAGE AGREEMENT TO LEASE dated January 10, 2007 between  
LANDLORD, Lavendar Investment Group LLC and TENANT, Andrew Kramer.

**PLEASE BE ADVISED THAT PRIOR TO ANY SIGNAGE BEING  
FABRICATED AND/OR INSTALLED, LANDLORD'S WRITTEN APPROVAL  
IS REQUIRED.**

**ANY SIGNAGE NOT PREVIOUSLY APPROVED IS SUBJECT TO REMOVAL  
AT TENANT'S EXPENSE.**

TENANT'S EXISTING SIGNAGE IS SHOWN ON EXHIBIT A IS HEREBY  
APPROVED BY LANDLORD.

**Landlord:**

**Tenant:**

Initials: \_\_\_\_\_

Initials: AK

Landlord's Initials \_\_\_\_\_

Tenant's Initials AK

**Exhibit "K"**

**LEASE TERM**

This Exhibit "K" is attached to and forms a part of that certain lease dated January 10, 2007, is entered into by and between Lavendar Investment Group LLC, "LANDLORD," and "TENANT" Andrew Kramer.

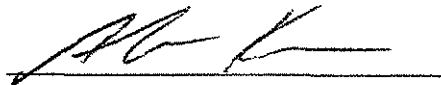
Upon delivery of possession of the Premises to Tenant, Tenant agrees to execute this Exhibit "K" to Lease and return to Landlord within two (2) days of accepting possession of the Premises.

1. **LEASE COMMENCEMENT DATE:** It is agreed that the Lease Commencement Date shall be January 10, 2007.
2. **RENT COMMENCEMENT DATE:** It is agreed that the Rent Commencement Date shall be January 10, 2007.
3. **LEASE TERMINATION DATE:** It is agreed that this Lease shall expire at midnight on December 31, 2009.
4. **NO OTHER CHANGES:** It is agreed and mutually understood that all other terms and conditions shall remain in full force and effect. All dates and therein-related provisions of the Lease shall be altered in accordance with the above-referenced dates.

Landlord:  
Lavender Investments Group LLC  
C/o Shawn Gabbai

Tenant: Andrew Kramer

\_\_\_\_\_

  
\_\_\_\_\_

Date: \_\_\_\_\_

Date: 1-11-07

Landlord's Initials \_\_\_\_\_

Tenant's Initials AK

**"EXHIBIT L"**

**RULES AND REGULATIONS GOVERNING  
TENANCY IN A COMMERCIAL SHOPPING CENTER**

"The Rules and Regulations Governing Tenancy in a Commercial Shopping Center" is herein attached to and forms a part of that certain Lease dated January 10, 2007, by and between Lavendar Investment Group LLC, as LANDLORD, and Andrew Kramer, as TENANT, and constitutes additional covenants thereof.

1. **Smoking is not allowed on the Premises by Tenant and any and all visitors, guests, invitees, and or family members.**
2. **Dogs, cats, parrots and other birds or dumb animals are not permitted on or in the premises without the prior written approval of LANDLORD.**
3. **Children are not to play or be unnecessarily in the halls, entrances or on stairways, or common areas on the premises.**
4. **In consideration of others, Tenants or their guests are not to make any disturbing noise at any time on the premises. Singing, playing a musical instrument or loud operation of a television set, radio or stereo is not permitted, if disturbing to other tenants.**
5. **No loud talking, unnecessary noises or boisterous conduct is permitted at any time.**
6. **Television antennae may not be placed on the roof, balcony, window sill in and about the premises, without the prior written consent of LANDLORD and must be installed and removed only by a licensed television installer. Upon removal of television antenna, tenant will be held liable for any damage to the roof, balcony, or window sill in and about the premises.**
7. **No sign, advertisement, notice, door-plate or other similar device shall be inscribed, painted, engraved or affixed to any part of the outside or inside of said Premises.**
8. **Nails, tacks, brads or screws shall not be driven into the woodwork, walls or floors of said Premises, nor shall there be any boring or marring of the woodwork or plastering, without the prior written consent of LANDLORD.**
9. **The use of gasoline and/or other similar combustibles for cleaning or for other purposes is strictly prohibited. TENANT shall so use the premises so as not to cause any increase in the insurance rates.**
10. **Garbage cans, barbecues, milk bottles, brooms, mops and similar articles must be kept inside and out of view. Do not hang anything on fences or hedges.**
11. **TENANTS and their guests shall refrain from littering at all times; and shall use a separate container for combustible rubbish and a separate container for tin cans, and a separate container for recyclable goods. Upon inquiry, the management will be glad to inform you of collection days.**
12. **The work of the custodian, janitor or employee shall not be interfered with by tenants. The heating apparatus, heat controlling apparatus, elevators or any portion of the building shall not be tampered with.**
13. **No right of storage is given by the Lease. No Storage is allowed outside of the tenant's leased premises.**
14. **TENANT shall pay for broken, damaged or missing articles furnished by LANDLORD and for damages caused by them, their guests or family to the building, its fixtures, furniture or equipment.**
15. **LANDLORD will not be responsible for loss of property of TENANT, their guests or families through theft or otherwise within the Premises and Garage.**
16. **Any drape or curtain rod bracket or track or any blind or venetian blind, or any other article, affixed by TENANT to the premises shall become part of the realty of LANDLORD and shall not be removed by TENANT without the prior written consent of LANDLORD.**

17. **When entering the building from the front door or through the side gates, do not allow a stranger to walk in with you, especially if they have not called a tenant to be allowed in or if they do not have a building access key. Do not allowed solicitors on the property or in the premises.**
18. **When entering or leaving the parking garage: a) allow the gate to open completely before entering, and b) be aware of and watch for the gate to close completely before leaving.**
19. **All dog owners must keep their dogs on a leach while passing in the hallway or common area of the premises.**
20. **Doors to Premises must be kept closed at all times.**
21. **No bicycles are allowed in the premises.**
22. **No assigned parking to any and all tenants or guests or invitees in the property without the prior written consent of the Landlord. Any car that is parked on the property without the permission of the Landlord will be towed away at the vehicle owner's expense.**
23. **All trash must be placed in tied plastic or paper bags before it is discharged within the trash cans or bins or receptacles. All recyclable items must be placed in a tied plastic or paper bag before it is placed in the trash cans or bins or receptacles.**
24. **No Bar-B-Que. grills are allowed to be used on the premises.**
25. **No intoxicated person shall be permitted on the premises. Landlord reserves the right to exclude any and all undesirable, non-conforming, and ineligible persons from the premises.**
26. **No person shall remove any of the posts or unlink any of the chains or guard rails surrounding the property.**

**"EXHIBIT M"**

**Warning Label**

"The Rules and Regulations Governing Tenancy in a Commercial Shopping Center" is herein attached to and forms a part of that certain Lease dated January 10, 2007, by and between Lavendar Investment Group LLC, as LANDLORD, and Andrew Kramer, as TENANT, and constitutes additional covenants thereof.

**WARNING!**

**Place this package in the trunk of your vehicle immediately. Do NOT open the package or remove the contents from the package on this Property. Patients are forbidden to use any medication on the Property. Any patient who is seen using or displaying medicine on the Property by our staff will be banned from North Valley Caregivers permanently.**

**By  
North Valley Caregivers  
Management**

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
11/9/2007

**PRODUCER**  
HAYES INSURANCE AGENCY  
3550 SAN PABLO DAM RD #C  
EL SOBRANTE, CA 94803  
510-222-8643

**INSURED**  
NORTHRIDGE HEALING CENTER, INC.  
8349 RESEDA BOULEVARD, #D  
NORTHRIDGE, CA 91342  
818.701.6666

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC#
INSURER A: LLOYD'S, LONDON	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

NBR LTR	ADDITIONAL INSURED	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	ULC4818	05/03/07	05/03/08	EACH OCCURRENCE	\$ 1,000,000
		DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG				\$ 50,000 \$ EXCLUDED \$ EXCLUDED \$ 2,000,000 \$ EXCLUDED	
		GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-SUBJECT <input type="checkbox"/> LOC					
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$ \$ \$ \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY. EA ACC AGG	\$ \$ \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE AGGREGATE	\$ \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	\$ \$ \$ \$
A		CONTENTS	ULC4818	05/03/07	05/03/08		\$100,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

**CERTIFICATE HOLDER**

EVIDENCE OF INSURANCE

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE: *[Signature]*



# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/2/2007

PRODUCER <b>HAYES INSURANCE AGENCY</b> 3550 SAN PABLO DAM RD., STE. C EL SOBRANTE, CA 94803 (510) 222-8643		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED <b>VALLEY COMPASSIONATE COOPERATIVE, INC.</b> 15650 NORDHOFF STREET, #105 NORTH HILLS, CA 91343 818.510.4958		INSURERS AFFORDING COVERAGE	NAIC#
		INSURER A: <b>USF INSURANCE COMPANY</b>	
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> \$500.00/DED. GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	LGBCP63695	10/30/07	10/30/08	EACH OCCURRENCE	\$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000					
						MED EXP (Any one person)	\$ 1,000
						PERSONAL & ADV INJURY	\$ EXCLUDED
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ EXCLUDED
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANYAUTO <input type="checkbox"/> ALLOWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANYAUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EAACC	\$
						AGG	\$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A		OTHER <b>CONTENETS</b>	LGBCP63695	10/30/07	10/30/08	\$100,000/\$1,000 DED.	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

## CERTIFICATE HOLDER

## CANCELLATION

**EVIDENCE OF INSURANCE**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL **10** DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



Patient Received By: \_\_\_\_\_

Physician Contacted By: \_\_\_\_\_

Verified  Not Verified

Date: \_\_\_\_\_

**V.C.C. Inc. 105/405**  
**A Private Collective Care**

**Patient's Information**

First Name: \_\_\_\_\_

Middle: \_\_\_\_\_

Last Name: \_\_\_\_\_

Home Address: \_\_\_\_\_

Address 2: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Date Of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_ Phone #: (\_\_\_\_) \_\_\_\_\_

CA Driver's License/ID Card No: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

---

**Prescribing Physician's Information**

Physician's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone #: (\_\_\_\_) \_\_\_\_\_

Date Of Last Visit: \_\_\_\_\_ Date of Next Visit: \_\_\_\_\_

**Medical Release:**

**I hereby Authorize my treating Physician, as required by State and Federal Laws including HIPAA regulations, to release my medical information concerning my diagnosis, condition, and/or prescription to V.C.C Inc. and its duly authorized representatives.**

Patient's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Membership Agreement**

As a qualified patient protected by California Law, Health & Safety Code §11362.5 and §11362.7, et seq., and, in conjunction with California State Senate Bill 420, you are required to read and

agree to the following statements to become a member of V.C.C. INC., Inc.'s Collective Care. Please understand that these are for your protection, as well as ours. Please read the following statements and initial that you have read each where provided. Please sign the bottom of this form

confirming that you read each of the statements and understand them.

1. I hereby declare that I am a qualified patient under CA H&S Code §§11362.5, 11362.7, et seq.,

and my doctor has recommended, prescribed and approved my use of medical marijuana. As per CA H&S Code §11362.51, I am legally able to use, possess, and cultivate cannabis for medical purposes. I understand that I am allowed to do so through safe and affordable access such as the type provided by V.C.C. INC., Inc. I, therefore, designate V.C.C. INC., Inc. as my care provider for this

purpose. In doing so, I agree to sign and follow all V.C.C. INC., Inc. rules and regulations regarding

their services. I also agree to pay all personal out-of-pocket expenses and reasonable compensation for V.C.C. INC., Inc.'s member services.

Patient/Member Initials: \_\_\_\_\_

2. I hereby declare under penalty of perjury under the laws of the State of California that a medical

doctor recommended or approved my use of medical marijuana. I have been diagnosed for a serious illness for which cannabis provides relief.

Patient/Member Initials: \_\_\_\_\_

3. I hereby verify that I am a California resident and my personal medical marijuana will not be taken

out of the State of California. I further verify and agree that my medical marijuana shall not be shared, sold, bartered, traded, exchanged or delivered in any other means to any other person.

Patient/Member Initials: \_\_\_\_\_

4. I hereby declare and understand that my contributions to V.C.C. INC., Inc. for and through prescribed

medicinal products I may acquire from V.C.C. INC., Inc. are used to ensure the continued operation of

V.C.C. INC., Inc. and that any said transaction in no way constitutes a commercial promotion or sale

of any item.

Patient/Member Initials: \_\_\_\_\_