

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE: § CASE NO. 25-33487-MVL-7
TRICOLOR AUTO ACCEPTANCE, § CHAPTER 7
LLC, Debtor §

**MOTION FOR RELIEF FROM AUTOMATIC DEBTOR STAY TO ALLOW MOVANT
TO TAKE POSSESSION AND CONTROL OF LEASED PROPERTY**
(8655 HIGHWAY 6 SOUTH, HOUSTON, TEXAS 77083)

PURSUANT TO LOCAL BANKRUPTCY RULE 4001-1(b), A RESPONSE IS REQUIRED TO THIS MOTION, OR THE ALLEGATIONS IN THE MOTION MAY BE DEEMED ADMITTED, AND AN ORDER GRANTING THE RELIEF SOUGHT MAY BE ENTERED BY DEFAULT.

ANY RESPONSE SHALL BE IN WRITING AND FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AT **EARLE CABELL FEDERAL BUILDING, 1100 COMMERCE ST., RM. 1254, DALLAS, TX 75242-1496** BEFORE CLOSE OF BUSINESS ON **OCTOBER 29, 2025**, WHICH IS AT LEAST 14 DAYS FROM THE DATE OF SERVICE HEREOF. A COPY SHALL BE SERVED UPON COUNSEL FOR THE MOVING PARTY AND ANY TRUSTEE OR EXAMINER APPOINTED IN THE CASE. ANY RESPONSE SHALL INCLUDE A DETAILED AND COMPREHENSIVE STATEMENT AS TO HOW THE MOVANT CAN BE “ADEQUATELY PROTECTED” IF THE STAY IS TO BE CONTINUED.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

COMES NOW **SMH Property, LLC, its successors and/or assigns (“Movant”)**, a unsecured creditor and party in interest, seeking termination of the automatic stay in this case in order to exercise any and all rights Movant has in its commercial real property described below **leased** by Debtor and, for cause, would show the Court as follows:

Jurisdiction

1. Jurisdiction is granted to the Bankruptcy Court pursuant to 28 U.S.C. §§1334 and 157(b) and pursuant to 11 U.S.C. §362 and all other applicable rules and statutes affecting the jurisdiction of the Bankruptcy Courts generally.



Factual Background

2. Movant is Lessor under a Lease Agreement (the “Lease”) dated December 5, 2012, pertaining to the real property and improvements Movant owns located at 8655 Highway 6 South, Houston, Texas 77083 (the “Property”) legally described in Exhibit “A” attached hereto and incorporated herein by reference. A true and correct copy of the Lease Agreement including modifications to the lease agreement is attached hereto as Exhibit “B.”

3. Debtor is in default by failing to make monthly rent payments and by vacating the Property. The Property cannot continue to sit vacant, and Movant is entitled to and must attempt to mitigate its losses by marketing and reletting the Property to a replacement tenant. Through this Motion, Movant seeks entry of an Order terminating the automatic stay so as to allow Movant, its successors and/or assigns, to take possession of the Property.

4. Debtor vacated the Property. Rent payments are not being paid by Debtor or anyone else. Property taxes, carry costs, and insurance costs continue to accrue. This Motion should be agreed with an Agreed Order signed so as to avoid more prejudice and more significant fees and costs. Movant’s counsel discussed this Motion via email with the Chapter 7 Trustee’s counsel. There is no legitimate basis to oppose this motion, and the Chapter 7 Trustee unreasonably opposes this Motion despite the ongoing prejudice that Movant continues to suffer claiming that the Trustee might want to find a replacement tenant at some unspecified time in the future. Such a proposition is frankly absurd, and the Chapter 7 Trustee has no legal or equitable grounds to force Movant to delay from enforcing its rights and efforts to take possession of its own property that Debtor already vacated. Movant is well within its rights mitigate its losses, and presumably the Chapter 7 Trustee would want Movant to mitigate its losses as quickly as possible.

Relief Requested

5. Movant requests that the Court enter an Order terminating the automatic Debtor stay so that Movant can take possession and control of its Property and exercise any and all other rights it has thereto. Movant further requests that the Court award Movant its reasonable and

necessary attorneys' fees and costs.

6. Movant further requests that the Court waive the requirements of Rule 4001 so that Movant may pursue its rights immediately upon the entry of the Order.

Prayer

WHEREFORE, PREMISES CONSIDERED, Movant prays that this Court enter an order (i) terminating the automatic stay to allow Movant to take possession and control of its collateral and exercising any and all other rights thereto, (ii) waiving the requirements of Rule 4001 to permit Movant to immediately take any and all steps necessary to exercise its rights under state law in connection with the Property, (iii) awarding Movant its reasonable and necessary attorneys' fees and costs, and (iv) granting Movant such other relief and further relief as is just.

Respectfully submitted,

//s// Branch M. Sheppard
Branch M. Sheppard
Texas State Bar No. 24033057
bsheppard@mcglinchey.com
Annarose M. Harding
Texas State Bar No. 24071438
aharding@mcglinchey.com
MCGLINCHAY STAFFORD, PLLC
1001 McKinney, Suite 1500
Houston, Texas 77002
(713) 520-1900 (Telephone)
(713) 520-1025 (Facsimile)
**ATTORNEY FOR MOVANT,
SMH PROPERTY, LLC**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Motion for Relief from Automatic Stay was served upon the following parties via United States First Class mail or electronic service through the Court's CM/ECF system as indicated below on October 15, 2025.

//s// Branch M. Sheppard
Branch M. Sheppard

VIA FIRST CLASS MAIL

Tricolor Auto Acceptance, LLC
6021 Connection Drive, 4th Floor
Irving, TX 75039
DEBTOR

VIA CM/ECF

Thomas Robert Califano
Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019
DEBTOR'S COUNSEL

VIA CM/ECF

Anne Elizabeth Burns
900 Jackson Street, Suite 570
Dallas, TX 75202
CHAPTER 7 TRUSTEE

VIA CM/ECF

Office of the U.S. Trustee
1100 Commerce Street, Room 976
Dallas, TX 75202
US TRUSTEE

PARTIES REQUESTING NOTICE

VIA CM/ECF

John E. Mitchell
John D. Elrod
Yelena E. Archiyan
Eric R. Hail
Edwin A. Huffman
Jared M. Slade
Bradley Smyer
Rebecca L. Matthews
Bradley R. Foxman
All others requesting notice by CM/ECF

EXHIBIT "A"

All that certain 2.5938 acres of land out of Restricted Reserve "A", Kingsbridge Family Funeral Home, according to the Map or Plat thereof filed in the Plat Records of Fort Bend County, Texas in Slide No. 1703/B and being more particularly described by metes and bounds as follows:

BEGINNING at a found 5/8" iron rod marking the southwest corner of Block 1, Kingsbridge Park, Section 2, according to the plat thereof filed in the Map Records of Harris County, Texas in Film Code No. 9516857;

THENCE South 87° 35' 50" West, 375.00' with the north right-of-way line of Berrington Drive (100' wide) to a found 5/8" iron rod for corner;

THENCE North 47° 25' 22" West, 21.22' with a 15' cut-back line to a found 5/8" iron rod for corner;

THENCE North 02° 26' 34" West 275.00' with the east right-of-way line of State Highway 6 (180' wide) to a found 5/8" iron rod for corner;

THENCE North 87° 35' 50" East 390.00' with the north line of said Restricted Reserve "A" to a found 5/8" iron rod for corner;

THENCE South 02° 26' 34" East, 290.00' with the west line of said Block 1, Kingsbridge

Park, Section 2, to the POINT OF BEGINNING and containing 2.5938 acres (112,987 square feet) of land, more or less.

LEASE AGREEMENT

BY AND BETWEEN

SMH PROPERTY, LLC

AS LANDLORD

AND

TRICOLOR AUTO GROUP, LLC.

AS TENANT

December 5, 2012

LEASE AGREEMENT

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EXHIBITS

Exhibit "A" Real Property Descriptions

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LEASE AGREEMENT

1. **PARTIES.** This Lease Agreement ("Lease"), dated the 5th day of December, 2012, is made by and between **SMH PROPERTY, LLC**, a Texas limited liability company (herein called "Landlord") and **TRICOLOR AUTO GROUP, LLC**, a Texas limited liability company (herein called "Tenant").

2. **PREMISES.** Landlord hereby leases to Tenant and Tenant leases from Landlord for the term, at the rental, and upon all of the conditions set forth herein, those certain premises situated in the City of Houston, County of Fort Bend, State of Texas, and being more particularly described as follows:

A car lot and office facilities (the "Improvements"), commonly known as 8655 Highway 6 South, Houston, Texas 77083, erected on the real property described on Exhibit "A" attached hereto and made a part hereof for all purposes, (the "Premises");

together with all rights, privileges, easements, appurtenances, and immunities belonging to or in any way pertaining to said Premises (the real property and all Improvements thereon collectively, the "Property").

3. TERM.

3.1 **Primary Term.** The term of this Lease shall be for five (5) years, commencing December 5, 2012 (the "Commencement Date") and ending on December 4, 2017, unless sooner terminated pursuant to any provision hereof (the "Primary Term").

3.2 **Lease Year.** The term "Lease Year" shall mean, in the case of the first Lease Year, that period from the Commencement Date to the next succeeding December 31; thereafter, "Lease Year" shall mean each successive twelve-month period following the expiration of the first Lease Year, except that in the event of the termination of this Lease on any day other than on December 31, then the last Lease Year shall be the period from the end of the preceding Lease Year to such Termination Date.

3.3 **Option to Renew.** Provided Tenant is not in default in any provisions of this Lease at the end of the Term, Tenant shall have the right, at the expiration of the Term hereof, to extend and renew the Term hereof for two three (3) year periods, such extension and/or renewal to be on the same terms, covenants and conditions as are herein contained, except for such terms and conditions as set forth in Sections 4.1.2 and 4.1.3 below. As used in this Lease, the term of this Lease shall refer to the "Term" and the "Option Term", collectively the "Term", as the case may be. Such right to extend shall be exercised by Tenant's written notice to Landlord at least one hundred eighty (180) days prior to the expiration of the Primary Term and the end of the first Option Term and upon the giving of such notice and without any further instrument, lease or agreement, this Lease shall be so extended and renewed. All of the terms and covenants of this Lease shall apply for any extended or renewed term except for the additional or modified terms set forth herein. If the Tenant does not exercise its option for the first Option Term, then its right to the additional Option Term is waived in full.

4. RENT AND FEES.

4.1.1 **Base Rent.** Tenant shall pay to Landlord as rent for the Premises \$13,000.00 per month for the Primary Term (the "Base Rent");

4.1.2 **First Renewal Term.** Tenant shall pay to Landlord the sum of \$14,500.00 per month for the first Renewal Term if elected by the Tenant; and

4.1.3 **Second Renewal Term.** Tenant shall pay to Landlord the sum of \$16,000.00 per month for the second Renewal Term if elected by the Tenant.





The Base Rent payments shall be due and payable as set forth above during the Term of this Lease and shall be due and payable in advance on the first (1st) day of each month. Rent for any period during the Term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable without prior notice or demand and without any deduction, offset, or abatement in lawful money of the United States of America to Landlord at the address stated herein or to such other persons or at such other places as Landlord may designate in writing.

In the event the option for the Option Term or Terms is exercised by Tenant, in accordance with the terms of Section 3.3, the Base Rent set forth in Sections 4.1.2 and 4.1.3 shall apply.

4.2 Additional Rental; Payments. All sums which shall accrue from the Commencement Date for money becoming due and payable by Tenant to Landlord under the terms of this Lease in addition to the Base Rent shall constitute additional rental ("Additional Rental") hereunder (the Base Rent and the Additional Rental are hereinafter sometimes collectively referred to as the "Rent"). Landlord shall have the same remedies for default in the payment of Additional Rental as are available to Landlord in the case of a default in the payment of Base Rent.

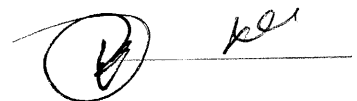
4.3 Personal Property Taxes. In addition to the foregoing, Tenant at all times shall be responsible for and shall pay, before delinquency, all taxes levied, assessed or unpaid on any leasehold interest, any right of occupancy, any investment of Tenant in the Premises, or any personal property of any kind owned, installed or used by Tenant including Tenant's leasehold improvements or on Tenant's right to occupy the Premises.

4.4 Late Charges. If Tenant should fail to pay any installment of Rent on the day when the same shall become due and payable hereunder, and continues in default for a period of ten (10) days, without the requirement by Landlord for any notice or demand, the Tenant shall pay to the Landlord a late payment charge of five percent (5%) of each Rent payment due and unpaid, together with interest on the unpaid Rent installment at the maximum rate permitted by law, calculated from the date the Rent installment was due. Tenant shall pay such late charges and interest at the time the Rent installment is made. However, acceptance by the Landlord of a late Rent installment without the late charge due shall not be interpreted as a waiver of the rights to such late charge by Landlord, either as to that installment or as to any installments which become due in the future. Further, failure by Tenant to pay such late charges and interest on unpaid installments shall be considered to be a default under this Lease. The rights, options, powers and remedies of the Landlord under this Section 4.7 shall be cumulative and in addition to any other rights given to Landlord by law or under the terms of this Lease. The parties agree that the late charge(s) shall not be deemed for the use and forbearance of money, but to reimburse the Landlord for the time and expenses involved because of Tenant's late payment. No substantiation for such time and expenses of the Landlord shall be required.

4.5 No Right of Offset or Setoff. Notwithstanding any other language contained in this Lease, it is agreed that the Tenant shall not be entitled to offset or setoff any monies owing to the Landlord whether as Rent or any other monetary requirements as herein contained, the Tenant's sole right in the event of a claim against the Landlord shall be to initiate legal action against the Landlord not involving setoff or offset in order to redress any wrongs committed by the Landlord without interfering, delaying, preventing or failing to make any Rent or additional obligations herein specified.

4.6 Occupancy Tax. Tenant shall pay to Landlord, upon billing thereof and as Additional Rent, any gross receipts tax, margin profits tax, occupancy tax or similar tax (excluding income tax) paid, or which will be payable, by Landlord by reason of its receipt of rent in connection with this Lease.

5. SECURITY DEPOSIT. Tenant shall deposit with Landlord upon execution hereof the sum of Thirteen Thousand and No/100 Dollars (\$13,000.00), as security for Tenant's faithful performance of Tenant's obligations hereunder. If Tenant fails to pay Rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of said deposit for the payment of any Rent or other charge in default or of the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or

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damage which Landlord may suffer thereby, and for no other purpose. If Landlord so uses or applies all or any portion of said deposit, Tenant shall within ten (10) days after written demand therefor deposit good funds with Landlord in an amount sufficient to restore said deposit to the full amount hereinabove stated and Tenant's failure to do so shall be a breach of this Lease. Landlord shall not be required to keep said deposit separate from its general accounts or to pay interest thereon. If Tenant performs all of Tenant's obligations hereunder, said deposit or so much thereof as had not theretofore been applied by Landlord or which is not in dispute, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) within thirty (30) days after the expiration of the Term hereof, or after Tenant has vacated the Premises, whichever is later.

6. USE.

6.1 Permitted Use. Tenant represents and warrants to Landlord that Tenant intends to use the Premises for the purpose of a non-franchised automobile dealership and related services. Tenant's use of the Property is restricted to those purposes specified in this Section and no other unless Tenant obtains Landlord's prior written consent to any change in use which consent shall not be unreasonably delayed or withheld.

6.2 Restricted Uses. Tenant shall conduct no fire sale, auctions, or bankruptcy sales on or from the Premises. Tenant shall not keep any explosive or hazardous material in the Premises. Tenant shall not overload, damage or deface the Premises, or do any act which shall be in violation of any law or ordinance, or which would be a nuisance. Tenant shall not burn any trash or rubbish anywhere within the confines of the Premises, or operate a garbage grinder without Landlord's prior written consent. Tenant must comply with all rules and regulations dealing with altering, maintaining, and operating the Premises as promulgated from time to time by any governmental authority or agency with respect thereto.

6.3 Use Disclaimer. Landlord's authorization of use is not, and shall not be deemed, a warranty or representation by Landlord that the authorized use by Tenant is and always shall be permitted under city, county, state, or federal laws, or any regulation promulgated by any agency or quasi-political entity of any city, county, state, or federal government. Tenant shall have the sole obligation and responsibility to confirm that the use authorized by the Landlord is permitted under all laws and regulations. In addition, in the event Tenant is permitted to make any improvement or alteration within the Premises, or to expand or contract the Premises, or to sublease or assign the Premises to a new tenant or subtenant, as the case may be, or the use by any Tenant or any permitted assignee or subtenant (including Tenant herein) of the Premises changes, or the internal designation of square footage within the Leased Premises is changed with respect to the amount of such space utilized, Landlord makes no warranty or representation that any such change of use, change of designation of square footage of the space within the Premises, or expansion or contraction of the Premises, conforms or will conform with all laws, codes, and regulations of any city, county, state, or the federal government, or any political subdivision thereof that has jurisdiction with respect thereto. It shall be the sole responsibility and obligation of the Tenant or permitted assignee or subtenant of Tenant, to have any and all plans and specifications and change of use or designation of the square footage within the Premises approved by the appropriate governmental authorities, and to obtain all necessary licenses, permits, certificates of occupancy, or the like with respect to such alteration, improvement, expansion of the Premises, contraction of the Premises, change of use, and/or change of designation of square footage of the space within the Premises.

6.4 Condition of Premises. Subject to the provisions herein contained, Tenant accepts the Premises in its condition existing as of the date of possession hereunder (AS IS, WHERE IS, WITH ALL FAULTS), subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business.

6.5 Non-abandonment. Tenant shall not abandon or leave vacant the Premises or permit, license, or allow the Premises to be occupied by any other party. As used herein, "abandonment" or "leaving vacant" shall mean the property is left unattended and/or is not open for business (except for the permitted exceptions set forth in (i) hereafter) for a period of five (5)



calendar days. Tenant warrants and agrees to (i) keep the Premises continuously and uninterruptedly open for business Monday through Friday at least from 10:00 a.m. to 5:00 p.m., unless prevented from doing so by strikes, fire, casualty, or other causes beyond Tenant's control, or pursuant to written consent for different operating hours from Landlord; (iii) shall prevent the Premises from being used in any way which will injure the reputation of the Premises, the reputation of Landlord, or from being used in any way which may be a nuisance, annoyance, inconvenience, or damage to other tenants or occupants of the properties which adjoin the Premises, whether or not owned and controlled by Landlord, including, without limiting the generality of the foregoing, noise, playing of any musical instrument, radio, or television, or use of a microphone, loudspeaker, electrical equipment, or other equipment which may be heard outside of the Premises, or the allowing the accumulation of refuse or garbage which would attract vermin, insects, and/or produce noxious or unpleasant odors; and (iv) shall forthwith report any investigation or complaint, either from a neighbor, or governmental body or political subdivision thereof, in which the Premises is situate to Landlord in writing. In the event Tenant has abandoned or allowed the Premises to be vacant, Landlord may, at its sole discretion, take all necessary or prudent acts to secure the Premises, install an occupant in order to avoid the insurance contract then in effect from being vitiated by reason of the Premises being vacant or to minimize the insurance coverage by reason of such abandonment or allowing the Premises to be vacant including, without limiting the generality of the foregoing, changing the locks, boarding up windows, obtaining additional insurance, hiring security guards or services, allowing occupancy of the Premises during business hours to a nonpaying occupant and not as a tenant, or any such other act which Landlord deems prudent in the then circumstances. Any such costs incurred by Landlord by reason of such breach shall be deemed "additional Tenant repair" and subject Tenant to the remedies of Landlord set forth in Section 15.2 of this Lease. Tenant fully releases and discharges Landlord from any and all claims and liabilities arising by reason of Landlord undertaking one or more of the above-referenced actions, if such actions are undertaken in good faith by Landlord.

6.6 Compliance with Disability Access Laws; Clean Air Act. Tenant hereby covenants and agrees with Landlord that Tenant shall at all times during the term of this Lease, comply with any and all governmental regulation of the Premises regarding access of disabled persons, including without limitation, Titles III and V of the Americans with Disabilities Act of 1990, 42 U.S.C. '12101 et seq., the Clean Air Act and Clean Air Act Amendments of 1990, any local, county, and state environmental and recycling law, or any other similar federal, state or local laws or ordinances and the regulations now in effect or hereafter adopted (collectively "Laws"). Landlord shall not be liable for any failure by Tenant to comply with the Laws with respect to the Premises during the Term hereof and Tenant expressly releases Landlord and any affiliate or subsidiary of Landlord, and their respective officers, directors, employees, agents, and representatives harmless from and against any and all claims and demands for loss or damage, including claims for discriminations, personal injury, monetary damage or injunctive relief arising out of or in connection with any failure or alleged failure of the Premises to comply with the Laws, and including reasonable attorneys' and other professional or consultants' fees, paid or incurred by Landlord and Landlord's affiliates or subsidiaries, in connection with the defense of any such claims including, but not limited to, all costs for research regarding settlement or other preventive measures which Landlord or Landlord's affiliates or subsidiaries may take prior to the filing of such action or to attempt to prevent the filing of such an action.

6.7 Office Area Improvements. The Landlord shall have no obligation as it relates to improvements and repairs to the office area of the Premises.

6.8 Insurance Cancellation. Notwithstanding the provisions of Section 6.1 hereinabove, no use shall be made or permitted to be made of the Premises, nor acts done, which will cause the cancellation of any insurance policy covering said Premises, and if Tenant's use of the Premises cause an increase in said insurance rates, Tenant shall pay any such increases.

6.9 Trash; Delivery. Tenant warrants and agrees that it shall, at its own expense, do the following: (i) store all trash and refuse in adequate containers, and/or in the dumpsters (which shall not be provided by Landlord) on the Premises, or within the Premises (or such other location mutually agreed upon in writing by Landlord and Tenant); (ii) maintain such containers in a health, safe, neat and clean condition, in compliance with federal, state and local laws, ordinances, and regulations, and in a location acceptable to Landlord and the City of Houston; (iii) attend to the weekly disposal of trash as needed and/or as required by federal, state or local law, ordinance or regulation; (iv) keep all drains and pipes inside the Premises and leading to the street hook-up clean and free of any grease or other substance that will or could impair the normal useful life of such drains or pipes;



(v) receive and deliver goods and equipment only in such areas as may be reasonably designated by Landlord and permitted under applicable law; and (vi) load or unload all merchandise, supplies, food, fixtures, equipment, and furniture, and cause the collection of rubbish only through the rear service door or doors of the Premises, and to permit deliveries to be made only through such rear door of the Premises, and not through the front entrance.

6.10 Licenses and Permits. Tenant covenants it will not undertake any permitted use without first obtaining and maintaining all Federal, State, County and City licenses and permits required by such entities in the United States, State, County or City wherein the Premises is located.

7. MAINTENANCE, REPAIRS AND ALTERATIONS.

7.1 Landlord's Repair and Maintenance Obligations. None.

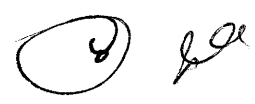
7.2 Tenant's Obligations. Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, reasonable wear excepted.

(a) Tenant shall keep the Premises in as good order and condition as when delivered to it, excepting ordinary wear and tear, damage by fire, elements, or casualty, or any damage not due to the negligence of Tenant. Tenant shall repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain and keep the sidewalks, service bays, and areas adjacent to the Premises clean and unobstructed.

(b) If Tenant fails to perform Tenant's obligations under this Section 7.2, Landlord may at Landlord's option but without obligation to do so enter upon the Premises after ten (10) days' written notice to Tenant, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of fifteen percent (15%) per annum shall be due and payable as Additional Rent to Landlord together with Tenant's next rental installment. No notice for Landlord's entry onto the Premises needs to be given to Tenant if an emergency exists affecting life or property which requires immediate attention, and in such case, Landlord shall make every reasonable attempt to notify Tenant, but in the event of an emergency, if Tenant does not forthwith respond, Landlord may enter upon the Premises and do whatever is necessary to eliminate the emergency and restore the Premises to good operating order and condition at the expense of Tenant.

7.3 Alterations. Tenant will not make or permit anyone to make any alterations, decorations, additions or improvements, structural or otherwise, in or to the Premises without the prior written consent of Landlord, and if necessary, the City of Houston, except pursuant to the terms and conditions of this Section 7.3. Regardless of whether Landlord's consent is required or obtained hereunder: (i) all alterations and/or additions shall be made in accordance with applicable laws, codes and insurance guidelines, and shall be performed in a good and workmanlike manner, using first quality materials free of defects; and (ii) if the construction or installation of Tenant's alterations or fixtures causes any labor disturbance, Tenant shall immediately take any action necessary to end such labor disturbance. All alterations, decorations, additions, improvements, and trade fixtures in or to the Premises made by Tenant shall become the property of Landlord upon expiration of the Term and shall remain upon and be surrendered with the Premises as a part thereof without disturbance or injury, unless Landlord requires specific items thereof to be removed by Tenant at Tenant's sole expense, in which event Tenant shall do so prior to the expiration of the Term at its expense, in which event Tenant shall do so prior to the expiration of the Term at its expense, and shall repair any damage caused thereby. Landlord shall have the right to post notice of non-responsibility during all times of construction, alteration and remodeling.

(a) Tenant shall submit any plans and specifications for improvements and alterations to the Premises to Landlord and, if necessary, to the City of Houston prior to commencement of any construction, and Landlord agrees not to unreasonably delay or withhold consent with respect to such plans and specifications.

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(b) Tenant may, without Landlord's prior written consent, make any alterations, improvements or additions, in, on or about the Premises, except for non-structural alterations not exceeding \$10,000 in cost except that any movement of walls in the Premises will require the Landlord's consent which will not be unreasonably withheld, even if the cost of such alterations is less than \$10,000.00.

(c) Before commencing any work relating to alterations, additions and improvements affecting the Premises, Tenant shall notify Landlord in writing of the expected date of commencement thereof. Landlord shall then have the right at any time and from time to time to post and maintain on the Premises such notices as Landlord reasonably deems necessary to protect the Premises and Landlord from mechanics' liens, materialmen's liens or any other liens. In any event, Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant at or for use in the Premises. Tenant shall not permit any mechanics' or materialmen's liens to be levied against the Premises for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents or contractors in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of Tenant, except as provided in Section 7.4 herein.

(d) Unless Landlord requires their removal, as set forth in Section 7.3(a), all alterations, improvements, or additions which may be made on the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term. Notwithstanding the provisions of this Section 7.3(d), Tenant's machinery, equipment, and trade fixtures, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Tenant and may be removed by Tenant at the expiration of the Term, but only if the Tenant is not in default with any provisions of this Lease.

7.4 Mechanics' Liens. Tenant agrees to give Landlord written notice of the commencement date of any alterations, improvements, or repairs ("Work") to be made in, to, or upon the Premises no later than fifteen (15) days prior to the commencement of any such Work, in order to give Landlord time to post on the Premises notices of non-responsibility because the interest of Landlord shall not be subject to any lien made or created by Tenant for an improvement or alteration of the Premises. Tenant shall also provide such notice of non-liability of Landlord to any and all contractors, subcontractors and materialmen. Tenant shall pay all costs for Work done or caused to be done by Tenant in the Premises, and to pay when due all sewer and water bills incurred, which could result in any lien or encumbrance on Landlord's interest in the Premises, and shall keep the title to the Premises, free and clear of any lien or encumbrance in respect to such Work, and the water and sewer bills. Tenant shall defend, indemnify and hold Landlord, Landlord's partners, agents, representatives, and employees harmless against any claim, loss, cost, demand and legal or other expense associated with the assertion of any such lien. Tenant shall immediately notify Landlord of any claim of lien or other action of which it has, or reasonably should have, knowledge and which affects the title to the Premises, or any part thereof, and shall cause the same to be removed within thirty (30) days (or such additional time as Landlord may consent to in writing), failing which Landlord may take such action as Landlord deems necessary to remove the same and the entire cost thereof shall be immediately due and payable by Tenant to Landlord. Failure to remove any such lien shall be an event of default. Notwithstanding any language contained herein to the contrary, it is agreed that Tenant may in good faith and at its sole cost and expense contest any mechanic's lien filed against the Premises so long as such contest is prosecuted by the Tenant diligently and the Tenant bonds the mechanic's lien pursuant to the strict requirements of Texas law. If at any time the Landlord determines in its reasonable judgment that the Tenant is not diligently pursuing a resolution of any mechanic's lien filed against the Premises, the Landlord may require the Tenant to settle such contest within a reasonable period of time not to exceed ninety (90) days. Failure to settle within the stated time period shall constitute an event of default.

7.5 Maintenance Agreements. Tenant shall at its own expense during the Term: (a) procure and maintain in effect maintenance service agreements for all heating, ventilation and air conditioning equipment upon the Premises in such form and from such providers as shall be acceptable to Landlord and provide to Landlord, from time to time or upon request, written evidence that such maintenance agreements are in force and effect; or (b) retain the services of a full time employee acceptable to Landlord who is trained and qualified in the repair and maintenance of heating, ventilation and air conditioning equipment.

7.6 Equipment. Tenant shall not install any equipment which will or may necessitate any changes, replacements or additions to, or in the use of, the heating, ventilating or air-conditioning system, or electrical system of the Premises without first obtaining the prior written consent of Landlord; such approval not to be unreasonably withheld, and the City of Houston, if necessary. Equipment belonging to Tenant which causes noise or vibration that may be transmitted to the structure of the Premises or to any space therein to such a degree as to be objectionable to Landlord shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise and vibration. Landlord shall have the right at any time to limit the weight and prescribe the position of safes and other heavy equipment or fixtures.

8. INSURANCE.

8.1 Tenant Insurance. Tenant shall procure at its expense and maintain continuously in effect during the Term of this Lease with respect to the Premises, and all furniture, fixtures and equipment, policies of insurance against the following risks and in amounts but not less than \$1,000,000, or as are acceptable to Landlord if additional coverage is required, the following insurance:

- (a) insurance covering the Premises, against all risks of loss or damage to the Premises including, but not limited, loss or damage caused by fire and extended coverage perils, including the cost of debris removal and rebuilding to codes, together with vandalism, malicious mischief, sprinkler leakage, agreed amount and inflation guard endorsements, all in amounts providing for full repair and full replacement cost of the Premises;
- (b) insurance covering the Premises against loss or damage by explosion, rupture or bursting of steam boilers, steam pipes, steam turbines, steam engines, other pressure vessels or fly wheels located on or a part of the Premises and providing for full repair and full replacement cost coverage;
- (c) insurance covering the Premises against terrorism and war risks as and when such insurance is obtainable from the United States of America or an agency thereof in such amounts as may from time to time be deemed appropriate by Landlord or be required by Landlord's mortgagees;
- (d) flood insurance in the maximum amount obtainable, if the Premises are now or in the future located within the 100 year flood plain;
- (e) rent and rental value insurance or use and occupancy insurance covering risk of loss due to the occurrence of any hazards described in the foregoing Subsections (a), (b), (c) and (d), the foregoing Subsection (c), in an amount equal to guaranteed income from the Premises for a period of twelve (12) months and based upon such estimate of annual income;
- (f) comprehensive general public liability insurance covering the liability of Landlord for claims for bodily injury, death or property damage occurring on, in or about the Premises in such amounts as Landlord from time to time may determine;
- (g) comprehensive general public liability insurance with respect to any licensee or concessionaire for claims for bodily injury, death or property damage occurring on, in or about the Premises in such amounts as Landlord may from time to time require but not less than \$1,000,000 per occurrence. Coverage shall include premises and all operations of Tenant as well as independent contractors coverage and contractual liability coverage applying to the Tenant indemnity under Section 8.3;
- (h) insurance covering Tenant's merchandise, inventory, trade fixtures, furnishings, equipment and personal property against all risk of loss or damage including but not limited to loss or damage caused by fire and extended coverage perils, including the cost of debris removal together with vandalism, malicious mischief, sprinkler leakage, agreed amount and inflation guard endorsements, all in an amount of not less than the full replacement cost of such property;

(i) maintain workers' compensation and employer's liability insurance against bodily injury, death or other perils required by Texas law. The employer's liability insurance shall be written with limits not less than \$1,000,000 each accident/bodily injury by accident; \$1,000,000 policy limit by disease; and \$1,000,000 each employee bodily injury by disease;

(j) business interruption insurance in an amount necessary to pay at least one full year's Rent as paid in the prior full Lease Year; and

(k) such other insurance covering the Premises against loss or damage by other casualties and contingencies as Landlord may deem appropriate or as Landlord's mortgagee(s), if any, may from time to time require.

All policies of insurance must (i) be written on forms and with insurance companies satisfactory to Landlord (ii) contain deductible limits, co-insurance and agreed amount provisions, (iii) name as the insured parties the Landlord and Landlord's mortgagee(s), if any, as their interests may appear, (iv) be in amounts sufficient to prevent Landlord from becoming a co-insurer of any loss thereunder, (v) bear a mortgagee clause(s) in favor of mortgagee(s), if any, in form satisfactory to such mortgagee(s), all with loss proceeds under all such policies to be made payable to the Landlord, (vi) contain excess replacement and demolition cost coverage endorsements and (vii) contain contingent liability from operation of building code endorsements. The full replacement cost of the Premises and the personal property contained therein may be determined from time to time at the option of Landlord by an architect, contractor, appraisal company or one of the insurers.

8.2 Insurance Policies. All policies of insurance required under Section 8.1 shall be issued by insurance companies with general policy holder's rating of not less than Class A+ as rated in the most current "Best's Insurance Reports", or a carrier approved by Landlord, such approval not to be unreasonably withheld or delayed, and licensed to do business in the State of Texas and authorized to issue such policy or policies. All policies of insurance procedures by Tenant shall contain endorsements providing that such insurance may not be materially changed, amended or canceled with respect to Landlord except after thirty (30) days prior written notice from the insurance company to Landlord, sent by registered or certified mail. Such policies, or a memorandum or certificate of such insurance, shall be delivered to Landlord endorsed "Premium Paid" by the company or agency issuing the same or accompanied by other evidence satisfactory to Landlord that the premium thereon has been paid. Tenant agrees to include in such policy the contractual liability coverage insuring Tenant's indemnification obligations provided for herein. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals thereof, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant upon demand. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Section. All policies if applicable, shall name the Landlord as additional insured and loss payee.

8.3 Indemnification by Tenant. Tenant shall indemnify, defend and hold Landlord and Landlord's officers, directors, agents, employees and representatives, harmless from any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work or things which may be permitted or suffered by Tenant in or about the Premises and shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provisions of this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees or invitees and from any and all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, and in case any action or proceeding be brought against Landlord or its partners, representatives, employees or its managing agent (if any), successors or assigns by reason of any such claim, Tenant, upon notice of such proceeding, shall defend Landlord by counsel reasonable satisfactory to Landlord. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause whatsoever, and Tenant hereby waives all claims in respect thereof against Landlord.

8.4 Waiver of Claims by Tenant. Except as otherwise provided in the Lease, or to the extent not expressly prohibited by law, Tenant waives all claims against Landlord, its officers, directors, agents, employees and representatives, and Tenant's successors and assigns for loss or damage to property, loss of business or losses under worker's compensation laws and benefits which Tenant sustains during the Term of this Lease and which resulted directly or indirectly from any existing or future



condition, defect, matter or thing in, on or about the Premises; from any equipment or appurtenances becoming out of repair, from any accident; or from any act or omission of any person or entity including, but not limited to Landlord or any other permitted Tenant of the Premises. This Section shall apply especially, but not exclusively, to damage caused by flooding by refrigerators, sprinkling devices, air conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise; or the bursting or leaking of pipes or plumbing fixtures. Landlord shall not be liable for damage to or theft, misappropriation or loss or any property in the Premises belonging to Tenant, its agents, representatives, employees, invitees or any property located in, on or about the Premises regardless of who owns such property, and Tenant agrees to release, defend (with legal counsel acceptable to Landlord) and hold Landlord, and Landlord's partners, officers, agents, employees and representatives harmless and indemnify them against claims and liability for injuries to such person or property.

9. DAMAGE OR DESTRUCTION.

9.1 Partial Damage - Insured. If the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Section 8, Tenant shall, at Tenant's expense, forthwith repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

9.2 Damage - Uninsured. In the event the Premises be damaged or destroyed by a casualty which is not covered by fire and extended coverage insurance required to be maintained hereunder by Tenant, then Tenant shall forthwith restore same to the condition prior to such casualty.

9.3 Total Destruction. If at any time during the Term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by Tenant pursuant to Section 8 (including any total destruction required by any authorized public authority) this Lease shall automatically continue for the full Term, without any abatement of Rent.

9.4 Damage Near End of Term. If the Premises are partially destroyed or damaged during the last six (6) months of the Term of this Lease, Landlord may, at Landlord's option, cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage. All insurance proceeds attributable to the Premises shall be payable to Landlord.

9.5 No Abatement of Rent. If the Premises are partially destroyed or damaged and Tenant repairs or restores the Premises pursuant to the provisions of this Section 9, the Rent payable hereunder for the period during which such damage, repair or restoration continues shall not be abated. Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration, unless otherwise provided for herein.

9.6 Restoration. Tenant's obligation to restore shall include the restoration or replacement of Tenant's trade fixtures, equipment, merchandise or any improvements or alternations made by Tenant to the Premises.

10. TAXES.

10.1 Payment of Taxes.

(a) In addition to the payment of Base Rent, Tenant shall pay to Landlord, unless such escrow is waived, each and every month during the Term of this Lease as Additional Rent on the first day of each month in advance one-twelfth (1/12th) of its share of the estimated Property Taxes and any other ad valorem and other taxes, license or other fees, assessments, impositions or charges levied against the Premises or applicable to any of Landlord's personal property, which installment payment shall be deemed Additional Rental. The monthly tax payment paid to the Landlord shall be based upon the most recent tax statements available from the taxing authorities, but in no event less than what is required

by Landlord's first lien lender, if any. When the actual amount of taxes becomes known to the Landlord, an adjustment will be made between the Landlord and the Tenant based on the actual taxes due versus estimated taxes. Such adjustment, if any, will be made upon ten (10) days notice from the Landlord to the Tenant if additional monies are owed by the Tenant to the Landlord and if the Landlord owes monies to the Tenant, such monies will be a credit against the next monthly payment due from the Tenant to the Landlord for Rent. If no such monthly payment is due the Landlord, then the Landlord shall remit such excess to the Tenant with the notice letter. Notwithstanding the foregoing language herein contained to the contrary, the Tenant's obligation for the above referenced taxes shall be limited to any increase over and above the Base Year. Any estimated monthly tax payment shall be so limited. If the Landlord waives the monthly payment of taxes by Tenant, then Tenant must pay such taxes prior to delinquency and furnish proof thereof to Landlord within 10 days of payment. Landlord may reinstate the tax escrow at any time.

(b) Upon request by Tenant, Landlord will furnish Tenant annually official tax receipts and other official receipts showing payment of all such taxes, assessments, fees and charges. Upon request by Tenant, Landlord shall furnish to Tenant all tax statements from all taxing authorities within twenty (20) days of Landlord receiving such tax statements.

(c) Property Taxes shall include the fees and expenses paid by the Landlord to a public adjuster for services rendered in securing a reduction in assessed valuation relating to the Premises.

10.2 Definition of "Property Taxes". As used herein, the term "Property Tax" shall include any form of assessment, license fee, rent tax, margin profits tax, levy, penalty, or tax (other than inheritance income or estate 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 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 and Tenant shall pay any and all charges and fees which may be imposed by the EPA or other similar government regulations or authorities.

10.3 Personal Property Taxes.

(a) Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Landlord and Tenant contained in the Premises. Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property owned by Tenant to be assessed and billed separately from the property of Landlord.

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

10.4 Notwithstanding the provisions of Section 10 hereinabove, Tenant shall pay any increase in Property Taxes resulting from any and all improvements of any kind whatsoever placed on or in the Premises for the benefit of or at the request of Tenant.

10.5 Tax Contest. Notwithstanding anything in this Section 10 to the contrary, all costs and expenses incurred by Landlord but not Tenant during negotiations for or contests of the amount of Taxes shall be included within the term "Property Taxes". In the event a refund is obtained, Landlord shall issue a credit invoice for same against the next month(s) Rent, after first deducting from the refund Landlord's costs for attorney's fees, costs and expenses, if any. Tenant may at its own discretion and expense contest the amount of the Property Taxes and Landlord shall cooperate with such effort. Notwithstanding such contest, Tenant shall be obligated to pay any and all amounts due on Property Taxes after final adjudication, whether the amount that is finally determined is to be paid during the Term of this Lease or after termination.

10.6 In Lieu of Real Property Taxes. If at any time during the Term of this Lease, under the laws of the State of Texas, or of any political subdivision thereof, in which the Premises is situated, a tax or excise on rents, or other tax however described, is levied or assessed by the State of Texas, or by any such political subdivision, against Landlord on account of the Property, as a substitute in whole or in part for real estate taxes on the Premises or any part thereof, such tax or excise on rents or otherwise shall, to the extent of the amount thereof which is lawfully assessed or imposed as a real estate tax or assessment levied or assessed against the Property for the purposes of this Section 10.6, be and become the sole obligation of Tenant such as the Margin Profits Tax, if any. However, nothing contained in this Lease shall require Tenant to pay any income tax.

11. UTILITIES.

11.1 Electricity, Water, Gas and Sewer. Tenant shall pay, promptly when due all electricity, water, gas, telephone, sewer service, and other utility services used by it in the Premises. Tenant hereby acknowledges the limits of the design standard of the electrical service to be furnished to the Premises and if additional capacity or wiring is required by Tenant's intended use, Landlord, after first approving the same, shall permit Tenant to install such additional capacity or wiring at Tenant's expense in a manner consistent with Section 7 [maintenance and repair]. In the event Tenant shall not pay said utilities when due, Landlord may, but shall not be required to, pay said utilities on behalf of Tenant, and in that event, Tenant shall promptly reimburse Landlord therefor upon demand and said advance shall be deemed to be an Additional Rent payment required of Tenant. In the event the non-payment involves water and sewer charges which are liens against the Premises, such non-payment shall be an event of default hereunder.

11.2 Interruption of Service. Landlord shall not be liable in damages or otherwise if the furnishing by any supplier of any utility service or other service to the Premises shall be interrupted or impaired by fire, accident, riot, strike, act of God, terrorist act, the making of necessary repairs or improvements or by any causes.

11.3 Energy Shortage. Should it become necessary or desirable because of recommendations or directives of public authorities to reduce energy consumption within the Premises, Tenant will reduce its energy consumption in accordance with such directives without liability to Landlord.

12. ASSIGNMENT AND SUBLETTING.

12.1 No Assignment. Except as otherwise permitted, Tenant will not assign, sublease, transfer, mortgage or encumber this Lease or interest therein or sublet or rent or permit occupancy or use of the Premises, or any part thereof, by any third party, or permit management of all or part of the business of the Tenant by any third party, or allow a sale of all or substantially all of Tenant's furniture, fixtures, equipment, inventory, or stock in trade, nor shall any assignment or transfer of this lease be effectuated by operation of law or otherwise (any of the foregoing being hereinafter referred to as an "Assignment") without in each such case obtaining the prior written consent of Landlord. If, at any time during the Term of this Lease, Tenant is: (i) a corporation or a limited liability company (not listed on a national stock exchange for secondary trading) or a trust (whether or not having shares of beneficial interest) and there shall occur any transfer of Tenant's interest in this Lease or in the Premises from Tenant by merger, consolidation, liquidation, or by the subsequent change in the ownership of thirty-three percent (33-1/3%) or more of the control of Tenant shall be deemed a prohibited assignment within the meaning of this Section 12 or any significant change in the management of the business of the Tenant at the Premises. If Landlord reasonably withholds its consent to any Assignment, Tenant agrees there shall be no liability for damages to Tenant in the event Landlord does not consent to any assignment. It is understood, however, that any Assignment to which Landlord has consented in no way releases the Tenant from its liability for the performance of all terms, covenants and payment of Rent and Additional Rent under this Lease. The consent by Landlord to any Assignment shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of Rent from any transferee under an Assignment constitute an acceptance of the Assignment or a waiver or release of Tenant of any covenant or obligation contained in this Lease, nor shall any Assignment be construed to relieve Tenant from the requirement of obtaining the consent in writing of Landlord to any further Assignment. Any attempted assignment, transfer, mortgage, encumbrance, or subletting without consent of Landlord shall be void and shall constitute a breach of the Lease.

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12.2 Basis for No Consent. Landlord may withhold its consent to any transfer of Tenant's interests herein in Landlord's sole arbitrary discretion and shall never be liable to Tenant in the event that any such transfer or assignment is denied.

12.3 Condition Precedent. Tenant shall not have the right or power to enter into an Assignment if Tenant shall be in default under any provision of the Lease at the time of the request.

12.4 Procedures. Should Tenant desire to enter into an Assignment, Tenant shall request Landlord's consent to such transaction in writing at least sixty (60) days before the effective date of any such transaction. Such request shall include the following:

- (a) A detailed description of the proposed transaction, including its nature, effective date, the purchase price, payment terms, allocation among leasehold interest, Personal Property, Improvements, goodwill, inventory, and other items;
- (b) Copies of any offers, agreements, subleases, assignments, letters of commitment or intent, and other documents or correspondence pertaining to the proposed transaction;
- (c) A description of the identity, financial condition, and previous business experience of Assignee, including, without limitation, copies of latest income statement, balance sheet, and statement of cash flows (with accompanying notes and disclosures of all material changes thereto) in audited form, if available, and certified as accurate by Tenant or Assignee respectively, together with a statement authorizing Landlord or its designated representative(s) to investigate Tenant's and Assignee's business experience, credit and financial responsibility;
- (d) A statement certifying Assignee's or Tenant's initial and any subsequent costs to construct or improve the Premises, which shall include an itemized breakdown of those costs and copies of invoices; and
- (e) A statement by Tenant and Assignee agreeing that it is in their intention to complete the transaction if Landlord consents thereto.

12.5 Response by Landlord; Documentation. Within twenty (20) days after receipt of Tenant's request for consent and all items required under Section 12.4, Landlord may (a) consent to the proposed Assignment or (b) refuse to consent to the Assignment. Any consent by Landlord to any Assignment shall be evidenced by an instrument prepared by Landlord and executed by Tenant and Assignee. As a condition to the completion of such transaction, Assignee shall agree in writing to assume and perform all of the terms, covenants, and conditions of the Lease that are obligations of Tenant. Tenant shall remain fully liable to perform its duties under the Lease following the Assignment. Tenant shall, on demand of Landlord, reimburse Landlord for all Landlord's reasonable costs, including attorney fees, incurred in obtaining advice and preparing documentation for each requested Assignment.

12.6 Nullity. Any Assignment purportedly consummated in violation of the provisions of this Section 12 shall be null and void and of no force or effect.

12.7 Excess Rent. Whether or not Landlord has consented to any Assignment, any amount to be received by Tenant in excess of the Rent payable by Tenant to Landlord under this Lease which is paid by any Assignee to Tenant or Tenant's designee, shall be payable by Tenant directly to Landlord as Additional Rent hereunder. In the event Tenant receives any other consideration from any third party or the Assignee or both attributable directly or indirectly to this Lease, such other consideration shall also be payable by Tenant to Landlord as Additional Rent.

12.8 No Release of Tenant. Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation to pay the Rent and to perform all other obligations to be performed by Tenant hereunder for the Term of this Lease. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.9 Assignment by Landlord. Landlord shall have the unconditional right to transfer and assign, in whole or in part, all its rights and obligations hereunder in the Premises generally, and in such event and upon its transferee's assumption of Landlord's obligations hereunder (any such transferee to have the benefit of, and be subject to, the provisions of this Lease) no further liability or obligations shall accrue against Landlord from events occurring before or after the date of any such assignment. Tenant agrees to attorn to such transferee.

13. TENANT'S AFFIRMATIVE COVENANTS AND WARRANTIES. Tenant covenants, warrants and represents to Landlord at the time of execution of this Lease and for the Term thereof as follows:

13.1 Good Standing and Authority. Tenant is a Texas limited liability company in good standing with full power to execute and perform this Lease. Execution and performance of this Lease by Tenant will not violate the terms of any mortgage, loan, lease, security agreement or other agreement to which Tenant is a party or by which Tenant's property is bound.

13.2 Compliance with Law. To (i) comply with all federal, state, county and City of Houston laws, ordinances and regulations, including, without limitation, those laws and regulations governing the collection, payment and deposit of employees' income, unemployment and social security taxes; (ii) any applicable environmental and clean air laws and regulations; and (iii) any and all laws regulating employment and discrimination as to race, national origin, religion or physical impairment. Any violation of any law, ordinance, or regulation by Tenant shall be promptly remedied and reported to Landlord. Landlord shall also be advised of the status of remedying or complying with or defending any claimed violation. Specifically, Tenant shall promptly notify Landlord of any citation issued to Tenant and/or any employee or independent contractor on the Premises, by the Technical Advisory Committee meeting of the City of Houston License Department and/or City of Houston, or any due process hearing ordered by the City of Houston, including, the date, time, and place of such hearing.

13.3 Permits. To obtain all permits, approvals and licenses from each and every federal, state, local or other governmental body which is necessary to occupy the Premises and to operate its business and at all times will maintain all such permits, approvals and licenses during the Term of this Lease, and such permits, approvals and licenses shall be deemed automatically assigned to Landlord upon expiration or termination of this Lease to the extent such assignment may be permitted by federal, state or local laws. Tenant shall fully cooperate with Landlord and shall execute such documentation as may be necessary to evidence such assignment, but non-execution thereof shall not limit the effectiveness of such assignment.

13.4 Maintenance of Financial Condition. Tenant shall provide to Landlord quarterly financial statements of Tenant, if so requested by Landlord, during each calendar year during the Term accurately and fairly representing the financial condition of Tenant as of the date thereof. Tenant will not take any action without the prior written consent of Landlord (except as a result of the operation of the business in the ordinary course) which would adversely affect or cause the financial condition of Tenant to deteriorate to a condition in which the Landlord reasonably feels insecure.

13.5 Pay All Taxes. To pay and discharge all taxes, assessments, governmental charges and levies imposed upon the Tenant, its income or profits or upon any property belonging to it and will provide the Landlord with written evidence and/or verification of all such payments.

13.6 Maintain Records. To maintain proper, complete, and legible records and books of account with respect to all of its business activities, all in accordance with generally-accepted accounting principles, consistently applied, as determined by



the accounting firm retained by Tenant subject to the right of the Landlord or Landlord's representatives to conduct a review, reconciliation and/or audit of the Tenant's books and records and working papers of its auditor at the Landlord's sole expense.

13.7 Protection of Company Assets. Take all action necessary to perfect, protect and maintain including, without limitation, filing or amending any filing necessary to perfect any security interest granted by the Tenant to the Landlord in any assets subject to the Landlord's Lien set forth herein.

13.8 Maintenance of Properties, Etc. To maintain and preserve all of the Tenant's properties, necessary or useful in the proper conduct of its business, in good working order and condition, ordinary wear and tear excepted.

13.9 Default Under Current Obligations. To not permit, or allow the Tenant to permit, any equipment lessor, lender and/or lienholder to declare a default under any equipment lease or security agreement to which Tenant is bound.

14. LANDLORD'S COVENANTS AND REPRESENTATIONS. Landlord covenants, warrants and represents to Tenant as follows:

14.1 Good Standing and Authority. Landlord is a Texas entity with full power to execute and perform this Lease. Execution and performance of this Lease by Landlord will not violate the terms of any mortgage, loan, lease, security agreement or other agreement to which Landlord is a party or by which Landlord's property is bound.

14.2 Covenant of Quiet Enjoyment. Landlord covenants that it has the right to make this Lease for the Term aforesaid and covenants that if Tenant shall pay the Rent and perform all of the covenants, terms and obligations of this Lease to be performed by Tenant, Tenant shall, during the Term, have the right to the quiet and peaceable enjoyment of the Premises.

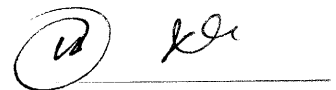
14.3 No Other Representations of Landlord. With respect to this Lease, (i) neither Landlord nor any agent or employee of Landlord has made any representations or promises with respect to the Premises, except as herein expressly set forth, and no right, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth; and (ii) wherever in this Lease any term, covenant or condition is required to be kept or performed by Landlord, Landlord shall be deemed to have kept and performed such term, covenant and condition, notwithstanding any act or omission of Landlord, if such act or omission is pursuant to any governmental regulation, requirement, directive or request.

15. DEFAULTS; REMEDIES.

15.1 Defaults. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(a) 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. The Landlord agrees that before an event of default for nonpayment of Rent can be declared, the Landlord will give Tenant a five (5) days written notice of such nonpayment of Rent, but the Landlord shall not be required to give more than one (1) notice in any Lease Year. If the Tenant cures the nonpayment of Rent within the 5-day notice period when such notice is required by the Landlord, it shall be as if no event of default had occurred. If a written notice of nonpayment of Rent has been sent to the Tenant in a Lease Year, the Landlord is not required to send a subsequent notice in such Lease Year and may declare an event of default without sending a second or subsequent notice.

(b) The failure by 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 Paragraph (a) above, 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 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 commenced such cure and completes same within thirty (30) days after the initial 10-day period.

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(d) (i) The making by Tenant of any general assignment, or general arrangement for the benefit of creditors; (ii) 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 sixty (60) days; (iii) 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; or (iv) 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.

(e) any representations made by Tenant to Landlord which are untrue in whole or in part at the time that such representation is made or at any later time. Such representation may be an omission to state a material fact which would have made the representation made by the Tenant accurate and correct.

15.2 Landlord's Remedies. Upon the occurrence of any default by Tenant under this Lease (after any cure period has expired without cure by Tenant), Landlord may, at its sole option, do any one or more of the following:

(a) Terminate this Lease, whereupon Landlord shall have the remedies set forth in Section 15.3 below.

(b) Without having terminated this Lease, enter upon and taken possession of the Premises, whereupon Landlord shall have the remedies set forth in Section 15.4 below.

(c) Without any further notice to Tenant whatsoever, enter upon the Premises by use of a master key, a duplicate key, or other peaceable means, and change, alter, and/or modify the door locks on all entry doors of the Premises, thereby permanently excluding Tenant and its officers, principal, agents, employees and representatives therefrom. In the event that Landlord has either permanently repossessed the Premises pursuant to Section 15.2(b), or has terminated this Lease by reason of Tenant's default as set forth in Section 15.2(a) above, Landlord shall not thereafter be obligated to provide Tenant with a key to the Premises at any time, regardless of any amounts subsequently paid by Tenant; provided, however, that in any such instance, during Landlord's normal business hours and at the convenience of Landlord, and upon receipt of written request from Tenant accompanied by such written waivers and releases as the Landlord may require, Landlord will (at Landlord's option) either (i) escort Tenant or its authorized personnel to the Premises to retrieve any personal belongings or other property of Tenant not subject to the Landlord's lien, or (ii) obtain a list from Tenant of such personal property as Tenant intends to remove, whereupon, Landlord shall remove such property and make it available to Tenant at a time and place designated by Landlord. However, if Landlord elects option (ii), Tenant shall pay, in cash in advance, all costs and expenses estimated by Landlord to be incurred in removing such property and making it available to Tenant and all moving and/or storage charges theretofore incurred by Landlord with respect to such property. If Landlord elects to exclude Tenant from the Premises without permanently repossessing or terminating pursuant to the foregoing provisions of this Lease, then Landlord shall not be obligated to provide Tenant a key to re-enter the Premises until such time as all delinquent Rent and other amounts due under this Lease have been paid in full and all other defaults, if any, have been completely cured to Landlord's satisfaction (if such cure occurs prior to any actual permanent repossession or termination), and Landlord has been given assurance reasonably satisfactory to Landlord evidencing Tenant's ability to satisfy its remaining obligations under this Lease. The foregoing provisions shall override and control any conflicting provisions of Section 93.002 of the Texas Property Code, as amended from time to time, as well as any successor statute governing the right of a landlord to change the door locks of commercial tenants.

15.3 Termination of the Lease. Upon termination of this Lease by Landlord pursuant to Section 15.2(a) of this Lease, Landlord may forthwith repossess the Premises and be entitled to recover as damages a sum of money equal to the total of (i) the cost of recovering the Premises, (ii) the cost of removing and storing Tenant's or any other occupant's property, (iii) the unpaid Rent and any other sums accrued hereunder at the date of termination (plus interest at the past due rate provided in Section 4.7 of this Lease if in arrears), (iv) a sum equal to the amount, if any, by which the present value (discounted at the rate of eight



percent (8%) per annum) of the balance of the estimated Rent for the remainder of the Lease Term exceeds the present value (discounted at the same rate) of the fair market rental value of the Premises for the same period (it being the intention of Landlord and Tenant that Landlord shall receive the benefit of its bargain), (v) the cost of restoring the Premises to good condition, reasonable wear and tear excepted, (vi) brokerage fees for reletting the Premises, (vii) any costs for remodeling or renovating for a new tenant, and (viii) any other sum of money or damages owed by Tenant to Landlord. In the event Landlord shall elect to terminate this Lease, Landlord shall at once have all the rights of re-entry upon the Premises, without becoming liable for damages, or guilty of trespass.

15.4 Termination of Possession. Upon termination of Tenant's right of possession of the Premises pursuant to Section 15.2(b) of this Lease, Landlord may repossess the Premises by peaceable entry or detainer suit or otherwise, without demand or notice of any kind to Tenant and without terminating this Lease and without becoming liable for damages or guilty of trespass, in which event Landlord may, but shall be under no obligation to, relet the same for the account of Tenant, except as provided by law at the time of any such action, for such rent and upon such terms as shall be satisfactory to Landlord. In such event, Tenant shall be liable for and shall pay to Landlord all Rent payable by Tenant under this Lease plus an amount equal to (i) the cost of recovering possession, (ii) the cost of decorations, repairs, changes, alterations and additions to the Premises, (iii) the cost of collection of the Rent accruing from such reletting and (iv) any other costs incurred by Landlord in connection with such reletting, reduced by any sums received by Landlord through reletting the Premises; provided, however, that in no event shall Tenant be entitled to any excess of any sums obtained by reletting over and above Rent provided in this Lease to be paid by Tenant to Landlord. For the purpose of such reletting Landlord is authorized to decorate or to make any repairs, changes, alterations or additions in or to the Premises that may be necessary. Landlord may file suit to recover any sums falling due under the terms of this Section 15.4 from time to time, and no delivery to or recovery by Landlord of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord. No reletting shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention is given to Tenant by Landlord. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous default.

15.5 Landlord's Right to Perform Tenant's Obligations. Should Tenant fail to perform any of its obligations under this Lease, Landlord may (but shall not be obligated to), without notice, enter upon the Premises and perform all or any part of such obligations. Upon demand, Tenant shall reimburse Landlord for the cost to Landlord of performing such obligations plus fifteen percent (15%) of such cost to cover overhead. No action taken by Landlord under this Section 15.5 shall relieve Tenant from any of its obligations under this Lease or from any consequences or liabilities arising from the failure to perform such obligations.

15.6 Cumulative Remedies. The rights and remedies of Landlord under this Section 15 shall be non-exclusive and shall be in addition to and cumulative of all other remedies available to Landlord under this Lease or at law or in equity including but not limited to, the lockout provisions contained in Section 93 of the Property Code of the State of Texas.

15.7 Landlord's Lien. Tenant hereby grants to Landlord a lien and security interest on and in all property of Tenant now or hereafter placed in or upon the Premises, including without limitation all goods, wares, fixtures, trade fixtures, machinery, inventory, equipment, furniture, furnishings, supplies, licenses and permits used by the Tenant in the operation of its business, and other personal property now or hereafter placed in or upon the Premises (collectively, the "Personal Property"), and such Personal Property shall be and remain subject to such lien and security interest of Landlord for payment of all Rent and other sums agreed to be paid by Tenant under this Lease. Said lien and security interest shall be in addition to and cumulative of the Landlord's liens provided by law. This Lease shall constitute a security agreement under the Texas Business and Commerce Code, as amended, and as enacted and enforced in the State of Texas (the "UCC") so that Landlord shall have and may enforce a security interest on all such Personal Property. Such Personal Property shall not be removed from the Premises unless such removal is in the ordinary course of Tenant's business for repair and/or replacement of such Personal Property and Tenant is not at the time of such removal in default under this Lease. Tenant agrees to execute as debtor such financing statement or statements as Landlord may now or hereafter reasonably request in order that such security interest or interests may be perfected pursuant to said UCC. Landlord may at its election at any time file a copy of this Lease as a financing statement. Landlord, as secured party, shall be entitled to all of the rights and remedies afforded a secured party under said UCC, which rights and

remedies shall be in addition to and cumulative of Landlord's liens and rights provided by law or by the other terms and provisions of this Lease. The Landlord's lien granted to the Landlord by the provisions of this Lease and pursuant to Texas law, are an important consideration regarding the Landlord's agreement to consummate this Lease; therefore, the Landlord's lien provided in this Section and pursuant to Texas law shall be granted to the fullest extent possible. Additionally, while this Lease may constitute a security agreement, the Tenant agrees to execute one or more security agreements to facilitate the intent of this Section. The Landlord shall present such security agreements and financing statements to the Tenant for signature to perfect the Landlord's interest in the property of the Tenant. If Tenant fails or refuses to execute security agreements or financing statements or continuations thereof, the Landlord is hereby granted a power of attorney to act on behalf of the Tenant to facilitate the filing and perfection of any such security interest.

15.8 Waiver of Certain Rights. Upon any violation of Section 93.002 or Section 93.003 of the Texas Property Code, as amended or superseded from time to time, by Landlord, Tenant hereby expressly waives, but only to the extent permitted by law, any and all rights Tenant may have under such Sections 93.002 and 93.003 (as amended or superseded from time to time) to (i) either recover possession of the Premises or terminate this Lease; and (ii) recover from Landlord an amount equal to the sum of its actual damages, one month's Rent, and reasonable attorneys' fees, less any delinquent rents or other sums for which Tenant is liable. Tenant also waives and releases, but only to the extent permitted by law, any statutory lien and offset rights it may have against Landlord, including without limitation the rights conferred upon Tenant pursuant to Section 91.004 of the Texas Property Code (as amended or superseded from time to time) or other applicable law. Additionally, Tenant waives to the fullest extent permitted by Texas law any claim that it might have against Landlord under the Texas Deceptive Trade Practices Act (DTPA), as amended, or as may be modified in the future.

15.9 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord hereunder 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 any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; 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.

16. SURRENDER. This Lease shall terminate on the last day of the Term without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate the Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law respecting the summary recovery of possession of the Premises from a tenant holding over to the same extent as if statutory notice had been given. On the last day of the Term or on the sooner termination thereof, Tenant shall peaceably surrender the Premises in good order, condition and repair, broom-clean, and in as good condition as delivered, reasonable wear and tear only excepted. On or before the last day of the Term or the sooner termination thereof, Tenant shall at its expense, remove its trade fixtures and signs from the Premises. Any property not removed shall be deemed abandoned. Any damage caused by Tenant in the removal of such items shall be repaired by and at Tenant's expense. If Tenant shall not remove all of such property, Tenant agrees that Landlord shall have the option, in its sole discretion, either to deem the property not so removed as abandoned by Tenant and may use, sell or otherwise dispose of the same or to charge Tenant storage and handling fees for the period in which the property remains on the Premises and all costs of removal of the same, including any costs of repair to the Premises arising from the removal of the property. All alterations, additions, improvements and fixtures (other than Tenant's trade fixtures and signs) which shall have been made or installed by either Landlord or Tenant upon the Premises and all hard surface bonded or adhesively affixed flooring shall remain upon and be surrendered with the Premises as a part thereof, without disturbance, molestation or injury, and without charge, at the expiration or termination of this Lease. If the Premises be not surrendered at the end of the Term or the sooner termination thereof, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, claims made by any succeeding tenant founded on such delay. Tenant shall promptly surrender all keys for the Premises to Landlord at the place then fixed for payment of Rent and shall inform Landlord of combinations on any locks and safes within the Premises.

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17. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain, or sold by Landlord under the threat of the exercise of said power (all of which is herein referred to as "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If more than thirty percent (30%) of the floor area of any buildings on the Premises, or more than twenty five percent (25%) of the land area of the Premises not covered with buildings, is taken by condemnation, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes possession by notice in writing of such election within twenty (20) days after Landlord shall have notified Tenant of the taking or, in the absence of such notice, then within twenty (20) days after the condemning authority shall have taken possession.

If this Lease is not terminated by either Landlord or Tenant then it shall remain in full force and effect as to the portion of the Premises remaining, provided the Rent shall be reduced in proportion to the amount of floor area taken within the Premises as bears to the total floor area prior to such taking. In the event this Lease is not so terminated then Landlord agrees, at Landlord's sole cost, to as soon as reasonably possible restore the Premises to a complete unit of like quality and character as existed prior to the condemnation. All awards for the taking of any part of the Premises or any payment made under the threat of the exercise of power of eminent domain shall be the property of Landlord, whether made as compensation for diminution of value of the leasehold or for the taking of the fee or as severance damages; provided, however, that Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property.

18. PARTIAL TAKING. In the event of a Taking of only a part of the Premises which does not constitute a Total Taking during the Term of the Lease (a "Partial Taking"), the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking, and an adjustment to the Rent in effect as of the Date of Taking shall be made based upon the reduced value of the Premises. All proceeds payable as a lump sum from any Partial Taking shall be payable as follows: first to Landlord until it receives the fair market value of the portion of the Premises so taken; then to Tenant until it receives the fair market value of its unamortized non-building standard improvements and personal property taken, if any; and the remainder of the award shall then be paid to Landlord. Should the Partial Taking affect the building wherein the Tenant is located, Landlord, from its portion of the award, shall restore the remainder of the building, as nearly as possible, to one architectural unit provided that Landlord determines 1) that such restoration can be fully paid from Landlord's portion of the award and 2) the restoration must be suitable for Tenant's reasonable business use. If the plans for restoration are not suitable for Tenant's continued business use, Tenant shall so notify Landlord within fifteen (15) days after receiving notice from Landlord, including a detailed description of how the Premises might be restored, and the parties will then attempt in good faith to agree upon the restoration of the Premises, or Tenant may accept the restoration to the Premises and, if the Improvements contain less than the original gross square footage, then Tenant shall be entitled to an appropriate Rent reduction as may be agreed between the parties.

19. WASTE AND ENVIRONMENTAL COMPLIANCE.

19.1 Compliance Requirements. Tenant covenants and agrees to comply strictly and in all respects with the requirements of any applicable law, statute, ordinance, permit, decree, guideline, rule, regulation or order pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Texas Water Code and the Texas Solid Waste Disposal Act, as each of the foregoing may be amended, replaced or supplemented from time to time. Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be generated, treated, stored, used, installed or disposed in, on, under or about the Premises. Tenant represents, warrants, covenants and agrees that Tenant is not and will not become involved in operations at the Premises or at other locations which could lead to the imposition on Landlord or any of Landlord's agents, employees, officers, directors, shareholders, partners, venturers and representatives (collectively "Landlord's Related Parties") of liability under any of the Applicable Environmental Laws. Tenant does hereby, for itself and its successors and assigns, agree to and hereby does indemnify, defend and hold harmless Landlord, Landlord's Related Parties and each of their respective successors and assigns, of and from any and all liabilities, assessments, suits, damages, costs and expenses, attorneys' fees and judgments related to or arising out of (i) the breach of any of the agreements of Tenant under this Section 19, (ii) the handling, installation, storage, use, generation,



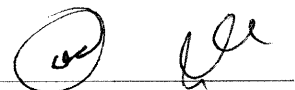
treatment or disposal of Hazardous Materials, including any cleanup, remedial, removal, or restoration work required by the Applicable Environmental Laws, or (iii) the assertion of any lien or claim imposed against the Premises or any portion thereof or Landlord or any of Landlord's Related Parties pursuant to the Applicable Environmental Laws, provided that Tenant's indemnification obligations hereunder shall not extend to any condition which existed on the Premises prior to Tenant's taking physical possession of the Premises. Landlord hereby releases Tenant from any and all liability for any condition of the Premises which is in violation of the Applicable Environmental Laws which existed prior to Tenant's taking possession of the Premises. The Tenant covenants and agrees to immediately notify the Landlord, in writing, of any release or spill of any Hazardous Substances on, in or about the Premises and to immediately remove, remediate, and clean-up any such spill or release in accordance with the Applicable Environmental Laws, if such spill or release is caused, directly or indirectly, by the Tenant or any of the Tenant's agents, employees, officers, directors, shareholders, partners, representatives, customers, invitees, licensees, subtenants, concessionaires, contractors, subcontractors, servants, vendors, materialmen, suppliers or any other person entering the Premises under the express or implied invitation of the Tenant (hereinafter collectively referred to as "Tenant's Agents"). The covenants and agreements of Tenant under this Section 19 shall survive the expiration or termination of this Lease. Tenant has been given the opportunity to conduct its an environmental audit of the Premises prior to the execution of this Lease. If Tenant fails to conduct such audit, it shall be conclusively presumed that any environmental problem which is subsequently discovered shall have occurred subsequent to the execution of this Lease.

19.2 Environmental Reporting Requirements. Tenant must promptly supply Landlord with copies of all notices, reports, correspondence, and submissions made by Tenant to the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration], or any other local, state, or federal authority that requires submission of any information concerning environmental matters or hazardous materials pursuant to hazardous materials laws. Tenant must promptly notify Landlord in advance of any scheduled meeting between Tenant and any of the agencies specified in this subparagraph. Tenant must promptly notify Landlord as to any liens threatened or attached against the premises pursuant to any environmental law. If an environmental lien is filed against the premises, Tenant must, within 30 days from the date on which the lien is placed against the premises, and at any rate before the date on which any governmental authority begins proceedings to sell the premises pursuant to a lien, either: (1) pay the claim and remove the lien from the premises; or (2) furnish either (a) a bond satisfactory to the Landlord in the amount of the claim on which the lien is based, or (b) other security satisfactory to the Landlord in an amount sufficient to discharge the claim on which the lien is based.

20. GENERAL PROVISIONS.

20.1 Consent by Landlord. Except as expressly provided in this Lease to the contrary, in all circumstances under this Lease where the prior consent or permission of Landlord is required before Tenant is authorized to take any particular type of action, such consent must be in writing and such consent shall not be unreasonably withheld or delayed.

20.2 Legal Interpretation. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the State of Texas and the United States. All obligations of the parties hereto shall be performable in, and all legal actions to enforce or construe this Lease shall be instituted in the courts of the county in which the Premises are located. The determination that one or more provisions of this Lease is invalid, void, illegal or unenforceable shall not affect or invalidate any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained in this Lease. All obligations of either party hereunder not fully performed after the expiration or termination of the Term of this Lease shall survive the expiration or termination of the Term of this Lease and shall be fully enforceable in accordance with those provisions pertaining thereto. Section titles and captions appearing in this Lease are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Lease. No custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. This Lease is for the sole benefit of Landlord and Tenant, and, without the express written consent thereto, no third party shall be deemed a third party beneficiary hereof.



20.3 Broker's Commission. The Landlord agrees to pay a brokerage commission, which will include the Landlord's broker and the Tenant's broker. The parties represent that other than Robert Watson and Associates and Altschuler Company, there are no other brokers involved in this transaction. A commission will only be paid for the Primary Term of this Lease and will not be paid for any Option Period, which may be elected by the Tenant.

20.4 Notices. All notices and other communications which are required or which may be given under the provisions of this Lease shall be in writing and the same shall be deemed to have been given on the same day if delivered in person, by overnight courier or by facsimile to the facsimile number hereinbelow for the party to whom the notice is given, or on the third day thereafter if placed in registered or certified mail with postage prepaid and addressed to the party at the address hereinafter specified. Additionally, notice may be given by email or by such other communicative device now or hereafter utilized for transmission of notices wherein the sender receives confirmation that the recipient has received the notice. The addresses and facsimile numbers for all purposes under this Lease and for all notices hereunder shall be:

To Landlord at:	Mr. Mark Samarghandi SMH Property, LLC 20515 Interstate 45 North Spring, Texas 77388
To Tenant at:	Daniel Chu TRICOLOR AUTO GROUP, LLC 8655 Highway 6 South Houston, TX 77083
With a copy to:	Mr. David S. Komiss II David S. Komiss II, P.C. 6750 West Loop South, Suite 120 Bellaire, Texas 77401 Telephone: 713-665-2500 Facsimile: 713-665-7070

From time to time any party may designate another address, facsimile number or telephone number for all purposes of this Agreement by notifying the other party of such change in accordance with the provisions hereof.

20.5 Sale by Landlord. Landlord shall have the right at any time to sell, transfer, or assign, in whole or in part, by operation of law or otherwise, its rights, benefits, privileges, duties, obligations or interests hereunder or in the Premises without the prior consent of Tenant, and such sale, transfer or assignment shall be binding upon Tenant. After such sale, transfer or assignment, Tenant shall attorn to such purchaser, transferee, or assignee, upon such party's request, so long as Tenant receives a Non-Disturbance and Attornment Agreement. Landlord shall be released of all obligations hereunder after the effective date of such sale, transfer or assignment. Notwithstanding the foregoing, if the Premises are sold to a third party after the refusal or the failure of the Tenant to exercise its Right of First Refusal, the new owner shall have the option to terminate the Tenant's Lease including any extension term by serving the Tenant with notice and giving the Tenant six months notice that the Lease will terminate. If Tenant is not in default at the earlier termination of this Lease the new owner will reimburse the Tenant for all improvements made to the Premises by the Tenant on a prorata basis, the numerator of which is the number of months occupied by the Tenant prior to termination, the denominator is the full term of thirty six months which numerator and denominator will then be multiplied by $x/100$ which will produce a percentage of occupancy for the full term of the Lease. The percentage of occupancy will then be deducted from 100% leaving the percentage of time left for the Primary Term which will then be multiplied by the cost of the improvements made. In other words, if the Tenant has occupied the Premises for example for 90% of the Lease Term the Tenant would only be reimbursed for cost of 10% of the improvements made. This termination right takes precedent over Section 14.2 herein, or any other Section of this Lease.

20.6 Estoppel Certificates. Tenant agrees within ten (10) days following request by Landlord to execute, acknowledge and deliver to Landlord and any other persons specified by Landlord, a certificate certifying (i) that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date to which the Rent and other charges are paid in advance, if any, (ii) that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or so specifying such defaults, if any, as are claimed, evidencing the status of the Lease as may be required either by a lender making a loan to Landlord to be secured by a deed of trust or mortgage covering the Premises or a purchaser or a ground lessor of the Premises from Landlord and such other matters as may be reasonably requested by Landlord. Tenant's failure to deliver such certificate within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, with modification except as may be represented by Landlord, (ii) that to Tenant's knowledge there are no uncured defaults in Landlord's performance, and (iii) that no Rent has been paid in advance except as set forth in this Lease.

20.7 Signs. Tenant shall not place or maintain any permanent sign, advertisement or notice on any part of the outside of the building on the Premises, or anywhere on the Premises, except as has been approved in writing by Landlord and, if necessary, the City of Houston or any other governmental entity having jurisdiction over such signs; such approval not to be unreasonably withheld by Landlord. Any such signs including repair, replacement or removal shall be at the sole expense of Tenant. Tenant shall remove all signs at the expiration or termination of this Lease and restore the affected area to its original condition. For purposes herein, "permanent" shall mean a period of 90 days or more.

20.8 Security. Landlord is under no obligation to install any security systems or employ any security guards; however, Tenant may, at its sole cost and expense, install a security system or employ security guards as Tenant deems necessary for the Premises.

20.9 Waivers. No waiver by Landlord or 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 consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. 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.

20.10 Recording. This Lease (including any Exhibits or Riders hereto) shall not be recorded and no memorandum hereof shall be recorded without the prior written consent of Landlord.

20.11 Holding Over. In the event of holding over by Tenant after expiration or termination of this Lease without written consent of Landlord, Tenant shall pay as liquidated damages one hundred fifty percent (150%) of the Rent which Tenant was obligated to pay for the month immediately preceding the end of the Term of this Lease for each month or any part thereof of any such holdover period. No holding over by Tenant after the Term of this Lease shall operate to extend the Term of this Lease. In the event of any unauthorized holding over, Tenant shall indemnify, defend and hold Landlord harmless against any and all claims for damages by any succeeding tenant to whom Landlord may have leased all or any part of the Premises covered hereby effective upon the termination of this Lease. Any holding over with the written consent of Landlord shall thereafter constitute this Lease a lease from month to month.

20.12 Subordination.

(a) This Lease shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet enjoyment of the Premises shall not be distributed 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, unless this Lease is otherwise terminated

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pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease, or the date of recording thereof.

(b) Tenant agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

20.13 Attorney's Fees. If any party named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees and costs to be paid by the losing party as fixed by the court. If the Landlord is compelled to hire legal counsel to enforce the provisions of this Lease, but legal action does not ensue, the Tenant shall be responsible for any and all such legal fees incurred by Landlord to enforce the provisions hereof, notwithstanding that no legal action has occurred.

20.14 Landlord's Access. Tenant agrees to permit Landlord, or its agents or representatives to enter into and upon any part of the Premises at all suitable hours to inspect the same, to clean it, to make such repairs, alterations or additions that are required under the terms hereof if not made by Tenant, or to exhibit the Premises to prospective lessees, purchasers or others, or for such other reasonable purposes as Landlord may deem necessary or desirable. Tenant shall not be entitled to any abatement or reduction of Rent. Landlord shall, whenever possible (except in an emergency), consult with or give reasonable notice to Tenant prior to such entry, but no such entry shall constitute an eviction. In addition, Tenant shall permit Landlord and its agents or representatives to enter into and upon or under any part of the Premises at any hour and any day of the week with respect to any environmental cleanup that may be necessary with respect to the Premises. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last one hundred twenty (120) days of the Term hereof place on or about the Premises any ordinary "For Sale or Lease" signs, all without rebate of Rent or liability to Tenant.

20.15 Auctions. Tenant shall not place any auction sign upon the Premises or conduct any auction thereon without Landlord's prior written consent.

20.16 Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

20.17 Corporate Authority. If Tenant is a corporation or a limited liability company, each individual executing this Lease on behalf of said corporation or limited liability company represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation or limited liability company in accordance with a duly adopted resolution of the Board of Directors, Managers and/or Members of said corporation or limited liability company or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.

20.18 Landlord's Liability. It is understood and agreed by Landlord and Tenant that this covenant and any and all other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during the period of Landlord's and its successors respective ownership of the Landlord's interest hereunder. Tenant specifically agrees to look solely to Landlord's interest in the Premises for the recovery of any judgment from Landlord, it being agreed by Landlord and Tenant that Landlord's (or her successor's) employees shall never be personally liable for any such judgment. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors in interest or any other action not involving the personal liability of Landlord to respond in monetary damages from assets other than Landlord's interest in the Premises or

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any suit or action in connection with enforcement or collection of amounts which may become owing or payable under or on account of insurance maintained by Landlord. LANDLORD'S DUTIES AND WARRANTIES ARE LIMITED TO THOSE EXPRESSLY STATED IN THIS LEASE AND SHALL NOT INCLUDE ANY IMPLIED DUTIES OR IMPLIED WARRANTIES, NOW OR IN THE FUTURE. NO REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE BY LANDLORD OTHER THAN THOSE CONTAINED IN THIS LEASE.

20.19 Prior Agreements Superseded; Entire Contract; Amendment. Tenant agrees that this Lease supersedes and cancels any and all previous statements, negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant with respect to the subject matter of this Lease or the Premises and that this Lease, including written extrinsic documents referred to herein, is the entire agreement of the parties, and that there are no representations, understandings, stipulations, agreements, warranties or promises (express or implied, oral or written) between Landlord and Tenant with respect to the subject matter of this Lease or the Premises which are not contained herein. It is likewise agreed that this Lease may not be altered, amended, changed or extended except by an instrument in writing signed by Landlord and Tenant.

20.20 Binding Effect. This Lease shall be binding upon and inure to the benefit of the parties hereto, and their successors and assigns, who all shall be obligated to execute any further instruments, or take further actions, necessary for the effectiveness hereof.

20.21 Joint and Several. If the Lease is executed by more than one person (or entity) then each party so executing shall be jointly and severally liable for all amounts, or other performance, under and pursuant to this lease.

20.22 Instruments and Evidence Required to be Submitted to Landlord. Each written instrument and all evidence of the existence or non-existence of any circumstance or condition which is required by this Lease to be furnished to Landlord shall in all respects be in form and substance satisfactory to Landlord, and the duty to furnish such written instrument or evidence shall not be considered satisfied until Landlord shall have acknowledged that it is satisfied therewith.

20.23 Counterparts. This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall constitute one and the same instrument.

20.24 Headings; Gender. The headings of the Sections of this Lease are for convenience of reference only and do not form a part hereof and shall not be interpreted or construed to modify, limit, or amplify such Sections. As used herein, masculine shall refer to feminine and singular to plural where context so requires.

20.25 Construction. This Lease does not create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant; the sole relationship between Landlord and Tenant being that of landlord and tenant. No waiver of any default of Tenant hereunder shall be implied from any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall effect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent to or approval by Landlord of any act by Tenant requiring Landlord's consent or approval shall not waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant. Each term and each provision of this Lease performable by Tenant shall be construed to be both a covenant and a condition. No action required or permitted to be taken by or on behalf of Landlord under the terms or provisions of this Lease shall be deemed to constitute an eviction or disturbance of Tenant's possession of the Premises. The marginal or topical headings of the several articles, paragraphs, and clauses are for convenience only and do not define, limit or construe the contents of such articles, paragraphs or clauses. The laws of the State of Texas shall govern the validity, performance and enforcement of this Lease. The parties further agree that any rule of construction which states that a writing shall be construed against the party who drafted same shall not be applicable to this Lease.

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20.26 Interest. Any amount due from Tenant to Landlord under this Lease which is not paid within ten (10) days of the date when such payment is due shall bear interest at the highest legal rate permitted by law unless a different rate is specified herein.

20.27 Usury. Interest on any payment evidenced by this Lease will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Rent due from the Tenant or, if the usurious amount has been paid and Rent is due from the Tenant, then such amount shall be refunded. This provision overrides any conflicting provisions in this Lease.

21.28 Acceptance of Payments Under Protest. The acceptance by Landlord of payments by Tenant under protest shall not be deemed an acknowledgment by Landlord of, or a validation of, any contention or reservation of rights by Tenant.

20.29 Exhibits and Riders. The Exhibits and Riders (if any) attached to this Lease are hereby incorporated herein and hereby made a part of this Lease.

20.30 Governing Law and Venue. This Agreement shall be construed under the Constitution and laws of the State of Texas and venue for any dispute regarding the terms and provisions herein or performance shall be in Fort Bend County, Texas.

20.31 Change in Law. Notwithstanding any language herein contained to the contrary, it is agreed that this Lease is intended as a long term lease and that there will undoubtedly be changes in the law which may render provisions of this Lease unenforceable or invalid. It is the agreement of the parties that any such unenforceability or invalidity shall not affect the remainder of the terms and provisions herein and additionally the Landlord shall be accorded such additional rights and privileges as may be accorded to landlords subsequent hereto and will not directly conflict with any of the enforceable terms and provisions hereof. In other words, subsequent laws shall be taken into account in the protection of the Landlord and the Premises to the fullest extent possible.

20.32 Further Assurances. Each party hereto agrees to perform any further acts and to execute and deliver any further documents which may reasonably be necessary to carry out the provisions of this Lease. Should the Tenant fail to comply with this provision, the Landlord is hereby granted a power of attorney to execute on Tenant's behalf such further documents as may be reasonably necessary to comply with the terms and provisions hereof.

20.33 Business Day. If any time period for performance falls on a national holiday or a Saturday or Sunday, such time period shall be deemed to include the next business day.

20.34 Time of the Essence. Time is of the essence as to the performance of any term, condition, or provision hereof.

LANDLORD AND TENANT EXPRESSLY ACKNOWLEDGE AND AGREE, AS A MOVING AND MATERIAL PART OF THE CONSIDERATION FOR LANDLORD'S ENTERING INTO THIS LEASE WITH TENANT, THAT, EXCEPT AS EXPRESSLY PROVIDED FOR HEREIN, LANDLORD HAS MADE NO WARRANTIES TO TENANT AS TO THE USE OR CONDITION OF THE PREMISES, EITHER EXPRESS OR IMPLIED, AND LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE OR ANY OTHER WARRANTY (EXPRESS OR IMPLIED) REGARDING THE PREMISES AND ALSO EXPRESSLY ACKNOWLEDGE AND AGREE THAT TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND THAT



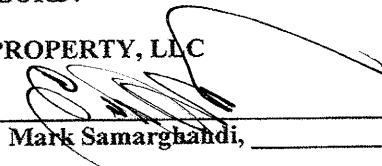
TENANT WILL CONTINUE TO PAY THE RENT PROVIDED FOR HEREIN WITHOUT ABATEMENT, SET-OFF, OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, EXPRESS OR IMPLIED. LANDLORD AND TENANT EXPRESSLY AGREE THAT THERE ARE NO, AND SHALL NOT BE ANY, IMPLIED WARRANTIES OR MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND ARISING OUT OF THIS LEASE AND THAT ALL EXPRESS OR IMPLIED WARRANTIES IN CONNECTION HEREWITH ARE EXPRESSLY DISCLAIMED AND WAIVED.

LANDLORD DISCLAIMS ANY WARRANTY OF SUITABILITY THAT MAY OTHERWISE HAVE ARISEN BY OPERATION OF LAW. LANDLORD DOES NOT WARRANT THAT THERE ARE NO LATENT DEFECTS IN THE FACILITIES THAT ARE VITAL TO TENANT'S USING THE PREMISES FOR THEIR INTENDED COMMERCIAL PURPOSE AND THAT THESE ESSENTIAL FACILITIES WILL REMAIN IN A SUITABLE CONDITION. TENANT LEASES THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS," WHETHER SUITABLE OR NOT, AND WAIVES THE IMPLIED WARRANTIES OF SUITABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE TENANT HAS CONDUCTED ITS OWN INVESTIGATION OF THE PROPERTY AND RELIES UPON SUCH INVESTIGATION AND NOT UPON ANY REPRESENTATIONS MADE BY THE LANDLORD.

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

LANDLORD:

SMH PROPERTY, LLC

By: 

Mark Samarghandi, _____

TENANT:

TRICOLOR AUTO GROUP, LLC

By: 

Daniel Chu, President

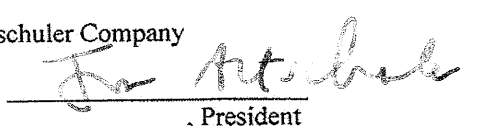
BROKERS:

Robert Watson & Associates

By: 

Robert Watson, President

Altschuler Company

By: 

_____, President

EXHIBIT "A"

Real Property Descriptions

[TO BE INSERTED]

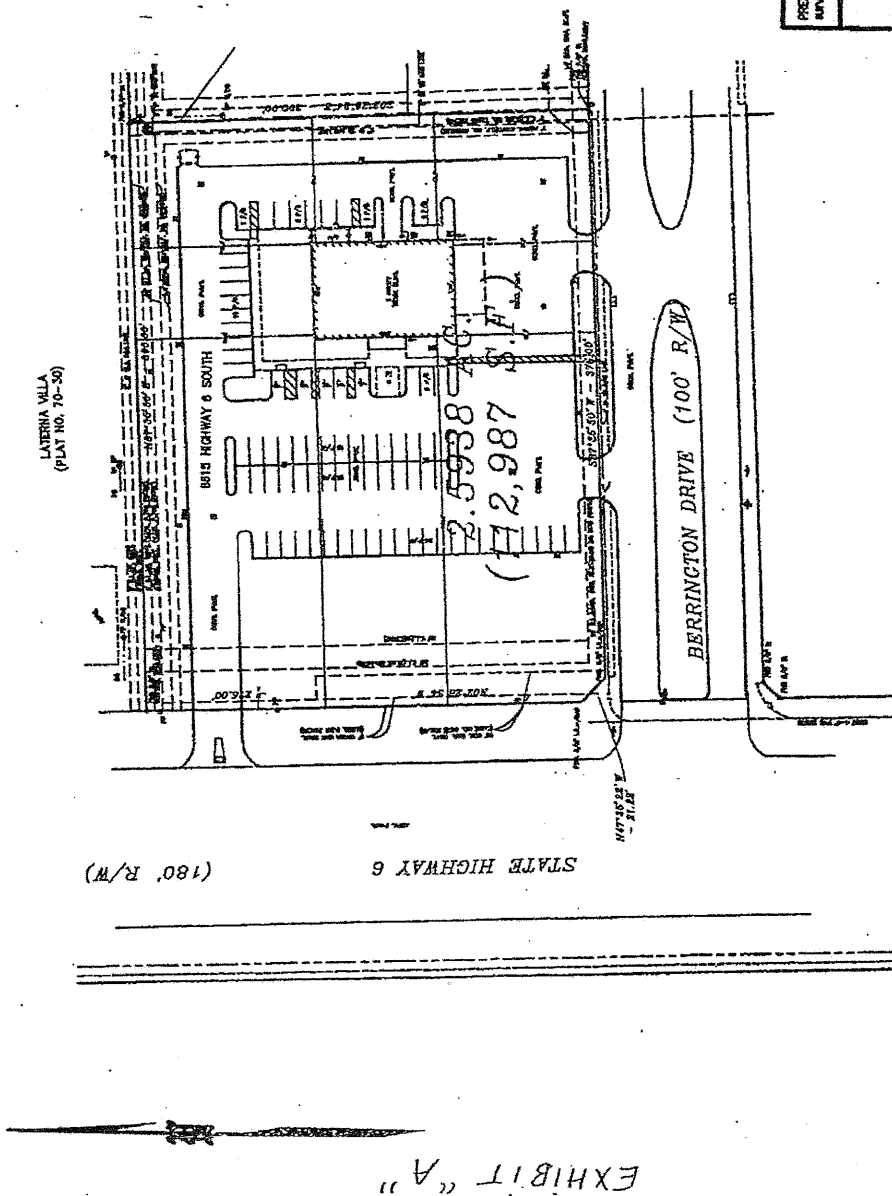
0002/0002

PRELIM & COMPANY, INC.
surveying / mapping

LAND TITLE SURVEY

2.8836 ACRES OF LAND OUT OF
RESTRICTED RESERVE "A"
KINGSBRIDGE FUNERAL HOME
(SUITE 140, 17103 FERGUSON)
FIRST MICH. COUNTY, TEXAS

DATE: 10-24-2001 SCALE: 1" = 30' 1008 H&L 238-30-
O.F. NO. 01300635 STEWART TITLE COMPANY



2000

ADDENDUM "B" TO LEASE AGREEMENT

This Addendum "B" to Lease Agreement (this "Addendum B") is incorporated by reference into and is a part of that certain Lease Agreement (the "Lease") between SMH PROPERTY, LLC as Landlord, and TRICOLOR AUTO GROUP LLC, as Tenant. Except as otherwise indicated herein, capitalized terms used in this Addendum B shall have the same meaning ascribed to such terms in the Lease. In the event of an inconsistency or conflict between the terms of the Lease, the terms of any other addendum or exhibit attached to the Lease, and the terms of this Addendum B, this Addendum B shall control. If the provisions of the Lease are more comprehensive than this Addendum B, except where otherwise stated herein, such comprehensive provisions shall not constitute a conflict with this Addendum, unless the terms of this Addendum expressly contradict the terms and conditions of the Lease.

1. Delay in Occupancy. In the event of a delay of occupancy, rent and all other sums due by Tenant under the Lease shall abate until Landlord delivers the Premises to Tenant.

2. Delivery of Premises. Notwithstanding anything to the contrary, Landlord shall deliver the Premises on the Commencement Date in a broom clean condition and free of all furniture and debris.

3. Signage. Except for signage requiring structural changes to the Premises, Tenant shall have the right to place or affix any signs or other objects on or about the Premises, including the roof or exterior walls of the Premises. Any signs installed by Tenant shall conform with applicable laws and deed and other restrictions. Tenant shall remove all signs at the termination of this Lease and shall repair any damage and close any holes caused or revealed by such removal.

4. Landlord's Liability. Landlord is responsible to Tenant and Tenant's employees, patrons, guests, or invitees for any damages, injuries, or losses to person or property caused by the negligence of Landlord, Landlord's employees or Landlord's invitees.

5. Self Help. Any provision in the Lease to the contrary notwithstanding, if Landlord defaults in observance or performance of any term or covenant required to be performed by it under the Lease, Tenant after not less than thirty (30) days notice to Landlord may, but shall not be obligated to remedy such default and in connection therewith may pay or incur reasonable expenses. Notwithstanding the foregoing, Tenant shall not have such right in the event Landlord takes action to cure the default within such thirty (30) day period but is unable, by reason of the nature of the work involved, to cure the same within such period, provided Landlord continues such work diligently and without unnecessary delays. Additionally, Tenant shall have the right to remedy any default of an emergency nature in the event Landlord fails to commence curing any default creating an emergency situation promptly upon being given notice which is reasonable under the circumstances, and Tenant shall have the right to remedy such a default without notice (if the giving of notice is not reasonably practicable) in the event of an emergency. All sums expended or obligations incurred by Tenant in connection with the foregoing shall be paid by Landlord to Tenant upon demand, and if Landlord fails to reimburse Tenant, Tenant may, in addition to any other right or remedy that

Tenant may have, deduct such amount from subsequent installments of rent hereunder which from time to time thereafter become due to Landlord.

6. Default by Landlord. Section 15.9 is hereby deleted and replaced with the following:

(a) Any provision in the Lease to the contrary notwithstanding, if Landlord fails to perform its obligations under the Lease and such failure (i) is the result of a condition within the Landlord's control, (ii) interferes substantially with the normal use of the Premises or appurtenant parking, and (iii) continues for more than thirty (30) consecutive days, then the rental shall be abated until such failure or interference is eliminated or the Premises are otherwise rendered tenantable again. Additionally, if such failure or interference continues for a period of sixty (60) or more consecutive days, then Tenant shall have the right and option to cancel the Lease by giving written notice to Landlord within fifteen (15) days after the end of such sixty (60) day period. The rights conferred herein are cumulative and not in lieu of other rights which the Tenant may have at law or in equity for defaults by Landlord.

7. Notice and Opportunity to Cure. Tenant shall not be in default under the Lease unless Tenant fails to (1) pay any installment of the rent within five (5) days after the date that same is due and such failure continues for a period of seven (7) days following Tenant's receipt of written notice from Landlord to Tenant; provided, however, that if Landlord has given Tenant one (1) notice in any twelve (12) month period, no further notice need be given, and Tenant shall be in default under this Lease if Tenant fails to make any such payment within five (5) days after the date that same is due. If Tenant fails to comply with any term of the Lease other than the payment of rent, and such failure continues for more than thirty (30) days following receipt of written notice from Landlord to Tenant, Tenant shall be in default under the Lease.

8. Assignments to Related Entities. Notwithstanding Section 12.1, Landlord's consent to an assignment or subletting shall not be required if the assignee or subtenant is (a) an "affiliate" (as defined below) of the Tenant, or (b) an entity which acquires all or substantially all the assets or outstanding stock of the Tenant through a merger or acquisition, and the assignee or subtenant agrees to be bound by the terms of the Lease. For purposes hereof, the term "affiliate" means any person or entity which now owns at least 51% voting control of the Tenant and any entity in which the Tenant or Tenant's current owners own at least 51% voting control. Additionally, a transfer of ownership interests in Tenant by reason of the death or divorce of an owner of Tenant shall not be deemed an assignment of subletting for purposes of the Lease. Notwithstanding the foregoing, it is agreed that any assignment by Tenant shall not relieve the Tenant of its obligations under the Lease.

9. Subordination of Landlord's Lien. Landlord hereby subordinates all statutory and contractual landlord's liens (and, provided Tenant is not in default at the time, agrees to sign documents so indicating, upon Tenant's request) to any liens or security interests covering Tenant's inventory, or financed fixtures, furniture or equipment of Tenant in favor of bona-fide third-party lenders providing financing to Tenant (including purchase-money financing).

10. Non-Disturbance of Tenant. The subordination provided of the Lease shall extend only to such mortgages or deeds of trust under which the mortgagee by agreement in the

mortgage or deed of trust or in a separate instrument contracts in substance not to disturb Tenant's occupancy so long as Tenant performs its obligations in the Lease on condition that Tenant, when requested by the mortgagee, shall execute an attornment agreement to the mortgagee should the mortgagee succeed to the rights of the Landlord under the Lease.

11. Mechanic's Liens. Tenant shall have the right, after written notice to Landlord, to contest in good faith and all due diligence any mechanic's lien and shall not be required to pay any claim secured by such mechanic's lien provided that such lien would not be satisfied out of the interest of Landlord in the Premises by reason of such delay, and further provided that Tenant will at Tenant's expense defend Landlord and pay all costs reasonable incurred by Landlord relating to the contest in the event Landlord is joined in any suit pertaining thereto or in the event an lien affidavit is filed claiming a lien upon Landlord's interest in the Premises. Should the Tenant desire to contest a mechanic's lien filed against the Premises or the Landlord's Property, the Tenant shall post a statutory bond as required by Texas law or other assurances as may be reasonably required by Landlord.

12. Compliance with Laws. Landlord and Tenant agree to comply with applicable laws, with their respective responsibilities to be allocated as follows:

(a) Tenant will be responsible for compliance with all applicable laws, statutes, ordinances and governmental rules, regulations or requirements now in force or that may hereafter be in force with respect to the operation of Tenant's business and the Premises.

13. Certain Representation, Warranties and Agreements of Landlord. Landlord represents and warrants to Tenant as follows:

(a) To the best of Landlord's actual knowledge without any investigation, the foundation, flooring and structural components of the Premises are sufficient to support loads common to Tenant's business.

(b) Utilities necessary for Tenant to conduct Tenant's business are available to service the Premises.

14. Landlord's Access. Notwithstanding Section 20.14, Landlord is only entitled to enter the Premises for the purpose of showing the Premises to prospective tenants during the last ninety (90) days of the term of the Lease. This provision only relates to showing prospective Tenants the Premises and does not relate to any other Landlord access to the Premises.

15. Landlord's Approvals. Notwithstanding anything to the contrary contained in the Lease, it is specifically understood and agreed that with respect to any approvals, consents, or matters to be performed to the satisfaction of Landlord, the Landlord shall not unreasonably withhold, or unreasonably condition or delay its approval, consent, or indication of satisfaction.

16. Tenant Insurance. Section 8.1 is hereby deleted and replaced with the following:

(a) The Tenant shall obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Landlord and

Tenant against any liability arising out of the ownership, use, occupancy, or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$1,000,000.00 for injury to or death of one person in any one accident or an amount of not less than \$2,000,000.00 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Landlord and Tenant against liability for property damage of at least \$1,000,000.00. The limits on the amount of insurance coverage provided above shall not, however, limit the liability of Tenant hereunder. In the event that the Premises constitute a part of a large property, said insurance shall have a Landlord's Protective Liability endorsement attached thereto. If the Tenant shall fail to procure and maintain said insurance the Landlord may, but shall not be required to procure and maintain the same, but at the expense of the Tenant. Any insurance required of Tenant under this Lease shall name Landlord as an additional insured and loss payee. Certificates of insurance evidencing the above must be delivered to Landlord prior to Tenant's occupancy and shall be kept in full force and effect at all times during the term of this Lease at the sole cost and expense of the Tenant.

17. Right of First Purchase Refusal. If, during the Lease term, Landlord shall receive a bona fide, written offer which Landlord is willing to accept (the "Purchase Offer") to purchase the Premises, and provided that this Lease is in full force and effect and there is no event of default of Tenant existing under this Lease, Tenant shall have a right of first purchase refusal (the "Right of First Purchase Refusal") to purchase the Premises upon the same terms and conditions contained in the Purchase Offer. If within seven (7) days after Tenant receives written notice of the Purchase Offer including a signed letter of intent describing the material terms of the Purchase Offer (the "Sale Notice"), Tenant does not notify Landlord in writing that Tenant elects to purchase the Premises on such terms and conditions, then Landlord shall be free to sell the Premises to the buyer referenced in the Sale Notice; provided, however, that Landlord shall not sell the Premises upon terms less favorable to Landlord than those set out in the Purchase Offer (i.e., the Sale Notice given to Tenant). If Landlord fails to close the sale of the Premises on the terms and conditions contained in the Purchase Offer (or on terms more onerous to the buyer thereunder) within 180 days after the expiration of such 7-day period, the Right of First Purchase Refusal with respect to the Premises shall remain valid and effective.

18. Commission. The parties hereto acknowledge Altschuler and Company ("**Tenant Broker**") was the real estate broker that represented the Tenant. Each of Tenant and Landlord represents and warrants to the other that it has not dealt with or been represented by a real estate broker or agent in connection with this Lease other than the Landlord Broker and the Tenant Broker (collectively, the "**Brokers**"). Landlord shall pay Tenant's Broker a leasing commission of \$23,400.00 in cash. If Landlord fails to timely pay such commission, Tenant may pay such commission directly to Tenant's Broker and offset such amount against the next monthly installment of Base Rent. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any broker or agent, other than the Brokers, claiming the same by, through or under the indemnifying party.

19. Additional Notices. All notices sent to Tenant shall also be delivered to:

Altschuler and Company
2651 North Harwood Street, Suite 424
Dallas, Texas 75201
Attn: Jon Altschuler
Jon.altschuler@altschulercompany.com
Phone: (214) 302 - 0072

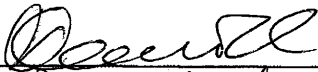
20. Tenant's Right to Make Minor Alterations. Section 7.3(b) is hereby deleted and replaced with the following:

(a) Tenant may make Minor Alterations without Landlord's Consent, "**Minor Alterations**" are Alterations that (1) do not fall within one or more of the categories above for which it is reasonable for Landlord to withhold consent, (2) do not require a building permit, (3) do not involve modifications to Premises or structural elements of the Premises, and (4) cost less than \$25,000.

21. Taxes and Assessment. Landlord shall pay all ad valorem taxes, assessments, and other governmental charges (hereinafter collectively referred to as "Taxes") levied or assessed against the Premises during the term of this Lease. For purposes of this Lease, the term "Taxes" shall not include any income, or inheritance tax imposed upon Landlord. Tenant shall reimburse Landlord for the Taxes levied or assessed against the Premises during the Term of this Lease. As soon as practicable after the close of each real estate tax year, but in no event later than sixty (60) days after the real estate tax year end, Landlord shall furnish a statement in writing to Tenant specifying the actual amount due by Tenant with respect to the Taxes. If the term of this Lease is not in effect for an entire real estate tax year, then the Taxes to be reimbursed by Tenant hereunder shall be prorated on a daily basis between the parties to the end that Tenant shall only reimburse Landlord for Taxes attributable to the portion of the real estate tax year occurring within the term of this Lease. Landlord further agrees that Tenant is authorized, at its cost and expense, to proceed to protest the valuation of the Premises for ad valorem tax purposes on behalf of Landlord. Landlord agrees to cooperate with Tenant in Tenant's efforts, so long as Landlord is not obligated to expend any funds in connection with such protest, and Landlord will sign all documents, instruments, requests, petitions, etc. that may be reasonably required in connection therewith.

Tenant:

TRICOLOR AUTO GROUP, LLC

By: 

Name: Daniel Chu

Title: President

Landlord:

SMH PROPERTY, LLC

By: 

Name: MARK Samarghandi

Title: Manager

EXTENSION AND MODIFICATION AGREEMENT

THIS EXTENSION AND MODIFICATION AGREEMENT ("Extension Agreement") is executed effective as of the 5th day of July, 2017 ("Effective Date"), by and between SMH PROPERTY, LLC, a Texas limited liability company (herein called "Landlord") and DANIEL CHU, (herein called "Tenant").

Recitals

A. Landlord and Tenant, heretofore entered into a certain Lease Agreement dated _____, 2012 (the "Lease"), to which reference is here made as if such Lease were written herein verbatim.

B. The parties now desire to enter into this Extension and Modification Agreement in order to extend and modify the Lease as herein provided. The Lease, including this Extension and Modification Agreement, shall be collectively referred to as the "Agreement" for all purposes. Unless otherwise defined in this Extension and Modification Agreement, the terms used herein shall have the same meanings as ascribed to such terms in the original Lease.

Agreements

NOW, THEREFORE, for and in consideration of the foregoing recitals, together with Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, Landlord and Tenant hereby agree that the Lease be amended as follows:

Section 3.1 Primary Term of the Lease shall be amended by changing the following language:

The term of this Lease shall be extended for five (5) years, commencing December 5, 2017 (the "Commencement Date") and ending on November 30, 2022 ("Renewal Term"), unless sooner terminated, pursuant to any provision hereof, all other provisions of this Lease remain the same including the Base Rent of \$13,000.00 per month, except as hereinafter set forth.

Section 3.3 Option to Renew, of the Lease shall be amended by changing the following language:

Provided Tenant is not in default in any provisions of this Lease at the end of the Renewal Term, Tenant shall have the right, to extend and renew the Renewal Term hereof for one additional five (5) year period commencing December 1, 2022 (Second Option Term), such extension and/or renewal to be on the same terms, covenants and conditions as are herein contained, except for such terms and conditions as set forth in Section 4.1.2 below. As used in this Lease, the term of this Lease shall refer to the "Term" and the "Renewal Term", collectively the "Term", as the case may be. Such right to extend for a second renewal term shall be exercised by Tenant's written notice to Landlord at least one hundred eighty (180) days prior to the expiration of the Renewal Term and upon the giving of such notice and without any further instrument, lease or agreement, this Lease shall be so extended and renewed. All of the terms and covenants of this Lease shall apply for any extended or renewed term except for the additional or modified terms set forth herein.

Section 4.1.2 Renewal Term. Tenant shall pay to Landlord the sum of \$14,500.00 base rent per month for the Second Option Term if elected by the Tenant; and

Section 4.1.3 Second Renewal Term as stated in the Lease shall be deleted.

Nothing contained in this Extension and Modification Agreement shall be deemed, interpreted, or

construed to prejudice, limit, impair, or constitute a waiver or estoppel of any rights or remedies of Landlord.

Except as hereinabove modified, the Agreement will remain unchanged and in full force and effect, subject to all of the terms and conditions contained therein, and by their execution hereof, Landlord and Tenant ratify and confirm all of the terms and conditions of the Lease except as hereinabove modified. In the event of a conflict between the terms and provisions of the Lease and this Extension Agreement, the terms and provisions of this Extension Agreement shall control. This Extension Agreement may be executed in multiple counterparts, by facsimile or original signatures, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Extension Agreement this 5th day of July, 2017, but effective as of the day and year first above written.

LANDLORD:

SMH PROPERTY, LLC

By: _____


Mark Samarghandi

TENANT:

DANIEL CHU

By: _____


Daniel Chu

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("**First Amendment**") is executed to be effective the 30 day of November, 2022, by and between SMH PROPERTY, LLC., a Texas limited liability company ("**Landlord**") and TRICOLOR AUTO GROUP, LLC, a Texas limited liability company ("**Tenant**").

Recitals

A. Landlord and Tenant have heretofore entered into a certain Lease Agreement effective December 5th, 2012 (the "Lease") for certain premises located in at 8655 Highway 6 South, Houston, Texas ("**Leased Premises**"). Unless otherwise defined in this First Amendment, the terms used herein shall have the same meanings as ascribed to such terms in the Lease.

B. Landlord and Tenant now desire to enter into this First Amendment in order to make certain changes and additions to the Lease as more fully set forth herein below.

C. This Amendment shall become effective immediately upon execution by all parties.

Agreements

NOW, THEREFORE, for and in consideration of the foregoing recitals, together with Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, Landlord and Tenant hereby agree that the Lease be amended as follows:

Section 3.3 "Option to Renew" of the Lease shall be amended by adding the following:

"The current second extension option which has been allegedly exercised will terminate on November 30, 2022.

Upon the expiration of the second extension option period currently in effect a new two year term ("**New Term**") will be exercised beginning December 1, 2022 and expiring on November 30, 2024.

In addition thereto the rental rate for the New Term will be Sixteen Thousand Dollars (\$16,000.00) per month, net, net, net in accordance with the original Lease."

Except as hereinabove modified, the Lease will remain unchanged and in full force and

effect, subject to all of the terms and conditions contained therein, and by their execution hereof, Landlord and Tenant ratify and confirm all of the terms and conditions of the Lease except as hereinabove modified. In the event of a conflict between the terms and provisions of the Lease and the terms of this First Amendment shall control.

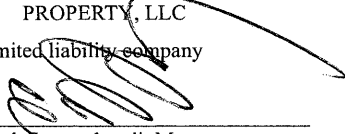
It is understood and agreed that this First Amendment contains the entire agreement between the parties as to the New Term and supersedes any and all prior drafts of agreements, arrangements, or understandings between the parties as it relates to the subject matter of this First Amendment.

☐ This First Amendment may be executed in multiple counterparts, by facsimile or original signatures, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have heretofore executed this First Amendment as of the day and year first above written.

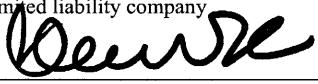
LANDLORD:

SMH PROPERTY, LLC
a Texas limited liability company

By: 
Mark Samarghandi, Manager

TENANT:

TRICOLOR AUTO GROUP, LLC
a Texas limited liability company

By: 
Daniel Chu, President

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("First Amendment") is executed to be effective the 1st day of December, 2024, by and between SMH PROPERTY, LLC., a Texas limited liability company ("Landlord") and TRICOLOR AUTO GROUP, LLC, a Texas limited liability company ("Tenant").

Recitals

A. Landlord and Tenant have heretofore entered into a certain Lease Agreement effective December 5th, 2012 (the "Lease") for certain premises located in at 8655 Highway 6 South, Houston, Texas ("Leased Premises"). Unless otherwise defined in this First Amendment, the terms used herein shall have the same meanings as ascribed to such terms in the Lease.

B. Landlord and Tenant now desire to enter into this First Amendment in order to make certain changes and additions to the Lease as more fully set forth herein below.

C. This Amendment shall become effective immediately upon execution by all parties.

Agreements

NOW, THEREFORE, for and in consideration of the foregoing recitals, together with Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, Landlord and Tenant hereby agree that the Lease be amended as follows:

Section 3.3 "Option to Renew" of the Lease shall be amended by adding the following:

"The current second extension option which has been allegedly exercised will terminate on November 30, 2024.

one Upon the expiration of the second extension option period, currently in effect a new ~~two~~ year term ("New Term") will be exercised beginning December 1, 2024 and expiring on November 30, 2024. 2025

In addition thereto the rental rate for the New Term will be Sixteen Thousand Five Hundred Dollars (\$16,500.00) per month, net, net, net in accordance with the original Lease."

Except as hereinabove modified, the Lease will remain unchanged and in full force and

effect, subject to all of the terms and conditions contained therein, and by their execution hereof, Landlord and Tenant ratify and confirm all of the terms and conditions of the Lease except as hereinabove modified. In the event of a conflict between the terms and provisions of the Lease and the terms of this First Amendment shall control.

It is understood and agreed that this First Amendment contains the entire agreement between the parties as to the New Term and supersedes any and all prior drafts of agreements, arrangements, or understandings between the parties as it relates to the subject matter of this First Amendment.

This Second Amendment may be executed in multiple counterparts, by facsimile or original signatures, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

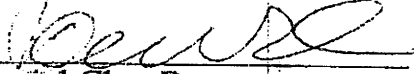
IN WITNESS WHEREOF, Landlord and Tenant have heretofore executed this Second Amendment as of the day and year first above written.

SMH PROPERTY, LLC
a Texas limited liability company

By: 
Mark Samarghandi, Manager

TENANT:

TRICOLOR AUTO GROUP, LLC
a Texas limited liability company

By: 
Daniel Chu, Pres

THIRD AMENDMENT TO LEASE

This Third Amendment to Lease ("**Third Amendment**") is executed to be effective the 1st day of December, 2025, by and between SMH PROPERTY, LLC, a Texas limited liability company ("**Landlord**") and TRICOLOR AUTO GROUP, LLC, a Texas limited liability company ("**Tenant**").

Recitals

A. Landlord and Tenant have heretofore entered into a certain Lease Agreement effective December 5, 2012 (the "Lease") for certain premises located at 8655 Highway 6 South, Houston, Texas ("**Leased Premises**"). Unless otherwise defined in this Third Amendment, the terms used herein shall have the same meanings as ascribed to such terms in the Lease.

B. Landlord and Tenant now desire to enter into this Third Amendment in order to make certain changes and additions to the Lease as more fully set forth herein below.

C. This Amendment shall become effective immediately upon execution by all parties.

Agreements

NOW, THEREFORE, for and in consideration of the foregoing recitals, together with Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, Landlord and Tenant hereby agree that the Lease be amended as follows:

Section 3.3 — Option to Renew:

Section 3.3 of the Lease is hereby amended by adding the following:

"The current second extension option, which has been allegedly exercised, will terminate on November 30, 2025.

Upon the expiration of the second extension option period currently in effect, a new two-year term ("New Term") will be exercised beginning December 1, 2025, and expiring on November 30, 2027.

In addition thereto, the rental rate for the New Term shall be as follows:

- Eighteen Thousand Five Hundred Dollars (\$18,500.00) per month, net, net, net, for the period from December 1, 2025, through November 30, 2026.
- Twenty Thousand Dollars (\$20,000.00) per month, net, net, net, for the period from December 1, 2026, through November 30, 2027 in accordance with the original Lease.

Except as here in above modified, the Lease will remain unchanged and in full force and effect, subject to all of the terms and conditions contained therein, and by their execution hereof, Landlord and Tenant ratify and confirm all of the terms and conditions of the Lease except as hereinabove modified. In the event of a conflict between the terms and provisions of the Lease and the terms of this Third Amendment shall control.

It is understood and agreed that this Third Amendment contains the entire agreement between the parties as to the New Term and supersedes any and all prior drafts of agreements, arrangements, or understandings between the parties as it relates to the subject matter of this Third Amendment.

This Third Amendment may be executed in multiple counterparts, by facsimile or original signatures, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date first above written.

LANDLORD:

SMH PROPERTY, LLC

a Texas limited liability company

By: 

Mark Samarghandi, Manager

TENANT:

TRICOLOR AUTO GROUP, LLC

a Texas limited liability company

By: 

Daniel Chu, President

RECORDED AT THE REQUEST
OF FIRST AMERICAN TITLE

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Special Warranty Deed with Vendor's Lien

Date: October 30, 2007

Grantor: CHOPO Enterprises, LLC, a Texas limited liability company

Grantor's Mailing Address:

CHOPO Enterprises, LLC
8615 Highway 6 South
Houston, TX 77083
Fort Bend County

Grantee: SMH Property, LLC, a Texas limited liability company

Grantee's Mailing Address:

SMH Property, LLC
368 Robbins Dr.
Houston, TX 77024
Harris County

Consideration:

Cash and a note of even date executed by Grantee and payable to the order of Grantor in the principal amount of ONE MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,100,000.00). The note is secured by a first and superior vendor's lien and superior title retained in this deed and by a first-lien deed of trust of even date from Grantee to Jefery F. Carson, trustee.

Property (including any improvements):

All that certain 2.5938 acres of land out of Restricted Reserve "A", Kingsbridge Family Funeral Home, according to the Map or Plat thereof filed in the Plat Records of Fort Bend County, Texas in Slide No. 1703/B and being more particularly described by metes and bounds as follows:

BEGINNING at a found 5/8" iron rod marking the southwest corner of Block 1, Kingsbridge Park, Section 2, according to the plat thereof filed in the Map Records of Harris County, Texas in Film Code No. 9516857;

THENCE South 87° 35' 50" West, 375.00' with the north right-of-way line of Berrington Drive (100' wide) to a found 5/8" iron rod for corner;

THENCE North 47° 25' 22" West, 21.22' with a 15' cut-back line to a found 5/8" iron rod for corner;

THENCE North 02° 26' 34" West 275.00' with the east right-of-way line of State Highway 6 (180' wide) to a found 5/8" iron rod for corner;

THENCE North 87° 35' 50" East 390.00' with the north line of said Restricted Reserve "A" to a found 5/8" iron rod for corner;

THENCE South 02° 26' 34" East, 290.00' with the west line of said Block 1, Kingsbridge

1096664-96

Park, Section 2, to the POINT OF BEGINNING and containing 2.5938 acres (112,987 square feet) of land, more or less.

Reservations from Conveyance:

None

Exceptions to Conveyance and Warranty:

Liens described as part of the Consideration and any other liens described in this deed as being either assumed or subject to which title is taken; validly existing easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded and validly existing restrictions, reservations, covenants, conditions, oil and gas leases, mineral interests, and water interests outstanding in persons other than Grantor, and other instruments, other than conveyances of the surface fee estate, that affect the Property; validly existing rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; and taxes for 2007, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes, and specifically subject to the following:

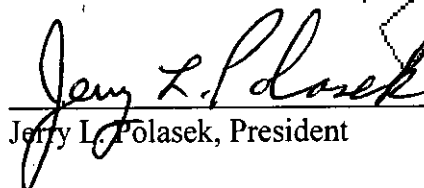
1. Rental Agreement between CHOPO Enterprises, LLC and Pastor Albert Green of The Lighthouse Baptist Church dated March 4, 2002, effective March 17, 2002 (month-to-month rental agreement for Sunday services).
2. Lease between CHOPO Enterprises, LLC and Sue G. Polasek dated December 28, 2005, effective January 1, 2006, for a 35 year term ending December 31, 2040, for 20 foot wide by 390 foot long strip of land parallel to and along northern property line.
3. Rental Agreement between CHOPO Enterprises, LLC and Allied Collision Center, Inc., a Texas corporation, dated March 31, 2006, effective April 1, 2006 (month-to-month rental agreement for storage of towed automobiles in back of building fenced area).

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, when the claim is made by, through, or under the Grantor herein, but not otherwise.

The vendor's lien against and superior title to the Property are retained until each note described is fully paid according to its terms, at which time this deed will become absolute.

When the context requires, singular nouns and pronouns include the plural.

CHOPO Enterprises, LLC, a Texas limited liability company,


Jerry L. Polasek, President

STATE OF TEXAS)

COUNTY OF FORT BEND)

Before me, Norma J Barker, on this day personally
appeared Jerry L. Polasek, proved to me through Texas Driver's License to be the person whose
name is subscribed to the foregoing instrument and acknowledged to me that Jerry L. Polasek
executed the same as the act of CHOPO Enterprises, LLC, a Texas limited liability company, as its
President, for the purposes and consideration therein expressed.

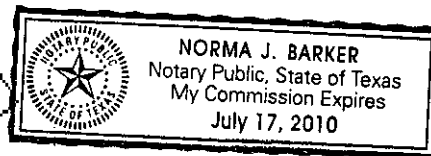
Given under my hand and seal of office this 30 day of October, 2007.

Notary Public, State of Texas

My commission expires: _____

PREPARED IN THE OFFICE OF:

Jefery F. Carson & Associates
12926 Dairy Ashford Rd., Suite 100
Sugar Land, TX 77478
Tel: (281) 240-9711
Fax: (281) 240-2479



AFTER RECORDING RETURN TO:

First American Title
2205 Williams Trace, #101
Sugar Land, Texas 77478

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dianne Wilson

2007 Nov 07 04:51 PM

2007138320

MHC \$19.00

Dianne Wilson COUNTY CLERK

FT. BEND COUNTY TEXAS