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

In re:	§	Chapter 7
TRICOLOR HOLDINGS, LLC, <i>et al.</i> , ¹	§	Case No. 25-33487 (MVL)
Debtors.	§	Jointly Administered

**MOTION OF 603 SAN FERNANDO ROAD, LLC TO COMPEL
PAYMENT OF POST-PETITION LEASE OBLIGATIONS**

**NO HEARING WILL BE CONDUCTED HEREON UNLESS A WRITTEN RESPONSE IS
FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AT
EARLE CABELL FEDERAL BUILDING, 1100 COMMERCE STREET, ROOM 1254,**

¹ The Debtors and their bankruptcy case numbers are: Tricolor Holdings, LLC (25-33487), TAG Intermediate Holding Company, LLC (25-33495), Tricolor Auto Group, LLC (25-33496), Tricolor Auto Acceptance, LLC (25-33497), Tricolor Insurance Agency, LLC (25-33512), Tricolor Home Loans LLC (25-33511), Tricolor Real Estate Services (25-33514), TAG California Holding Company, LLC (25-33493), Flexi Compras Autos, LLC (25-33490), TAG California Intermediate Holding Company, LLC (25-33494), Tricolor California Auto Group, LLC (25-33502), Tricolor California Auto Acceptance, LLC (25-33501), Risk Analytics LLC (25-33491), Tricolor Tax, LLC (25-33515), Tricolor Financial, LLC (25-33510), Tricolor Auto Receivables LLC (25-33498), TAG Asset Funding, LLC (25-33492), Apoyo Financial, LLC (25-33489).



DALLAS, TEXAS, 75242 BEFORE CLOSE OF BUSINESS ON NOVEMBER 7, 2025, WHICH IS AT LEAST 21 DAYS FROM THE DATE OF SERVICE HEREOF.

ANY RESPONSE SHALL BE IN WRITING AND FILED WITH THE CLERK, AND A COPY SHALL BE SERVED UPON COUNSEL FOR THE MOVING PARTY PRIOR TO THE DATE AND TIME SET FORTH HEREIN. IF A RESPONSE IS FILED A HEARING MAY BE HELD WITH NOTICE ONLY TO THE OBJECTING PARTY.

IF NO HEARING ON SUCH NOTICE OR MOTION IS TIMELY REQUESTED, THE RELIEF REQUESTED SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT OR THE NOTICED ACTION MAY BE TAKEN.

TO THE HONORABLE MICHELLE V. LARSON, UNITED STATES BANKRUPTCY JUDGE:

COMES NOW, 603 San Fernando Road, LLC ("Landlord"), through the undersigned counsel, files its *Motion of 603 San Fernando Road, LLC to Compel Payment of Post-Petition Lease Obligations* (the "Motion") and respectfully moves this Court as follows:

I. JURISDICTION AND VENUE

1. The Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Order of Reference of Bankruptcy Cases and Proceedings Nunc Pro Tunc* dated August 3, 1984, entered by the United States District Court for the Northern District of Texas. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of these cases and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

2. Landlord and debtor Tricolor California Auto Group, LLC, as successor-in-interest to Tricolor Auto Group, LLC, are parties to that certain *AIR Commercial Real Estate Association Standard Industrial/Commercial Single-Tenant Lease – Net*, dated August 23, 2013 (the "San Fernando Lease") for commercial premises located at, and commonly known as, 603 San Fernando Road, San Fernando, California (the "Leased Premises"). Current monthly rent and charges under the San Fernando Lease are the aggregate sum of \$29,874.26, consisting of monthly "Base Rent"

of \$24,850.98 and estimated operating expenses (including Taxes and Insurance) of \$5,023.28. The term of the San Fernando Lease is currently scheduled to expire on November 30, 2025. A true and correct copy of the Lease is attached hereto as **Exhibit A**.

3. On September 10, 2025 (the “Petition Date”), the Debtors commenced their Chapter 7 Cases by filing voluntary petitions for relief under chapter 7 of the Bankruptcy Code with this Court.

4. On the Petition Date, the Office of the United States Trustee (the “U.S. Trustee”) appointed Anne Elizabeth Burns as the duly qualified Trustee over these Chapter 7 Cases.

5. On September 19, 2025, this Court entered its *Amended Order (I) Directing Joint Administration of the Debtors’ Chapter 7 Cases and (II) Granting Related Relief* [Docket No. 75] authorizing joint administration of the Chapter 7 Cases.

6. On October 6, 2025, this Court entered its *Order Granting Trustee’s Motion for Limited Authorization to Operate the Debtors’ Business Pursuant To 11 U.S.C. § 721* [Docket No. 158], authorizing the Trustee to operate the Debtors’ business for a period of ninety-five (95) days, through and including January 9, 2026.

7. Here, in violation of Bankruptcy Code section 365(d)(3), post-petition rent and charges accruing under the Lease in the sum of \$29,874.26 has not been paid. Attached hereto as **Exhibit B** is a copy of the Landlord’s summary of outstanding rent payments current through October 2025. Landlord should be allowed an administrative claim in the sum of \$29,874.26 and the Trustee should be compelled to immediately pay to Landlord this unpaid post-petition rent accrued and due under the Lease for the post-petition period, and any further rent and charges that become due prior to the hearing on this Motion.

III. RELIEF REQUESTED

8. By its Motion, Landlord, the lessor of debtor Tricolor California Auto Group, LLC with respect to nonresidential real property located at 603 San Fernando Road, San Fernando, California, seeks entry of an Order by this Court allowing and directing immediate payment of an administrative priority claim for unpaid post-petition rent and charges under the parties' Lease for the month of October 2025, as required by Bankruptcy Code section 365(d)(3), in the sum of \$29,874.26 and any additional rent and charges that may become due before the hearing on the Motion. Landlord should also be awarded its attorneys' fees in at least the additional sum of \$3,000.00 incurred in making this Motion and compelling the payment of post-petition rent, as authorized by the terms of the parties' San Fernando Lease. If the Trustee cannot promptly pay these sums, the San Fernando Lease should be deemed rejected. Alternatively, Landlord should be granted adequate protection under Bankruptcy Code section 363(e) for the Trustee's ongoing use and occupancy of the Leased Premises.

IV. BASIS FOR RELIEF REQUESTED

9. The Bankruptcy Code affords lessors of nonresidential real property specific protections with regard to post-petition, pre-rejection rent. Section 365(d)(3) of the Bankruptcy Code provides, in pertinent part, as follows:

The trustee shall timely perform all of the obligations of the debtor, except those specified in section 365(b)(2), arising from and after the order for relief under any unexpired lease of nonresidential real property, until such lease is assumed or rejected, notwithstanding section 503(b)(1) of this title.

10. The plain language of Section 365(d)(3) and applicable case law requires Debtor's immediate payment of the pre-rejection obligations under the Lease. "The plain and unconditional language of the statute demands that a trustee promptly pay the full amount of rent due under a nonresidential real property lease during the 60-day [now 120-day] period pending assumption or

rejection [of the lease].” *Augusta Mall Partnership v. Twigland Fashions (In re Twigland Fashions, Inc.)*, 198 B.R. 199, 200 (W.D. Tex. 1996), citing *In re Pacific-Atlantic Trading Co.*, 27 F.3d 401, 404 (9th Cir. 1994); *In re Appletree Markets, Inc.*, 139 B.R. 417, 421 (Bankr. S.D. Tex. 1992) (“The plain language of the statute is clear. Section 365(d)(3) provides for timely performance of all obligations of the debtor from and after the order for relief.”).

11. The legislative history of Bankruptcy Code section 365 suggests that its purpose of the 1984 Amendments to Section 365 was “to relieve the burden placed on nonresidential real property lessors (or ‘landlords’) during the period between a tenant’s bankruptcy petition and assumption or rejection of a lease.” *Omni Partners, L.P. v. Pudgie’s Development of NY, Inc. (In re Pudgie’s Development of NY, Inc.)*, 239 B.R. 688, 692 (S.D.N.Y. 1999) (citing 130 Cong. Rec. S8894-95 (daily ed. June 29, 1994) (statement of Sen. Hatch); accord, *In re Appletree Markets, Inc.*, *supra*, 139 B.R. at 419-420 (discussing legislative history of 1984 amendments to Section 365). Prior to these amendments, the Bankruptcy Code did not require a trustee to perform its obligations under a nonresidential lease, but the landlord was forced to provide services to the debtor-tenant. Congress specifically chose to protect real property lessors because “the Landlord is forced to provide current services – the use of its property, utilities, security, and other services – without current payment. No other creditor is put in this position.” *Id.*; see also *In re Warehouse Club, Inc.*, 184 B.R. 316, 317 (Bankr. N.D. Ill. 1995) (“The purpose of § 365(d)(3) is to prevent landlords from becoming involuntary post-petition creditors of the bankruptcy estate.”). In the simplest terms, Landlord should not be forced to assist in the funding of these bankruptcy cases with a mere promise of payment in the future.

12. Contrary to Bankruptcy Code section 365(d)(3) and applicable case law, Landlord is plainly not receiving “current payment” for the “current services” which it is compelled to

provide pending the assumption or rejection of a lease. The Trustee should be compelled to immediately pay all post-petition rent and charges due to Landlord under the San Fernando Lease. There can be no serious question that Landlord is entitled to allowance of such an administrative claim and payment thereof under Bankruptcy Code section 365(d)(3).

13. Landlord is well aware of the challenging circumstances confronting the Trustee in these Chapter 7 Cases. *See, e.g., Trustee's Emergency Motion for Limited Authorization to Operate Pursuant to 11 U.S.C. § 721* [Docket No. 107] ("Motion for Limited Authorization to Operate") at ¶ 9. These circumstances, however, do not excuse compliance with the requirements of Bankruptcy Code section 365(d)(3).² Notably, the Trustee has not affirmatively sought to defer accruing post-petition rent obligations for "cause" under Section 365(d)(3) but, instead, has simply failed to make timely post-petition payments. In any event, any deferred rent would have come due no later than the 61st day after the petition date (here, November 10, 2025) and does not simply become an administrative expense claim. *See, e.g., Gwinnett Prado L.P. v. Rhodes, Inc. (In re Rhodes, Inc.)*, 321 B.R. 80, 89 (Bankr. N.D. Ga. 2005) ("For cause, the court can extend the time for performance of obligations due during the first 60 days after the order for relief, but not beyond the end of such 60-day period. At the end of this period, the amounts due during the first 60 days would be required to be paid, and thereafter, all obligations must be performed on time.") (quoting 130 Cong. Rec. S8891 (statement of Sen. Hatch)). Further, "§365(d)(3) expressly prohibits the

² In *In re In re Pac-West Telecomm, Inc.*, 377 B.R. 119, 126 (Bankr. D. Del. 2007), in response to a landlord's motion to compel payment of post-petition lease obligations, "the Debtors argue[d] that their review of the Leases and the Landlord's bills was delayed by unspecified circumstances and exigencies that arose during the first sixty days of the underlying bankruptcy case and that this delay resulted in the untimely payment of the postpetition obligations at issue." The bankruptcy court observed that "[w]hile the Court is sympathetic to the pressures faced by a Debtor's management and professionals in the early stages of a Chapter 11 case, simply being in bankruptcy cannot constitute 'cause' under section 365(d)(3)." *Id.* at 126.

Court from allowing extensions of more than sixty days after the order for relief.” *In re CEC Entertainment, Inc.*, 625 B.R. 344, 352 (Bankr. S.D. Tex. 2020). “The Court cannot override that statutory mandate.” *Id.* at 353.

14. Indeed, if the Trustee intends to operate the Debtors’ businesses “to facilitate a value-maximizing disposition of estate assets” (Motion for Limited Authorization to Operate, at ¶¶ 12-13), it must “pay the freight” for doing so and comply with Debtors’ post-Petition Date, pre-rejection real property lease obligations, as mandated by Bankruptcy Code section 365(d)(3).

15. Accordingly, the Court should order immediate payment of unpaid post-petition, pre-rejection rent and charges due to Landlord. “The language of § 365(d)(3) requires an estate representative to make immediate payment of nonresidential lease obligations where the estate representative can meet those obligations consistent with its obligations to others.” *In re Valley Media, Inc.*, 290 B.R. 73, 77 (Bankr. D. Del. 2003). “No notice or hearing is required, the [lease] obligations are simply required to be met in a timely fashion.” *In re C.Q., LLC*, 343 B.R. 915, 917 (Bankr. W.D. Wisc. 2005).

16. It is well established that, absent express statutory language, the bankruptcy court may not establish priorities among various administrative claimants. *See, e.g., In re Lazar*, 83 F.3d 306, 308-309 (9th Cir. 1996) (“Under the Bankruptcy Code, administrative expense creditors must be treated equally and the court should not set up its own order of priorities.”); *In re Vale*, 204 B.R. 716, 728 fn.15 (Bankr. N.D. Ind. 1996); *In re MS Freight Distribution, Inc.*, 172 B.R. 976, 980 (Bankr. W.D. Wash. 1994); *see also In re Valley Media, Inc., supra*, 290 B.R. at 77. At a minimum, Landlord should be paid on an equal basis with other post-petition obligations of the bankruptcy estate. *See In re Pacific-Atlantic Trading Co., supra*, 27 F.3d at 405 (rejecting an

interpretation of Section 365(d)(3) that would reward trustees [or debtors-in-possession] for failing to timely perform lease obligations).³

17. Additionally, Landlord has been forced to incur attorneys' fees to enforce its rights under the San Fernando Lease and the Bankruptcy Code, and such fees, authorized by Paragraph 31 of the San Fernando Lease, are recoverable as an administrative claim as well. *See, e.g., In re MS Freight Distribution, Inc., supra*, 172 B.R. at 978-979; *In re Pac-West Telecomm, Inc.*, 377 B.R. 119, 126 (Bankr. D. Del. 2007) (attorneys' fees for motion to compel payment of post-petition lease obligations); *In re Beltway Medical, Inc.*, 358 B.R. 448, 453-455 (Bankr. S.D. Fla. 2006); *see also Travelers Casualty & Surety Co. of America v. Pacific Gas & Elec. Co.*, 549 U.S. 443, 449, 127 S.Ct. 1199, 1203-1204 (2007) (holding that "an otherwise enforceable contract allocating attorney's fees ... is allowable in bankruptcy except where the Bankruptcy Code provides otherwise."). These attorneys' fees are approximately \$3,000.00 and will only increase through the hearing on this Motion.

³ Alternatively, Landlord should be granted adequate protection under Bankruptcy Code section 363(e) for the ongoing use and occupancy of the Leased Premises. *See, e.g., Memphis-Shelby County Airport Authority v. Braniff Airways, Inc. (In re Braniff Airways, Inc.)*, 783 F.2d 1283, 1286-1287 (5th Cir. 1986) (recognizing landlord's right to adequate protection); *In re P.J. Clarke's Restaurant Corp.*, 265 B.R. 392, 404 (Bankr. S.D.N.Y. 2001) (noting that a "landlord's right to adequate protection seems to follow clearly from the language of §363(e)"); *In re Ernst Home Center, Inc., supra*, 209 B.R. at 966 (real property lessors have the right to request adequate protection); *In re Attorneys Office Management, Inc.*, 29 B.R. 96, 98 (Bankr. C.D. Cal. 1983). Under the circumstances, the only form of adequate protection that would even approach acceptability would be timely cash payments equal to the amount of rent accruing under the San Fernando Lease for the use of the Leased Premises for all dates subsequent to the Petition Date. The mere allowance of an administrative priority claim for unpaid post-petition rent and charges is not adequate protection. *In re Attorneys Office Management, Inc., supra*, 29 B.R. at 99 ("In §361(3) it is made clear that an administrative claim under §503(b)(1) in itself will not constitute adequate protection.").

V. NOTICE

18. Notice of this motion will be provided to counsel for Trustee and her counsel, the Office of the United States Trustee, and all parties that have requested notice of papers pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure.

VI. NO PREVIOUS REQUEST FOR RELIEF

19. No previous request for the relief sought herein has been made by the Landlord to this or any other Court.

VII. CONCLUSION

WHEREFORE, Landlord hereby respectfully requests that upon due consideration this Court should enter its order compelling the immediate (within five business days of the hearing) payment of the sum of \$29,874.26 to Landlord on account of unpaid October 2025 rent and charges under the San Fernando Lease and any additional rent and charges coming due prior to, and remaining unpaid as of, the date of any hearing on the Motion. If this sum is not promptly paid, this Court should direct that the San Fernando Lease be deemed rejected. Landlord should further be awarded its attorneys' fees incurred in connection with this Motion in the additional sum of at least \$3,000.00.

Dated: October 17, 2025

Respectfully Submitted,

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-and-

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*Attorneys for Landlord 603 San Fernando
Road, LLC*

CERTIFICATION OF CONFERENCE

The undersigned counsel hereby certifies that, prior to the filing of this Motion I conferred with the following parties concerning their respective positions on the Motion:

Attorney	Position
Eric Seitz (Counsel for Chapter 7 Trustee Burns)	The Trustee cannot consent to the requested relief at this time, lacking unencumbered funds and consent to use cash collateral.

Dated: October 17, 2025

/s/ Ivan M. Gold

Ivan M. Gold, Esq. (admission *pro hac vice* pending)

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CERTIFICATE OF SERVICE

I hereby certify that, on October 17, 2025, a true and correct copy of the foregoing was served via the Court's Electronic Case Filing (ECF) system on all parties registered to receive electronic notices in this case, including counsel for the Chapter 7 Trustee and the Office of the United States Trustee.

/s/ Rebecca L. Matthews

Rebecca L. Matthews



Exhibit A

AIR COMMERCIAL REAL ESTATE ASSOCIATION STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE -- NET

(DO NOT USE THIS FORM FOR MULTI-TENANT BUILDINGS)

1. Basic Provisions ("Basic Provisions").
- 1.1 Parties: This Lease ("Lease"), dated for reference purposes only August 23, 2013
is made by and between 603 San Fernando Road, LLC, a California limited liability company
("Lessor")
and Tricolor Auto Group, LLC, a Delaware limited liability company
("Lessee"),
(collectively the "Parties," or individually a "Party").
- 1.2 Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease,
and commonly known as 603 San Fernando Road, San Fernando, CA 91340
located in the County of Los Angeles, State of California
and generally described as (describe briefly the nature of the property and, if applicable, the "Project", if the property is located within a Project)
Single story stand alone building
("Premises"). (See also Paragraph 2)
- 1.3 Term: 7 years and 0 months ("Original Term") commencing November 15, 2013
("Commencement Date") and ending November 14, 2020 ("Expiration Date"). (See also Paragraph 3)
- 1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing
("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)
- 1.5 Base Rent: \$23,000.00 per month ("Base Rent"), payable on the First (1st) day of
each month commencing January 1, 2014. (See also Paragraph 4)
- ☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 51
- 1.6 Base Rent and Other Monies Paid Upon Execution:
- (a) Base Rent: \$23,000.00 for the period January 1, 2014 - January 31, 2014
- (b) Security Deposit: \$23,000.00 ("Security Deposit"). (See also Paragraph 5)
- (c) Association Fees: \$N/A for the period
- (d) Other: \$4,458.33 for CAMS for the period 11/15/13 - 12/14/13
- (e) Total Due Upon Execution of this Lease: \$50,458.33
- 1.7 Agreed Use: Auto Dealership. (See also Paragraph 6)
- 1.8 Insuring Party: Lessor is the "Insuring Party" unless otherwise stated herein. (See also Paragraph 8)
- 1.9 Real Estate Brokers: (See also Paragraph 15 and 25)
- (a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):
- ☒ NAI Capital, Inc. represents Lessor exclusively ("Lessor's Broker");
- ☒ Jones Lang LaSalle represents Lessee exclusively ("Lessee's Broker"); or
- ☐ represents both Lessor and Lessee ("Dual Agency").
- (b) Payment to Brokers: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers for the brokerage services rendered by the Brokers the fee agreed to in the attached separate written agreement or if no such agreement is attached, the sum of _____ or _____% of the total Base Rent payable for the Original Term, the sum of _____ or _____ of the total Base Rent payable during any period of time that the Lessee occupies the Premises subsequent to the Original Term, and/or the sum of _____ or _____% of the purchase price in the event that the Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises.
- 1.10 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by _____ ("Guarantor"). (See also Paragraph 37)
- 1.11 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:
- ☒ an Addendum consisting of Paragraphs 53 through 53
- ☐ a plot plan depicting the Premises;
- ☐ a current set of the Rules and Regulations;
- ☐ a Work Letter;
- ☒ other (specify): Paragraph 51: Rent Adjustments, Paragraph 52: Option(s) to Extend, Addendum to Lease "A" & "B".

2. Premises.
- 2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and

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upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver the Premises to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, sump pumps, if any, and all other such elements in the Premises, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of any buildings on the Premises (the "Building") shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with said warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements of the Building. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense. **Notwithstanding the above, Lessee is accepting the building in "As-is" condition.**

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 50), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning, are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and an amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not, however, have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.


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3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1. **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent, Insurance and Real Property Taxes, and any remaining amount to any other outstanding charges or costs.

4.3 **Association Fees.** In addition to the Base Rent, Lessee shall pay to Lessor each month an amount equal to any owner's association or condominium fees levied or assessed against the Premises. Said monies shall be paid at the same time and in the same manner as the Base Rent.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use.**

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in


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the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from adjacent properties not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. **No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.**

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's


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sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the such Requirements, without regard to whether such Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of a written request therefor.

7. **Maintenance; Repairs, Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.**

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), foundations, ceilings, roofs, roof drainage systems, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drains, and (vi) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, ~~and the cost thereof shall be prorated between the Parties and~~ Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is ~~144 (ie. 1/144th of the cost per month)~~ **the remaining months of the term of Lease**. Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 9 (Damage or Destruction) and 14 (Condemnation), it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not


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exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Payment For Insurance.** Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within 10 days following receipt of an invoice.

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional Insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "Insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies



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shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence, and Lessee shall be liable for such deductible amount in the event of an Insured Loss.

(b) **Rental Value.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period. Lessee shall be liable for any deductible amount in the event of such loss.

(c) **Adjacent Premises.** If the Premises are part of a larger building, or of a group of buildings owned by Lessor which are adjacent to the Premises, the Lessee shall pay for any increase in the premiums for the property insurance of such building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to


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maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires remediation.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Lessee's responsibility) as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

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

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or


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restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definition.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises or the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Building address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises are located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** In addition to Base Rent, Lessee shall pay to Lessor an amount equal to the Real Property Tax installment due at least 20 days prior to the applicable delinquency date. If any such installment shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee's share of such installment shall be prorated. In the event Lessee incurs a late charge on any Rent payment, Lessor may estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payments shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sum as is necessary. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a Breach by Lessee in the performance of its obligations under this Lease, then any such advance payments may be treated by Lessor as an additional Security Deposit.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.4 **Personal Property Taxes.** Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered or billed to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered or billed. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.


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12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

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

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

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

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be


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deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(j) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.


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13.6 Breach by Lessor.

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

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the Building, or more than 25% of that portion of the Premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.9 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires any rights to the Premises or other premises owned by Lessor and located within the same Project, if any, within which the Premises is located, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.9, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall


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be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

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

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

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

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) **Lessor's Agent.** A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) **Lessee's Agent.** An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any

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confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) **Agent Representing Both Lessor and Lessee.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

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

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).


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32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.
33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.
34. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "for sublease" signs, Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.
35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.
36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.
37. **Guarantor.**
- 37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association, and each such Guarantor shall have the same obligations as Lessee under this Lease.
- 37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.
38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.
39. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply:
- 39.1 **Definition.** "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.
- 39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.
- 39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.
- 39.4 **Effect of Default on Options.**
- (a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.
- (b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).
- (c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.
40. **Multiple Buildings.** If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee also agrees to pay its fair share of common expenses incurred in connection with such rules and regulations.
41. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises. Lessee, its agents and invitees and their property from the acts of third parties.
42. **Reservations.** Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights,


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dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" with 6 months shall be deemed to have waived its right to protest such payment.

44. **Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

45. **Conflict.** Any conflict between the printed provisions of this Lease and typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. **Offer.** Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

48. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

49. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

50. **Accessibility; Americans with Disabilities Act.**

(a) The Premises: ☒ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

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

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED.


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

Executed at: _____ Executed at: _____
On: _____ On: _____

By LESSOR:

603 San Fernando Road, LLC, a California
limited liability company

By: _____

Name Printed: Severyn Asz Szalay

Title: Member

By: _____

Name Printed: _____

Title: _____

Address: 601 S. Brand Blvd, # 3rd

San Fernando, CA 91340

Telephone: (____) _____

Facsimile: (____) _____

Email: _____

Email: _____

Federal ID No. _____

By LESSEE:

Tricolor Auto Group, LLC, a Delaware
limited liability company

By: _____

Name Printed: Daniel Chu

Title: Manager

By: _____

Name Printed: _____

Title: _____

Address: _____

Telephone: (____) _____

Facsimile: (____) _____

Email: _____

Email: _____

Federal ID No. _____

BROKER:

NAI Capital, Inc.

Attn: J. Richard Leyner / Michael Sharon

Title: Sr. Vice President / Vice President

Address: 16001 Ventura Blvd. Suite 200

Encino, CA 91436

Telephone: (818) 905-2400

Facsimile: (818) 905-2425

Email: jrlayner@naicapital.com /

msharon@naicapital.com

Federal ID No. _____

Broker/Agent DRE License #: 00716540 / 01495419

BROKER:

Jones Lang LaSalle

Attn: Brendan McArthur

Title: _____

Address: _____

Telephone: (213) 239-6134

Facsimile: (____) _____

Email: Brendan.McArthur@am.jll.com

Federal ID No. _____

Broker/Agent DRE License #: 01185335

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203, Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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RENT ADJUSTMENT(S) STANDARD LEASE ADDENDUM

Dated August 23, 2013

By and Between (Lessor) 603 San Fernando Road, LLC, a California limited
liability company

(Lessee) Tricolor Auto Group, LLC, a Delaware limited
liability company

Address of Premises: 603 San Fernando Road
San Fernando, CA 91340

Paragraph 51

A. RENT ADJUSTMENTS:

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:

(Check Method(s) to be Used and Fill in Appropriately)

☒ I. Cost of Living Adjustment(s) (COLA)

a. On (Fill in COLA Date(s)) _____

The Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI-W (Urban Wage Earners and Clerical Workers) or ☐ CPI-U (All Urban Consumers); for (Fill in Urban Area): _____

All Items

(1982-1984 = 100), herein referred to as "CPI".

b. The monthly rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the ☐ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month"): _____. The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☐ II. Market Rental Value Adjustment(s) (MRV)

a. On (Fill in MRV Adjustment Date(s)) _____

The Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties; or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an ☐ appraiser or ☐ broker ("Consultant") (check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by

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one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments; and
2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

☒ III. Fixed Rental Adjustment(s) (FRA)

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
November 15, 2014	\$23,230.00
November 15, 2015	\$23,462.30
November 15, 2016	\$23,696.92
November 15, 2017	\$23,933.89
November 15, 2018	\$24,173.23
November 15, 2019	\$24,414.96

B. NOTICE:

Unless specified otherwise herein, notice of any such adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. BROKER'S FEE:

The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203.
Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.


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OPTION(S) TO EXTEND STANDARD LEASE ADDENDUM

Dated August 23, 2013

By and Between (Lessor) 603 San Fernando Road, LLC, a California
limited liability company

By and Between (Lessee) Tricolor Auto Group, LLC, a Delaware limited
liability company

Address of Premises: 603 San Fernando Road
San Fernando, CA 91340

Paragraph 52

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for Two (2) additional Sixty (60) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 9 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below:
(Check Method(s) to be Used and Fill in Appropriately)

☒ I. Cost of Living Adjustment(s) (COLA)

a. On (Fill in COLA Dates): _____

the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI-W (Urban Wage-Earners and Clerical Workers) or ☐ CPI-U (All Urban Consumers); for (Fill in Urban Area): _____

All items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly rent payable in accordance with paragraph A.1.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.1.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): ☐ the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month"):

The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☒ II. Market Rental Value Adjustment(s) (MRV)

a. On (Fill in MRV Adjustment Date(s)) November 15, 2020 and November 14, 2025

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in

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ADDENDUM "A"

Date: August 23, 2013

By and Between (Lessor) 603 San Fernando Road, LLC, a California limited liability
company

(Lessee) Tricolor Auto Group, LLC, a California limited liability company

Address of Premises: 603 San Fernando Road
San Fernando, CA 91340

Paragraph 53

In the event of any conflict between the provisions of this Addendum and the printed provisions of the Lease, this Addendum shall control.

53. Rent Abatement. *October 2013 Base Rent shall be abated from November 15, 2013 - December 31, 2013. However CAMS are Due and Payable upon Lease Commencement. Current CAM charges are estimated at \$4,458.33 per month and are reconciled annually. Monthly estimated CAM charges currently cover Property Taxes, Property Insurance and CAM reserve.*

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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 603 San Fernando Road, LLC, Lessor, and TRICOLOR AUTO GROUP LLC, as Lessee. 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.

1. Delay in Occupancy. In the event of a delay of occupancy, other than due to force majeure or Lessee-caused delays, rent and all other sums due by Lessee under the Lease shall abate until Lessor delivers the Premises to Lessee. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within ninety (90) days from said commencement date, for reasons other than force majeure or Lessee-caused delays, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease. Lessor may nullify such cancellation by delivering possession of the Premises to Lessee within such ten (10)-day period. If, because of force majeure, Lessor is unable to deliver possession of the Premises to Lessee within one (1) year from said commencement date, Lessee may, by notice in writing to Lessor within ten (10) days thereafter, cancel the Lease. Lessor may nullify such cancellation by delivering possession of the Premises to Lessee within such ten (10)-day period. If the Lease is canceled as hereinabove provided, Lessor shall return any monies previously deposited by Lessee and the parties shall have no further liability to the other, except for such liabilities that shall have accrued prior to the date of termination.

2. Conditional Use Permit. Lessee, at Lessee's sole cost and expense, shall apply for a Conditional Use Permit with the city of San Fernando, on or before September 30, 2013. Lessor shall use commercially reasonable efforts, at no cost or liability to Lessor, to aid Lessee with the submission and process of the application. In the event Lessee does not obtain approval on or before November 30, 2013, Lessee shall have the right to terminate this Lease upon written notice to Lessor, in which event the Lease shall terminate, Lessor shall return any monies previously deposited by Lessee, and neither party shall thereafter have any further liability, duty or obligation to the other, except for such liability that shall have accrued prior to the date of termination.

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

4. Permitted Use. Notwithstanding Section 6.1, Lessee may use the Premises for the sale of new and used cars, vehicle service and repair, including paint and body repair in

connection with the sale of new and used cars, and for any other lawful use, subject to Lessor's prior written approval, which shall not be unreasonably withheld.

5. Signage. Except for signage requiring structural changes to the Premises, Lessee 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, with Lessor's prior approval, which approval shall not be unreasonably withheld. Any signs installed by Lessee shall conform with applicable laws and deed and other restrictions, including the local jurisdiction and governmental agencies, including Lessor's building sign regulations, as attached in Exhibit "A". Lessee shall, at its sole expense, remove all signs at the termination of this Lease and shall promptly repair any damage and close any holes caused or revealed by such removal.

6. Self Help. Any provision in the Lease to the contrary notwithstanding, if Lessor defaults, beyond applicable notice and cure periods, in observance or performance of any term or covenant required to be performed by it under the Lease, then after not less than thirty (30) days' notice to Lessor, Lessee may, but shall not be obligated to, remedy such default and in connection therewith may pay or incur reasonable expenses. Notwithstanding the foregoing, Lessee shall not have such right in the event Lessor 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 Lessor continues such work diligently and without unnecessary delays. Additionally, Lessee shall have the right to remedy any default of an emergency nature in the event Lessor fails to commence curing any default creating an emergency situation (*i.e.*, the imminent threat of death or bodily injury or substantial property damage) within forty-eight (48) hours of being given notice, or such quicker notice as may be reasonable under the circumstances. All reasonable sums expended or obligations incurred by Lessee in connection with the foregoing shall be paid by Lessor to Lessee within thirty (30) days following Lessor's receipt of an invoice, together with supporting documentation, and if Lessor fails to timely reimburse Lessee, Lessee may, in addition to any other right or remedy that Lessee may have, deduct such amount from subsequent installments of rent hereunder which from time to time thereafter become due to Lessor, unless the reason for Lessor's failure to reimburse is Lessor's good faith disagreement with the amounts billed, in which case Lessee shall have the right to offset against rent any undisputed amounts, and may offset any disputed amounts upon receipt of a court judgment that Lessee is entitled to such amounts.

7. Default by Lessor. Any provision in the Lease to the contrary notwithstanding, if Lessor fails to perform its obligations under the Lease and such failure (i) is the result of a condition within the Lessor'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 after notice to Lessor, then the rental shall thereafter be abated until such failure or interference is eliminated or the Premises are otherwise rendered tenantable again. The rights conferred herein are cumulative and not in lieu of other rights which Lessee may have at law or in equity for defaults by Lessor.

8. Notice and Opportunity to Cure. Lessee shall be in default under the Lease if Lessee fails to (1) pay any installment of the rent or other monetary amount within five (5) days following Lessee's receipt of written notice from Lessor to Lessee that any such sum is past due; provided, however, that if Lessor has given Lessee one (1) or more such notices in any twelve

(12) month period, no further notice need be given, and Lessee shall be in default under this Lease if Lessee fails to make any such payment within five (5) days after the date that same is due. If Lessee 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 Lessor to Lessee, Lessee shall be in default under the Lease.

9. Assignments to Related Entities. Notwithstanding Section 12, Lessor'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 Lessee, or (b) an entity which acquires all or substantially all the assets or outstanding stock of the Lessee 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 controls, is controlled by, or is under common control with, Lessee. Additionally, a transfer of ownership interests in Lessee by reason of the death or divorce of an owner of Lessee shall not be deemed an assignment of subletting for purposes of the Lease.

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

11. Non-Disturbance of Lessee. 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 Lessee's occupancy so long as Lessee performs its obligations in the Lease on condition that Lessee, when requested by the mortgagee, shall execute an attornment agreement to the mortgagee should the mortgagee succeed to the rights of the Lessor under the Lease.

12. Mechanic's Liens. Notwithstanding anything in the Lease to the contrary, Lessee agrees to remove or bond against any mechanic's lien that is recorded against Lessor's real property in connection with any work of improvement by or for the benefit of Lessee within ten (10) days after receipt of notice of the existence of any such mechanic's lien. Lessee shall have the right, after written notice to Lessor, to contest in good faith and all due diligence any mechanic's lien. Lessee will at Lessee's expense defend Lessor and pay all costs reasonable incurred by Lessor relating to the contest in the event Lessor is joined in any suit pertaining thereto or in the event a mechanic's lien is filed in connection with any work of improvement by or for the benefit of Lessee, claiming a lien upon Lessor's interest in the Premises.

13. Compliance with Laws. Lessor and Lessee agree to comply with applicable laws, with their respective responsibilities to be allocated as follows:

(a) Lessee will be responsible, at its sole expense, for compliance with all applicable laws, statutes, ordinances and governmental rules, regulations or requirements now in force or that may hereafter be in force that may be enacted or applicable to the Premises as a result of the operation of Lessee's business or the Premises or triggered by any improvement performed by Lessee to the Premises.

(b) Except for the obligation of Lessee under clause (a) above, Lessor shall be responsible for compliance with all applicable laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force that affect the Premises.

14. Certain Representation, Warranties and Agreements of Lessor. Notwithstanding Section 2.2, Lessor represents and warrants to Lessee as follows:

(a) To Lessor's actual knowledge, without any duty of inquiry or investigation, (i) the Premises is free from "hazardous material," (as defined in 6.2 of the Lease) other than negligible quantities of such "hazardous materials" as may typically be found in commercial construction or cleaning products used and disposed of in accordance with applicable laws, (ii) there are no underground storage tanks for petroleum products or "hazardous materials," active or abandoned, located on the land on which the Premises is located, and (iii) there are no environmental liens on any of the real Premises comprising the Premises. Lessor agrees not to cause or permit any "hazardous materials" to be produced, stored, kept, discharged, or released in or about the Premises in violation of applicable law, other than negligible quantities of such "hazardous materials" as may typically be found in commercial construction or cleaning products used and disposed on in accordance with applicable laws. Any provision in the Lease to the contrary notwithstanding, in no event shall Lessee be liable to Lessor for any "hazardous materials" stored, released or disposed of on the Premises prior to the commencement of the Lease by anyone other than the Lessee. Lessee shall be responsible for remediating, at its sole expense, any contamination due to "hazardous materials" in or about the Premises unless such contamination was caused by Lessor or its agents, representatives, employees or contractors. Lessor shall be responsible for remediating, at its sole expense, any contamination outside the Premises except to the extent caused by Lessee or its agents, representatives, employees or contractors.

(b) To Lessor's actual knowledge, without any duty on inquiry or investigation, the foundation, flooring and structural components of the Premises are sufficient to support loads common to Lessee's business.

(c) The HVAC system, lighting system, electrical system, plumbing system, fire prevention system, roofs, foundations and all structural components of the Premises are in good working order and condition and are fit for their intended purposes.

(d) To Lessor's actual knowledge, without any duty on inquiry or investigation, utilities necessary for Lessee to conduct Lessee's business are available to service the Premises. There is no gas available to serve the Premises and Lessor will not be responsible for installation of gas utilities if necessary; provided, however, if Lessee requires that gas service the Premises, the installation of gas is subject to Lessor approval, which shall not be unreasonably withheld.

15. Lessor's Access. Lessor may enter the Premises at any time during the term of the Lease upon twenty-four (24) hours' notice to inspect the Premises or perform its obligations under the Lease. Lessor is only entitled to enter the Premises for the purpose of showing the Premises to prospective Lessees during the last year of the term of the Lease.

16. Lessor'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 Lessor, the Lessor shall not unreasonably withhold, condition or delay its approval, consent, or indication of satisfaction and shall approve or be satisfied as to any matter so long as any deviation from the requirements of Lessor are of an insubstantial nature.

17. Lessee Insurance. Section 8.2 is hereby deleted and replaced with the following:

- (a) The Lessee shall obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee 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 \$2,000,000.00 for injury to or death of one person in any one accident or an amount of not less than \$4,000,000.00 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for Premises damage of at least \$2,000,000.00. The limits on the amount of insurance coverage provided above shall not, however, limit the liability of Lessee hereunder. Such insurance shall name Lessor and its lender as additional insureds. Lessee shall also provide property insurance insuring Lessee's personal property for its full replacement value. All such insurance shall be in a form reasonably acceptable to Lessor. In the event that the Premises constitute a part of a large Premises, said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If the Lessee shall fail to procure and maintain said insurance the Lessor may, but shall not be required to procure and maintain the same, but at the expense of the Lessee.

18. Commission. Notwithstanding Section 15 of the Lease to the contrary, if Lessor fails to timely pay such commission, Lessee may pay such commission directly to Lessee's Broker and offset such amount against the next monthly installment of Base Rent. Lessee and Lessor 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. Lessor shall not be liable for any brokerage commission if the Lease terminates due to a failure of any contingency contained in the Lease.

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

Altschuler and Company
3838 Oak Lawn Avenue, Suite 1550
Dallas, Texas 75219
Attn: Jon Altschuler
Jon.altschuler@altschulercompany.com
Phone: (214) 302 -- 0072

20. Lessee's Right to Make Minor Alterations. Lessee may make Minor Alterations without Lessor'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 Lessor to withhold consent, (2) do not require a building permit, (3) do not involve modifications to the exterior of the Premises, mechanical systems, or structural elements of the Premises, and (4) cost less than \$25,000 (and when aggregated with all Minor Alterations, less than \$100,000 in any consecutive 12 month period).

21. Taxes and Assessment. Section 10 is hereby deleted and replaced with the following:

- (a) Lessor 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, inheritance or other similar tax imposed upon Lessor. Lessee shall reimburse Lessor for the Taxes levied or assessed against the Premises during the Term of this Lease. As soon as practicable after April 10 and December 10 of each real estate tax year, but in no event later than sixty (60) days after such dates, Lessor shall furnish a statement in writing to Lessee specifying the actual amount due by Lessee 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 Lessee hereunder shall be prorated on a daily basis between the parties to the end that Lessee shall only reimburse Lessor for Taxes attributable to the portion of the real estate tax year occurring within the term of this Lease. Lessor further agrees that in the event that either (i) Lessee requests that Lessor protest the valuation of the Premises for ad valorem tax purposes, or otherwise seeks to reduce the amount of Taxes assessed against the Premises, and Lessor fails to agree to do so in writing within thirty (30) days from such request, or (ii) Lessor has not protested the valuation of the Premises for ad valorem tax purposes by May 1 of any real estate tax year, Lessee is authorized, at Lessee's sole cost and expense, to proceed to protest such valuation or Taxes on behalf of Lessor. Lessor agrees to cooperate with Lessee in Lessee's efforts, so long as Lessor is not obligated to expend any funds or incur any liability or penalties in connection with such protest, and Lessor will sign all reasonable documents, instruments, requests, petitions, etc. that may be reasonably required in connection therewith. If Lessor protests the valuation of the Premises for ad valorem tax purposes, or otherwise seeks to reduce the amount of Taxes assessed against the Premises, Lessee shall be required to pay any costs incurred by Lessor in connection therewith.

[Signatures on Following Page]

Lessee:

TRICOLOR AUTO GROUP, LLC

By: 
Name: Daniel Che
Title: President

Lessor:

603 SAN FERNANDO ROAD, LLC

By: 
Name: Serdyn Askenazy
Title: Member





Daniel Chu
1111 W. Mockingbird Lane, Suite 1500
Dallas, TX 75247
214-271-0640
dchu@tricolor.com

February 14, 2020

RECEIVED

603 San Fernando Road, LLC
601 S Brand Blvd,
3rd Floor
San Fernando, CA 91340

FEB 27 2020

Re: Lease Agreement dated as of March 7, 2017 by and between 603 San Fernando Road, LLC (“**Landlord**”) and Tricolor California Auto Group, LLC (“**Tenant**”) (the “**Lease**”)

603 San Fernando Road, LLC:

Reference is made to that certain Lease dated as of August 23, 2013, by and between Landlord and Tenant for the premises located at 603 San Fernando Road, San Fernando, CA 91340 (the “**Premises**”). Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Lease. Pursuant to the Lease, the Tenant is hereby providing notice that it proposes to exercise its first option to renew the Lease for a period of five (5) additional years in accordance with the terms of the Lease.

Should you have any questions regarding this letter, please reach out to me using the contact information provided above.

Sincerely,

Daniel Chu
CEO

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Exhibit B

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
10/04/2013	Chk# 4355		0.00	50,458.33	(50,458.33)	R-26733	
11/15/2013	2 - Base Rent (11/2013)	100	12,266.67	0.00	(38,191.66)	C-25955	No
11/15/2013	2 - Estimated CAM (11/2013)	100	2,377.78	0.00	(35,813.88)	C-25956	No
12/01/2013	2 - Base Rent (12/2013)	100	23,000.00	0.00	(12,813.88)	C-25957	No
12/01/2013	2 - Estimated CAM (12/2013)	100	4,458.33	0.00	(8,355.55)	C-25958	No
12/31/2013	45 Day Rent Concession		(35,266.67)	0.00	(43,622.22)	C-26147	No
12/31/2013	Deposit		23,000.00	0.00	(20,622.22)	C-26148	No
01/01/2014	2 - Base Rent (01/2014)	100	23,000.00	0.00	2,377.78	C-25959	No
01/01/2014	2 - Estimated CAM (01/2014)	100	4,458.33	0.00	6,836.11	C-25960	No
02/01/2014	2 - Base Rent (02/2014)	100	23,000.00	0.00	29,836.11	C-25961	No
02/01/2014	2 - Estimated CAM (02/2014)	100	4,458.33	0.00	34,294.44	C-25962	No
02/04/2014	Chk# 009608		0.00	27,458.33	6,836.11	R-28504	
03/01/2014	2 - Base Rent (03/2014)	100	23,000.00	0.00	29,836.11	C-25963	No
03/01/2014	2 - Estimated CAM (03/2014)	100	4,458.33	0.00	34,294.44	C-25964	No
03/05/2014	Chk# 010626		0.00	27,458.33	6,836.11	R-28505	
04/01/2014	2 - Base Rent (04/2014)	100	23,000.00	0.00	29,836.11	C-25965	No
04/01/2014	2 - Estimated CAM (04/2014)	100	4,458.33	0.00	34,294.44	C-25966	No
04/07/2014	Chk# 11788		0.00	27,458.33	6,836.11	R-28506	
05/01/2014	2 - Base Rent (05/2014)	100	23,000.00	0.00	29,836.11	C-25967	No
05/01/2014	2 - Estimated CAM (05/2014)	100	4,458.33	0.00	34,294.44	C-25968	No
05/05/2014	Chk# 012979		0.00	27,458.33	6,836.11	R-28507	
05/08/2014	Recording Fees to LA County paid by Landlord		120.00	0.00	6,956.11	C-26149	No
05/08/2014	Chk# 13092		0.00	120.00	6,836.11	R-28523	
06/01/2014	2 - Base Rent (06/2014)	100	23,000.00	0.00	29,836.11	C-25969	No
06/01/2014	2 - Estimated CAM (06/2014)	100	4,458.33	0.00	34,294.44	C-25970	No
06/06/2014	Chk# 14158		0.00	27,458.33	6,836.11	R-28508	
07/01/2014	2 - Base Rent (07/2014)	100	23,000.00	0.00	29,836.11	C-25971	No
07/01/2014	2 - Estimated CAM (07/2014)	100	4,458.33	0.00	34,294.44	C-25972	No
07/07/2014	Chk# 015182		0.00	27,458.33	6,836.11	R-28509	
08/01/2014	2 - Base Rent (08/2014)	100	23,000.00	0.00	29,836.11	C-25973	No
08/01/2014	2 - Estimated CAM (08/2014)	100	4,458.33	0.00	34,294.44	C-25974	No
08/04/2014	Chk# 16343		0.00	27,458.33	6,836.11	R-28510	
09/01/2014	2 - Base Rent (09/2014)	100	23,000.00	0.00	29,836.11	C-25975	No
09/01/2014	2 - Estimated CAM (09/2014)	100	4,458.33	0.00	34,294.44	C-25976	No
09/05/2014	Chk# 17371		0.00	27,458.33	6,836.11	R-28511	
10/01/2014	2 - Base Rent (10/2014)	100	23,000.00	0.00	29,836.11	C-25977	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
10/01/2014	2 - Estimated CAM (10/2014)	100	4,458.33	0.00	34,294.44	C-25978	No
10/06/2014	Chk# 18182		0.00	27,458.33	6,836.11	R-28512	
11/01/2014	2 - Base Rent (11/2014)	100	10,733.33	0.00	17,569.44	C-25979	No
11/01/2014	2 - Base Rent (11/2014)	100	12,389.33	0.00	29,958.77	C-25980	No
11/01/2014	2 - Estimated CAM (11/2014)	100	4,458.33	0.00	34,417.10	C-25981	No
11/06/2014	Late Fee (November 2014)		2,758.10	0.00	37,175.20	C-54790	No
11/19/2014	Chk# 19254		0.00	27,688.33	9,486.87	R-28518	
12/01/2014	2 - Base Rent (12/2014)	100	23,230.00	0.00	32,716.87	C-25982	No
12/01/2014	2 - Estimated CAM (12/2014)	100	4,458.33	0.00	37,175.20	C-25983	No
12/08/2014	Chk# 20220		0.00	27,688.33	9,486.87	R-28513	
01/01/2015	2 - Base Rent (01/2015)	100	23,230.00	0.00	32,716.87	C-25953	No
01/01/2015	2 - Estimated CAM (01/2015)	100	4,458.33	0.00	37,175.20	C-25954	No
01/06/2015	Late Fee (January 2015)		2,768.83	0.00	39,944.03	C-54789	No
01/09/2015	Chk# 21429		0.00	27,688.33	12,255.70	R-28524	
02/01/2015	2 - Base Rent (02/2015)	100	23,230.00	0.00	35,485.70	C-26516	No
02/01/2015	2 - Estimated CAM (02/2015)	100	4,458.33	0.00	39,944.03	C-26517	No
02/06/2015	Late Fee (February 2015)		2,768.83	0.00	42,712.86	C-54788	No
02/09/2015	Chk# 001040		0.00	27,458.33	15,254.53	R-29417	
03/01/2015	2 - Base Rent (03/2015)	100	23,230.00	0.00	38,484.53	C-28019	No
03/01/2015	2 - Estimated CAM (03/2015)	100	4,458.33	0.00	42,942.86	C-28020	No
03/13/2015	Chk# 1168		0.00	27,458.33	15,484.53	R-30175	
04/01/2015	2 - Base Rent (04/2015)	100	23,230.00	0.00	38,714.53	C-28531	No
04/01/2015	2 - Estimated CAM (04/2015)	100	4,458.33	0.00	43,172.86	C-28532	No
04/06/2015	Late Fee 04/2015		2,768.83	0.00	45,941.69	C-29093	No
04/13/2015	Chk# 001306		0.00	27,920.63	18,021.06	R-30906	
04/13/2015	Chk# 1326		0.00	3,594.38	14,426.68	R-30907	
04/20/2015	Chk# 001386		0.00	2,768.83	11,657.85	R-31190	
05/01/2015	2 - Base Rent (05/2015)	100	23,230.00	0.00	34,887.85	C-28997	No
05/01/2015	2 - Estimated CAM (05/2015)	100	4,458.33	0.00	39,346.18	C-28998	No
05/04/2015	Chk# 1483		0.00	27,920.63	11,425.55	R-31266	
05/04/2015	Chk# 1482		0.00	3,594.38	7,831.17	R-31267	
06/01/2015	2 - Base Rent (06/2015)	100	23,230.00	0.00	31,061.17	C-29370	No
06/01/2015	2 - Estimated CAM (06/2015)	100	4,458.33	0.00	35,519.50	C-29371	No
06/08/2015	Chk# 001749		0.00	27,920.63	7,598.87	R-31588	
07/01/2015	2 - Base Rent (07/2015)	100	23,230.00	0.00	30,828.87	C-29859	No
07/01/2015	2 - Estimated CAM (07/2015)	100	4,458.33	0.00	35,287.20	C-29860	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
07/06/2015	Late Fee (July 2015)		2,768.83	0.00	38,056.03	C-54787	No
07/09/2015	Chk# 1876		0.00	27,920.63	10,135.40	R-32218	
08/01/2015	2 - Base Rent (08/2015)	100	23,230.00	0.00	33,365.40	C-30215	No
08/01/2015	2 - Estimated CAM (08/2015)	100	4,458.33	0.00	37,823.73	C-30216	No
08/06/2015	Late Fee (August 2015)		2,768.83	0.00	40,592.56	C-54786	No
08/07/2015	Chk# 002109		0.00	27,920.63	12,671.93	R-32813	
09/01/2015	2 - Base Rent (09/2015)	100	23,230.00	0.00	35,901.93	C-30663	No
09/01/2015	2 - Estimated CAM (09/2015)	100	4,458.33	0.00	40,360.26	C-30664	No
09/09/2015	Late Fee 09/15		2,768.83	0.00	43,129.09	C-31105	No
09/11/2015	Chk# 2270		0.00	27,920.63	15,208.46	R-33232	
09/23/2015	Chk# 002371		0.00	2,768.83	12,439.63	R-33394	
10/01/2015	2 - Base Rent (10/2015)	100	23,230.00	0.00	35,669.63	C-31050	No
10/01/2015	2 - Estimated CAM (10/2015)	100	4,458.33	0.00	40,127.96	C-31051	No
10/02/2015	Chk# 002479		0.00	27,920.63	12,207.33	R-33434	
11/01/2015	2 - Base Rent (11/2015)	100	10,840.67	0.00	23,048.00	C-31445	No
11/01/2015	2 - Base Rent (11/2015)	100	12,513.23	0.00	35,561.23	C-31446	No
11/01/2015	2 - Estimated CAM (11/2015)	100	4,458.33	0.00	40,019.56	C-31447	No
11/06/2015	Chk# 2688		0.00	27,920.63	12,098.93	R-34427	
12/01/2015	2 - Base Rent (12/2015)	100	23,462.30	0.00	35,561.23	C-31856	No
12/01/2015	2 - Estimated CAM (12/2015)	100	4,458.33	0.00	40,019.56	C-31857	No
12/06/2015	Late Fee (December 2015)		2,792.07	0.00	42,811.63	C-54785	No
12/08/2015	Chk# 2593		0.00	27,920.63	14,891.00	R-34385	
01/01/2016	2 - Base Rent (01/2016)	100	23,462.30	0.00	38,353.30	C-32286	No
01/01/2016	2 - Estimated CAM (01/2016)	100	4,458.33	0.00	42,811.63	C-32287	No
01/04/2016	Chk# 003141		0.00	27,920.63	14,891.00	R-35021	
02/01/2016	2 - Base Rent (02/2016)	100	23,462.30	0.00	38,353.30	C-32689	No
02/01/2016	2 - Estimated CAM (02/2016)	100	4,458.33	0.00	42,811.63	C-32690	No
02/01/2016	Chk# 3311		0.00	27,920.63	14,891.00	R-35437	
03/01/2016	2 - Base Rent (03/2016)	100	23,462.30	0.00	38,353.30	C-33737	No
03/01/2016	2 - Estimated CAM (03/2016)	100	4,458.33	0.00	42,811.63	C-33738	No
03/04/2016	Chk# 3551		0.00	27,920.63	14,891.00	R-35701	
04/01/2016	2 - Estimated CAM (04/2016)	100	4,458.33	0.00	19,349.33	C-34010	No
04/01/2016	2 - Base Rent (04/2016)	100	23,462.30	0.00	42,811.63	C-34011	No
04/01/2016	Chk# 003732		0.00	27,920.63	14,891.00	R-36330	
05/01/2016	2 - Estimated CAM (05/2016)	100	4,458.33	0.00	19,349.33	C-34508	No
05/01/2016	2 - Base Rent (05/2016)	100	23,462.30	0.00	42,811.63	C-34509	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
05/05/2016	Chk# 003903		0.00	27,920.63	14,891.00	R-36706	
06/01/2016	2 - Estimated CAM (06/2016)	100	4,458.33	0.00	19,349.33	C-34912	No
06/01/2016	2 - Base Rent (06/2016)	100	23,462.30	0.00	42,811.63	C-34913	No
06/03/2016	Chk# 4155		0.00	27,920.63	14,891.00	R-36819	
07/01/2016	2 - Estimated CAM (07/2016)	100	4,458.33	0.00	19,349.33	C-35315	No
07/01/2016	2 - Base Rent (07/2016)	100	23,462.30	0.00	42,811.63	C-35316	No
07/06/2016	Late Fee 07/2016		2,792.06	0.00	45,603.69	C-37017	No
07/06/2016	Chk# 4253		0.00	27,920.63	17,683.06	R-37870	
08/01/2016	2 - Estimated CAM (08/2016)	100	4,458.33	0.00	22,141.39	C-35825	No
08/01/2016	2 - Base Rent (08/2016)	100	23,462.30	0.00	45,603.69	C-35826	No
08/05/2016	Chk# 261012211		0.00	27,920.63	17,683.06	R-38288	
09/01/2016	2 - Estimated CAM (09/2016)	100	4,458.33	0.00	22,141.39	C-36223	No
09/01/2016	2 - Base Rent (09/2016)	100	23,462.30	0.00	45,603.69	C-36224	No
09/07/2016	Late Fee 09/2016		2,792.06	0.00	48,395.75	C-37018	No
09/12/2016	Chk# 0261012638		0.00	27,920.63	20,475.12	R-38713	
09/12/2016	Chk# 004364		0.00	5,584.12	14,891.00	R-38714	
10/01/2016	2 - Estimated CAM (10/2016)	100	4,458.33	0.00	19,349.33	C-36761	No
10/01/2016	2 - Base Rent (10/2016)	100	23,462.30	0.00	42,811.63	C-36762	No
10/04/2016	Chk# 004407		0.00	27,920.63	14,891.00	R-39042	
11/01/2016	2 - Commercial Base Rent (11/2016)	100	10,949.07	0.00	25,840.07	C-37844	No
11/01/2016	2 - Commercial Base Rent (11/2016)	100	12,638.36	0.00	38,478.43	C-37845	No
11/01/2016	2 - Estimated CAM (11/2016)	100	4,458.33	0.00	42,936.76	C-37846	No
11/06/2016	Late Fee (November 2016)		2,804.58	0.00	45,741.34	C-54784	No
11/14/2016	Chk# 4503		0.00	27,920.63	17,820.71	R-39526	
12/01/2016	2 - Commercial Base Rent (12/2016)	100	23,696.92	0.00	41,517.63	C-38485	No
12/01/2016	2 - Estimated CAM (12/2016)	100	4,458.33	0.00	45,975.96	C-38486	No
12/02/2016	Chk# 4564		0.00	27,920.63	18,055.33	R-39835	
01/01/2017	2 - Commercial Base Rent (01/2017)	100	23,696.92	0.00	41,752.25	C-39048	No
01/01/2017	2 - Estimated CAM (01/2017)	100	4,458.33	0.00	46,210.58	C-39049	No
01/06/2017	Late Fee (January 2017)		2,758.10	0.00	48,968.68	C-54783	No
01/11/2017	Chk# 004676		0.00	27,920.63	21,048.05	R-40249	
02/01/2017	2 - Commercial Base Rent (02/2017)	100	23,696.92	0.00	44,744.97	C-39782	No
02/01/2017	2 - Estimated CAM (02/2017)	100	4,458.33	0.00	49,203.30	C-39783	No
02/01/2017	Chk# 004746		0.00	27,920.63	21,282.67	R-40699	
03/01/2017	2 - Commercial Base Rent (03/2017)	100	23,696.92	0.00	44,979.59	C-40384	No
03/01/2017	2 - Estimated CAM (03/2017)	100	4,458.33	0.00	49,437.92	C-40385	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
03/09/2017	Late Fee (March 2017)		2,815.53	0.00	52,253.45	C-54782	No
03/09/2017	Chk# 004847 :CHECKscan Payment		0.00	27,920.63	24,332.82	R-41647	
04/01/2017	2 - Commercial Base Rent (04/2017)	100	23,696.92	0.00	48,029.74	C-40915	No
04/01/2017	2 - Estimated CAM (04/2017)	100	4,458.33	0.00	52,488.07	C-40916	No
04/03/2017	Chk# 004890 :CHECKscan Payment		0.00	27,920.63	24,567.44	R-41325	
05/01/2017	2 - Commercial Base Rent (05/2017)	100	23,696.92	0.00	48,264.36	C-41806	No
05/01/2017	2 - Estimated CAM (05/2017)	100	4,458.33	0.00	52,722.69	C-41807	No
05/05/2017	Chk# 004949 :CHECKscan Payment		0.00	27,920.63	24,802.06	R-41994	
06/01/2017	2 - Commercial Base Rent (06/2017)	100	23,696.92	0.00	48,498.98	C-42013	No
06/01/2017	2 - Estimated CAM (06/2017)	100	4,458.33	0.00	52,957.31	C-42014	No
06/06/2017	Late Fee (June 2017)		2,815.53	0.00	55,772.84	C-54781	No
06/06/2017	Pre-Judgement Interest as of 6/6/17		(61,706.70)	0.00	(5,933.86)	C-54791	No
06/12/2017	Chk# 004981 :CHECKscan Payment		0.00	27,920.63	(33,854.49)	R-42614	
07/01/2017	2 - Commercial Base Rent (07/2017)	100	23,696.92	0.00	(10,157.57)	C-42548	No
07/01/2017	2 - Estimated CAM (07/2017)	100	4,458.33	0.00	(5,699.24)	C-42549	No
07/03/2017	Chk# 005043 :CHECKscan Payment		0.00	27,920.63	(33,619.87)	R-42760	
08/01/2017	2 - Commercial Base Rent (08/2017)	100	23,696.92	0.00	(9,922.95)	C-43397	No
08/01/2017	2 - Estimated CAM (08/2017)	100	4,458.33	0.00	(5,464.62)	C-43398	No
08/01/2017	Chk# 005093 :CHECKscan Payment		0.00	27,920.63	(33,385.25)	R-43361	
09/01/2017	2 - Commercial Base Rent (09/2017)	100	23,696.92	0.00	(9,688.33)	C-44189	No
09/01/2017	2 - Estimated CAM (09/2017)	100	4,458.33	0.00	(5,230.00)	C-44190	No
09/05/2017	Chk# 005149 :CHECKscan Payment		0.00	27,920.63	(33,150.63)	R-44689	
10/01/2017	2 - Commercial Base Rent (10/2017)	100	23,696.92	0.00	(9,453.71)	C-44938	No
10/01/2017	2 - Estimated CAM (10/2017)	100	4,458.33	0.00	(4,995.38)	C-44939	No
10/01/2017	Apply Insurance pmt to amount due		(28,155.25)	0.00	(33,150.63)	C-46188	No
11/01/2017	2 - Commercial Base Rent (11/2017)	100	11,058.56	0.00	(22,092.07)	C-45629	No
11/01/2017	2 - Commercial Base Rent (11/2017)	100	12,764.74	0.00	(9,327.33)	C-45630	No
11/01/2017	2 - Estimated CAM (11/2017)	100	4,458.33	0.00	(4,869.00)	C-45631	No
11/01/2017	Apply Insurance pmt to amount due		(28,281.63)	0.00	(33,150.63)	C-46189	No
12/01/2017	2 - Commercial Base Rent (12/2017)	100	23,933.89	0.00	(9,216.74)	C-45876	No
12/01/2017	2 - Estimated CAM (12/2017)	100	4,458.33	0.00	(4,758.41)	C-45877	No
12/01/2017	Apply Insurance pmt to amount due		(28,392.22)	0.00	(33,150.63)	C-46190	No
12/31/2017	6/6/17-6/30/17 (Judgment Interest)		(2,408.40)	0.00	(35,559.03)	C-54792	No
12/31/2017	July 2017 (Judgment Interest)		(3,072.39)	0.00	(38,631.42)	C-54793	No
12/31/2017	Aug 2017 (Judgment Interest)		(3,097.99)	0.00	(41,729.41)	C-54794	No
12/31/2017	Sept 2017 (Judgment Interest)		(3,123.81)	0.00	(44,853.22)	C-54795	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
12/31/2017	Oct 2017 (Judgment Interest)		(2,909.07)	0.00	(47,762.29)	C-54796	No
12/31/2017	Nov 2017 (Judgment Interest)		(2,697.63)	0.00	(50,459.92)	C-54797	No
12/31/2017	Dec 2017 (Judgment Interest)		(2,483.51)	0.00	(52,943.43)	C-54798	No
01/01/2018	2 - Commercial Base Rent (01/2018)	100	23,933.89	0.00	(29,009.54)	C-46595	No
01/01/2018	2 - Estimated CAM (01/2018)	100	4,458.33	0.00	(24,551.21)	C-46596	No
01/02/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(52,943.43)	C-46608	No
01/31/2018	Jan 2018 (Judgment interest)		(2,267.61)	0.00	(55,211.04)	C-54810	No
02/01/2018	2 - Commercial Base Rent (02/2018)	100	23,933.89	0.00	(31,277.15)	C-47501	No
02/01/2018	2 - Estimated CAM (02/2018)	100	4,458.33	0.00	(26,818.82)	C-47502	No
02/01/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(55,211.04)	C-47757	No
02/28/2018	Feb 2018 Judgement interest		(2,049.90)	0.00	(57,260.94)	C-54811	No
03/01/2018	2 - Commercial Base Rent (03/2018)	100	23,933.89	0.00	(33,327.05)	C-48557	No
03/01/2018	2 - Estimated CAM (03/2018)	100	4,458.33	0.00	(28,868.72)	C-48558	No
03/01/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(57,260.94)	C-48573	No
03/31/2018	March 2018 - Judgement interest		(1,830.38)	0.00	(59,091.32)	C-54812	No
04/01/2018	2 - Commercial Base Rent (04/2018)	100	23,933.89	0.00	(35,157.43)	C-49182	No
04/01/2018	2 - Estimated CAM (04/2018)	100	4,458.33	0.00	(30,699.10)	C-49183	No
04/01/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(59,091.32)	C-49219	No
04/30/2018	April 2018 - judgement interest		(1,609.03)	0.00	(60,700.35)	C-54813	No
05/01/2018	2 - Commercial Base Rent (05/2018)	100	23,933.89	0.00	(36,766.46)	C-49665	No
05/01/2018	2 - Estimated CAM (05/2018)	100	4,458.33	0.00	(32,308.13)	C-49666	No
05/01/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(60,700.35)	C-49803	No
05/31/2018	May 2018 - judgement interest		(1,385.84)	0.00	(62,086.19)	C-54814	No
06/01/2018	2 - Commercial Base Rent (06/2018)	100	23,933.89	0.00	(38,152.30)	C-50284	No
06/01/2018	2 - Estimated CAM (06/2018)	100	4,458.33	0.00	(33,693.97)	C-50285	No
06/01/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(62,086.19)	C-50979	No
06/30/2018	June 2018 - Judgment interest		(1,160.79)	0.00	(63,246.98)	C-54815	No
07/01/2018	2 - Commercial Base Rent (07/2018)	100	23,933.89	0.00	(39,313.09)	C-50527	No
07/01/2018	2 - Estimated CAM (07/2018)	100	4,458.33	0.00	(34,854.76)	C-50528	No
07/01/2018	Apply Insurance pmt to amount due		(28,392.22)	0.00	(63,246.98)	C-50980	No
07/31/2018	July 2018 - Judgement interest		(933.86)	0.00	(64,180.84)	C-54816	No
08/01/2018	Apply Insurance pmt to amount due		(20,997.29)	0.00	(85,178.13)	C-50981	No
08/01/2018	2 - Commercial Base Rent (08/2018)	100	23,933.89	0.00	(61,244.24)	C-51426	No
08/01/2018	2 - Estimated CAM (08/2018)	100	4,458.33	0.00	(56,785.91)	C-51427	No
08/31/2018	Aug 2018 - judgment interest		(705.04)	0.00	(57,490.95)	C-54817	No
09/01/2018	2 - Commercial Base Rent (09/2018)	100	23,933.89	0.00	(33,557.06)	C-51950	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
09/01/2018	2 - Estimated CAM (09/2018)	100	4,458.33	0.00	(29,098.73)	C-51951	No
09/30/2018	Sept 2018 - Judgement int		(474.31)	0.00	(29,573.04)	C-54818	No
10/01/2018	2 - Commercial Base Rent (10/2018)	100	23,933.89	0.00	(5,639.15)	C-52536	No
10/01/2018	2 - Estimated CAM (10/2018)	100	4,458.33	0.00	(1,180.82)	C-52537	No
10/31/2018	Oct 2018 - judgement interest		(241.66)	0.00	(1,422.48)	C-54819	No
11/01/2018	2 - Commercial Base Rent (11/2018)	100	11,169.15	0.00	9,746.67	C-52818	No
11/01/2018	2 - Commercial Base Rent (11/2018)	100	12,892.39	0.00	22,639.06	C-52819	No
11/01/2018	2 - Estimated CAM (11/2018)	100	4,458.33	0.00	27,097.39	C-52820	No
11/30/2018	Nov 2018 - Judgement interest		(243.68)	0.00	26,853.71	C-54820	No
11/30/2018	Write off late Fees due to judgement/Settlement		(13,853.71)	0.00	13,000.00	C-54821	No
11/30/2018	Late Fee (11/2018)		1,300.00	0.00	14,300.00	C-54824	No
12/01/2018	2 - Commercial Base Rent (12/2018)	100	24,173.23	0.00	38,473.23	C-53396	No
12/01/2018	2 - Estimated CAM (12/2018)	100	4,458.33	0.00	42,931.56	C-53397	No
12/06/2018	Late Fee (12/2018)		2,863.16	0.00	45,794.72	C-54825	No
01/01/2019	2 - Commercial Base Rent (01/2019)	100	24,173.23	0.00	69,967.95	C-53906	No
01/01/2019	2 - Estimated CAM 01/2019		5,023.28	0.00	74,991.23	C-54822	No
01/01/2019	Interest per Lease (12/1-12/31)		108.33	0.00	75,099.56	C-54828	No
01/06/2019	Late Fee (01/2019)		2,919.66	0.00	78,019.22	C-54826	No
02/01/2019	2 - Commercial Base Rent (02/2019)	100	24,173.23	0.00	102,192.45	C-54437	No
02/01/2019	2 - Estimated CAM (02/2019)		5,023.28	0.00	107,215.73	C-54823	No
02/01/2019	Interest per Lease (Jan 2019)		346.93	0.00	107,562.66	C-54829	No
02/06/2019	Late Fee (02/2019)		2,919.66	0.00	110,482.32	C-54827	No
02/08/2019	Chk# Wire		0.00	32,116.17	78,366.15	R-53566	
02/12/2019	Chk# Wire 2		0.00	78,366.15	0.00	R-53567	
03/01/2019	2 - Commercial Base Rent (03/2019)	100	24,173.23	0.00	24,173.23	C-55296	No
03/01/2019	2 - Estimated CAM (03/2019)	100	4,458.33	0.00	28,631.56	C-55297	No
03/01/2019	Estimated CAM (03/2019) total \$5023.28		564.95	0.00	29,196.51	C-55328	No
03/04/2019	Chk# 106266 :CHECKscan Payment Reversed by ctrl# 54166 Yardi Declined Check for Dollar amount- Re-Deposited to Bank Directly		0.00	29,196.51	0.00	R-53934	
03/04/2019	Chk# 106266 :Prog Gen Reverses receipt Ctrl# 53934 Yardi Declined Check for Dollar amount- Re-Deposited to Bank Directly		0.00	(29,196.51)	29,196.51	R-54166	
03/05/2019	Chk# 106266 Commercial Rent March 2019		0.00	29,196.51	0.00	R-54169	
04/01/2019	2 - Commercial Base Rent (04/2019)	100	24,173.23	0.00	24,173.23	C-55515	No
04/01/2019	2 - Estimated CAM (04/2019)	100	5,023.28	0.00	29,196.51	C-55516	No
04/02/2019	Chk# 1006309 :CHECKscan Payment		0.00	29,196.51	0.00	R-54356	

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
05/01/2019	2 - Commercial Base Rent (05/2019)	100	24,173.23	0.00	24,173.23	C-56265	No
05/01/2019	2 - Estimated CAM (05/2019)	100	5,023.28	0.00	29,196.51	C-56266	No
05/02/2019	Chk# 1006538 :CHECKscan Payment		0.00	29,196.51	0.00	R-54859	
06/01/2019	2 - Commercial Base Rent (06/2019)	100	24,173.23	0.00	24,173.23	C-56746	No
06/01/2019	2 - Estimated CAM (06/2019)	100	5,023.28	0.00	29,196.51	C-56747	No
06/04/2019	Chk# 10062103 :CHECKscan Payment		0.00	29,196.51	0.00	R-55383	
07/01/2019	2 - Commercial Base Rent (07/2019)	100	24,173.23	0.00	24,173.23	C-57226	No
07/01/2019	2 - Estimated CAM (07/2019)	100	5,023.28	0.00	29,196.51	C-57227	No
07/02/2019	Chk# 10062309 :CHECKscan Payment		0.00	29,196.51	0.00	R-55869	
08/01/2019	2 - Commercial Base Rent (08/2019)	100	24,173.23	0.00	24,173.23	C-57789	No
08/01/2019	2 - Estimated CAM (08/2019)	100	5,023.28	0.00	29,196.51	C-57790	No
08/07/2019	Late Fee 08/2019		2,919.65	0.00	32,116.16	C-57864	No
08/08/2019	Chk# 10062535 :CHECKscan Payment		0.00	29,196.51	2,919.65	R-56621	
08/12/2019	Chk# 10062606 :CHECKscan Payment		0.00	2,919.65	0.00	R-56649	
09/01/2019	2 - Commercial Base Rent (09/2019)	100	24,173.23	0.00	24,173.23	C-58019	No
09/01/2019	2 - Estimated CAM (09/2019)	100	5,023.28	0.00	29,196.51	C-58020	No
09/03/2019	Chk# 10062777 :CHECKscan Payment		0.00	29,196.51	0.00	R-56802	
10/01/2019	2 - Commercial Base Rent (10/2019)	100	24,173.23	0.00	24,173.23	C-58865	No
10/01/2019	2 - Estimated CAM (10/2019)	100	5,023.28	0.00	29,196.51	C-58866	No
10/01/2019	Chk# 10062995 :CHECKscan Payment		0.00	29,196.51	0.00	R-57400	
11/01/2019	2 - Commercial Base Rent (11/2019)	100	11,280.84	0.00	11,280.84	C-59349	No
11/01/2019	2 - Commercial Base Rent (11/2019)	100	13,021.31	0.00	24,302.15	C-59350	No
11/01/2019	2 - Estimated CAM (11/2019)	100	5,023.28	0.00	29,325.43	C-59351	No
11/13/2019	Chk# 10063274 :CHECKscan Payment		0.00	29,196.51	128.92	R-58188	
12/01/2019	2 - Commercial Base Rent (12/2019)	100	24,414.96	0.00	24,543.88	C-59870	No
12/01/2019	2 - Estimated CAM (12/2019)	100	5,023.28	0.00	29,567.16	C-59871	No
12/03/2019	Chk# 10063461 :CHECKscan Payment		0.00	29,196.51	370.65	R-58587	
01/01/2020	2 - Commercial Base Rent (01/2020)	100	24,414.96	0.00	24,785.61	C-60472	No
01/01/2020	2 - Estimated CAM (01/2020)	100	5,023.28	0.00	29,808.89	C-60473	No
01/03/2020	Chk# 10063720 :CHECKscan Payment		0.00	29,196.51	612.38	R-59173	
02/01/2020	2 - Commercial Base Rent (02/2020)	100	24,414.96	0.00	25,027.34	C-60976	No
02/01/2020	2 - Estimated CAM (02/2020)	100	5,023.28	0.00	30,050.62	C-60977	No
02/03/2020	Chk# 10063942 :CHECKscan Payment		0.00	29,196.51	854.11	R-59581	
03/01/2020	2 - Commercial Base Rent (03/2020)	100	24,414.96	0.00	25,269.07	C-61532	No
03/01/2020	2 - Estimated CAM (03/2020)	100	5,023.28	0.00	30,292.35	C-61533	No
03/03/2020	Chk# 10064226 :CHECKscan Payment		0.00	29,196.31	1,096.04	R-60232	

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
04/01/2020	2 - Commercial Base Rent (04/2020)	100	24,414.96	0.00	25,511.00	C-62052	No
04/01/2020	2 - Estimated CAM (04/2020)	100	5,023.28	0.00	30,534.28	C-62053	No
05/01/2020	2 - Commercial Base Rent (05/2020)	100	24,414.96	0.00	54,949.24	C-62524	No
05/01/2020	2 - Estimated CAM (05/2020)	100	5,023.28	0.00	59,972.52	C-62525	No
05/13/2020	Chk# 10064735 :CHECKscan Payment		0.00	5,023.50	54,949.02	R-61417	
05/13/2020	Chk# 10064736 :CHECKscan Payment		0.00	5,023.50	49,925.52	R-61418	
06/01/2020	2 - Commercial Base Rent (06/2020)	100	24,414.96	0.00	74,340.48	C-62980	No
06/01/2020	2 - Estimated CAM (06/2020)	100	5,023.28	0.00	79,363.76	C-62981	No
06/04/2020	Chk# 10064828 :CHECKscan Payment		0.00	5,024.00	74,339.76	R-61812	
07/01/2020	2 - Commercial Base Rent (07/2020)	100	24,414.96	0.00	98,754.72	C-63461	No
07/01/2020	2 - Estimated CAM (07/2020)	100	5,023.28	0.00	103,778.00	C-63462	No
07/20/2020	Chk# 10065194 :CHECKscan Payment		0.00	29,196.51	74,581.49	R-62488	
07/30/2020	Order re motion for attorneys fees		(52,823.00)	0.00	21,758.49	C-68237	No
08/01/2020	2 - Commercial Base Rent (08/2020)	100	24,414.96	0.00	46,173.45	C-63664	No
08/01/2020	2 - Estimated CAM (08/2020)	100	5,023.28	0.00	51,196.73	C-63665	No
09/01/2020	2 - Commercial Base Rent (09/2020)	100	24,414.96	0.00	75,611.69	C-64160	No
09/01/2020	2 - Estimated CAM (09/2020)	100	5,023.28	0.00	80,634.97	C-64161	No
09/04/2020	Chk# 10065580 :CHECKscan Payment		0.00	29,196.51	51,438.46	R-63415	
10/01/2020	2 - Commercial Base Rent (10/2020)	100	24,414.96	0.00	75,853.42	C-64673	No
10/01/2020	2 - Estimated CAM (10/2020)	100	5,023.28	0.00	80,876.70	C-64674	No
10/02/2020	Chk# 10065775 :CHECKscan Payment		0.00	29,196.51	51,680.19	R-63827	
10/06/2020	Chk# 10065790 :CHECKscan Payment		0.00	1,635.00	50,045.19	R-64004	
10/06/2020	Chk# 10065780 :CHECKscan Payment		0.00	29,196.51	20,848.68	R-64005	
11/01/2020	2 - Commercial Base Rent (11/2020)	100	24,414.96	0.00	45,263.64	C-65188	No
11/01/2020	2 - Estimated CAM (11/2020)	100	5,023.28	0.00	50,286.92	C-65189	No
11/04/2020	Chk# 10066041 :CHECKscan Payment		0.00	29,196.51	21,090.41	R-64537	
11/15/2020	Renewal Option Increase Balance (11/2020)		232.55	0.00	21,322.96	C-71241	No
12/01/2020	2 - Commercial Base Rent (12/2020)	100	24,414.96	0.00	45,737.92	C-65733	No
12/01/2020	2 - Estimated CAM (12/2020)	100	5,023.28	0.00	50,761.20	C-65734	No
12/01/2020	Renewal Option Increase Balance (12/2020)		436.02	0.00	51,197.22	C-71240	No
12/08/2020	Chk# 10066263 :CHECKscan Payment		0.00	29,196.51	22,000.71	R-65121	
01/01/2021	2 - Commercial Base Rent (01/2021)	100	24,414.96	0.00	46,415.67	C-66216	No
01/01/2021	2 - Estimated CAM (01/2021)	100	5,023.28	0.00	51,438.95	C-66217	No
01/01/2021	Renewal Option Increase Balance (01/2021)		436.02	0.00	51,874.97	C-71239	No
01/08/2021	Chk# 10066447 :CHECKscan Payment		0.00	29,196.31	22,678.66	R-65636	
02/01/2021	2 - Commercial Base Rent (02/2021)	100	24,414.96	0.00	47,093.62	C-66716	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
02/01/2021	2 - Estimated CAM (02/2021)	100	5,023.28	0.00	52,116.90	C-66717	No
02/01/2021	Renewal Option Increase Balance (02/2021)		436.02	0.00	52,552.92	C-71238	No
02/09/2021	Chk# 10066706 :CHECKscan Payment		0.00	29,196.51	23,356.41	R-66144	
03/01/2021	2 - Commercial Base Rent (03/2021)	100	24,414.96	0.00	47,771.37	C-67217	No
03/01/2021	2 - Estimated CAM (03/2021)	100	5,023.28	0.00	52,794.65	C-67218	No
03/01/2021	Renewal Option Increase Balance (03/2021)		436.02	0.00	53,230.67	C-71237	No
03/09/2021	Chk# 10066883 :CHECKscan Payment		0.00	29,196.51	24,034.16	R-66611	
04/01/2021	2 - Commercial Base Rent (04/2021)	100	24,414.96	0.00	48,449.12	C-67694	No
04/01/2021	2 - Estimated CAM (04/2021)	100	5,023.28	0.00	53,472.40	C-67695	No
04/01/2021	Renewal Option Increase Balance (04/2021)		436.02	0.00	53,908.42	C-71236	No
04/07/2021	Late fee (04/2021)		2,943.82	0.00	56,852.24	C-68239	No
04/13/2021	Chk# 10066950 :CHECKscan Payment		0.00	29,196.51	27,655.73	R-67140	
05/01/2021	2 - Commercial Base Rent (05/2021)	100	24,414.96	0.00	52,070.69	C-68217	No
05/01/2021	2 - Estimated CAM (05/2021)	100	5,023.28	0.00	57,093.97	C-68218	No
05/01/2021	Renewal Option Increase Balance (05/2021)		436.02	0.00	57,529.99	C-71235	No
05/05/2021	Chk# 10066974 :CHECKscan Payment		0.00	29,196.51	28,333.48	R-67585	
05/07/2021	10% Late Fee on total balance owed		2,548.48	0.00	30,881.96	C-69600	No
06/01/2021	2 - Commercial Base Rent (06/2021)	100	24,414.96	0.00	55,296.92	C-69028	No
06/01/2021	2 - Estimated CAM (06/2021)	100	5,023.28	0.00	60,320.20	C-69029	No
06/01/2021	Renewal Option Increase Balance (06/2021)		436.02	0.00	60,756.22	C-71234	No
06/07/2021	Chk# 10066979 :CHECKscan Payment		0.00	29,196.51	31,559.71	R-68168	
06/08/2021	Late Fee on balance owed		2,827.50	0.00	34,387.21	C-69601	No
07/01/2021	2 - Commercial Base Rent (07/2021)	100	24,414.96	0.00	58,802.17	C-69252	No
07/01/2021	2 - Estimated CAM (07/2021)	100	5,023.28	0.00	63,825.45	C-69253	No
07/01/2021	Renewal Option Increase Balance (07/2021)		436.02	0.00	64,261.47	C-71233	No
07/08/2021	10% late fee on balance owed		6,054.08	0.00	70,315.55	C-69603	No
07/26/2021	Chk# 100351 :CHECKscan Payment		0.00	22,538.01	47,777.54	R-68818	
07/31/2021	Interest fee (Balance \$44,056.83)		367.14	0.00	48,144.68	C-70174	No
08/01/2021	2 - Commercial Base Rent (08/2021)	100	24,414.96	0.00	72,559.64	C-69815	No
08/01/2021	2 - Estimated CAM (08/2021)	100	5,023.28	0.00	77,582.92	C-69816	No
08/01/2021	Renewal Option Increase Balance (08/2021)		436.02	0.00	78,018.94	C-71232	No
08/06/2021	Chk# 100427 :CHECKscan Payment		0.00	29,196.51	48,822.43	R-69246	
08/06/2021	Chk# 0000045840 :CHECKscan Payment		0.00	29,196.51	19,625.92	R-69247	
08/09/2021	Late Fee (08/2021) *Balance for August Rent \$15,102.05		1,510.21	0.00	21,136.13	C-70190	No
08/31/2021	Interest fee (Balance \$15,102.05)		125.85	0.00	21,261.98	C-70891	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
09/01/2021	2 - Commercial Base Rent (09/2021)	100	24,414.96	0.00	45,676.94	C-70659	No
09/01/2021	2 - Estimated CAM (09/2021)	100	5,023.28	0.00	50,700.22	C-70660	No
09/01/2021	Renewal Option Increase Balance (09/2021)		436.02	0.00	51,136.24	C-71231	No
09/08/2021	Late Fee (09/2021)		2,943.82	0.00	54,080.06	C-70702	No
09/10/2021	Chk# 100519 :CHECKscan Payment		0.00	29,196.51	24,883.55	R-69791	
09/30/2021	Interest Fee (Balance \$17,346.98)		144.56	0.00	25,028.11	C-71187	No
10/01/2021	2 - Commercial Base Rent (10/2021)	100	24,414.96	0.00	49,443.07	C-70870	No
10/01/2021	2 - Estimated CAM (10/2021)	100	5,023.28	0.00	54,466.35	C-70871	No
10/01/2021	Renewal Option Increase Balance (10/2021)		436.02	0.00	54,902.37	C-71230	No
10/07/2021	Late Fee (10/2021)		2,943.82	0.00	57,846.19	C-71186	No
10/25/2021	Chk# ACH 102521		0.00	29,196.51	28,649.68	R-70357	
10/31/2021	Interest fee (Balance \$28,649.68)		238.75	0.00	28,888.43	C-71734	No
11/01/2021	2 - Commercial Base Rent (11/2021)	100	24,850.98	0.00	53,739.41	C-71436	No
11/01/2021	2 - Estimated CAM (11/2021)	100	5,023.28	0.00	58,762.69	C-71437	No
11/02/2021	Chk# ACH 110221		0.00	29,196.51	29,566.18	R-70706	
11/09/2021	Late fee (11/2021) *Balance \$29,566.18		2,956.62	0.00	32,522.80	C-71759	No
11/15/2021	Chk# ACH 111521		0.00	677.75	31,845.05	R-70786	
11/30/2021	Interest Fee (Balance of \$29,566.18)		246.38	0.00	32,091.43	C-72256	No
12/01/2021	2 - Commercial Base Rent (12/2021)	100	24,850.98	0.00	56,942.41	C-71964	No
12/01/2021	2 - Estimated CAM (12/2021)	100	5,023.28	0.00	61,965.69	C-71965	No
12/01/2021	Chk# ACH 120121		0.00	29,196.51	32,769.18	R-71063	
12/08/2021	Late Fee (12/2021)		2,987.43	0.00	35,756.61	C-72285	No
12/31/2021	Interest Fee (Balance of \$32,769.18)		273.08	0.00	36,029.69	C-72831	No
01/01/2022	2 - Commercial Base Rent (01/2022)	100	24,850.98	0.00	60,880.67	C-72486	No
01/01/2022	2 - Estimated CAM (01/2022)	100	5,023.28	0.00	65,903.95	C-72487	No
01/04/2022	Chk# ACH 010422		0.00	29,196.51	36,707.44	R-71703	
01/31/2022	Interest Fee (Balance of \$36,707.44)		305.90	0.00	37,013.34	C-73318	No
02/01/2022	2 - Commercial Base Rent (02/2022)	100	24,850.98	0.00	61,864.32	C-73035	No
02/01/2022	2 - Estimated CAM (02/2022)	100	5,023.28	0.00	66,887.60	C-73036	No
02/04/2022	Chk# ACH 020422		0.00	29,196.51	37,691.09	R-72213	
02/08/2022	Late Fee (02/2022)		2,987.43	0.00	40,678.52	C-73881	No
03/01/2022	2 - Commercial Base Rent (03/2022)	100	24,850.98	0.00	65,529.50	C-73833	No
03/01/2022	2 - Estimated CAM (03/2022)	100	5,023.28	0.00	70,552.78	C-73834	No
03/03/2022	Chk# ACH 030322		0.00	29,196.51	41,356.27	R-72647	
03/04/2022	Interest Fee (Balance \$41,356.27)		344.64	0.00	41,700.91	C-73882	No
03/08/2022	Late Fee (03/2022)		2,987.43	0.00	44,688.34	C-73923	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
03/10/2022	Chk# ACH 031022		0.00	677.75	44,010.59	R-72786	
04/01/2022	2 - Commercial Base Rent (04/2022)	100	24,850.98	0.00	68,861.57	C-74388	No
04/01/2022	2 - Estimated CAM (04/2022)	100	5,023.28	0.00	73,884.85	C-74389	No
04/04/2022	Chk# ACH 040422		0.00	29,874.26	44,010.59	R-73024	
05/01/2022	2 - Commercial Base Rent (05/2022)	100	24,850.98	0.00	68,861.57	C-74943	No
05/01/2022	2 - Estimated CAM (05/2022)	100	5,023.28	0.00	73,884.85	C-74944	No
05/05/2022	Chk# ACH 050522		0.00	29,874.26	44,010.59	R-73819	
06/01/2022	2 - Commercial Base Rent (06/2022)	100	24,850.98	0.00	68,861.57	C-75201	No
06/01/2022	2 - Estimated CAM (06/2022)	100	5,023.28	0.00	73,884.85	C-75202	No
06/01/2022	Chk# ACH 060122		0.00	29,874.26	44,010.59	R-74110	
07/01/2022	2 - Commercial Base Rent (07/2022)	100	24,850.98	0.00	68,861.57	C-75762	No
07/01/2022	2 - Estimated CAM (07/2022)	100	5,023.28	0.00	73,884.85	C-75763	No
07/07/2022	Late Fee (07/2022)		2,987.43	0.00	76,872.28	C-76085	No
07/07/2022	Chk# ACH070722		0.00	29,874.26	46,998.02	R-74890	
08/01/2022	2 - Commercial Base Rent (08/2022)	100	24,850.98	0.00	71,849.00	C-76617	No
08/01/2022	2 - Estimated CAM (08/2022)	100	5,023.28	0.00	76,872.28	C-76618	No
08/03/2022	Chk# ACH 080322		0.00	29,874.26	46,998.02	R-75307	
09/01/2022	2 - Commercial Base Rent (09/2022)	100	24,850.98	0.00	71,849.00	C-77178	No
09/01/2022	2 - Estimated CAM (09/2022)	100	5,023.28	0.00	76,872.28	C-77179	No
09/06/2022	Chk# ACH 090622		0.00	29,874.26	46,998.02	R-76023	
10/01/2022	2 - Commercial Base Rent (10/2022)	100	24,850.98	0.00	71,849.00	C-77789	No
10/01/2022	2 - Estimated CAM (10/2022)	100	5,023.28	0.00	76,872.28	C-77790	No
10/03/2022	Chk# ACH 100322		0.00	29,874.26	46,998.02	R-76189	
11/01/2022	2 - Commercial Base Rent (11/2022)	100	24,850.98	0.00	71,849.00	C-78373	No
11/01/2022	2 - Estimated CAM (11/2022)	100	5,023.28	0.00	76,872.28	C-78374	No
11/03/2022	Chk# ACH 110322		0.00	30,178.28	46,694.00	R-77019	
12/01/2022	2 - Commercial Base Rent (12/2022)	100	24,850.98	0.00	71,544.98	C-78660	No
12/01/2022	2 - Estimated CAM (12/2022)	100	5,023.28	0.00	76,568.26	C-78661	No
12/01/2022	Chk# ACH 12/01/22		0.00	30,178.28	46,389.98	R-77208	
01/01/2023	2 - Commercial Base Rent (01/2023)	100	24,850.98	0.00	71,240.96	C-79264	No
01/01/2023	2 - Estimated CAM (01/2023)	100	5,023.28	0.00	76,264.24	C-79265	No
01/03/2023	Chk# ACH 010323		0.00	30,178.28	46,085.96	R-78196	
02/01/2023	2 - Commercial Base Rent (02/2023)	100	24,850.98	0.00	70,936.94	C-80063	No
02/01/2023	2 - Estimated CAM (02/2023)	100	5,023.28	0.00	75,960.22	C-80064	No
02/03/2023	Chk# ACH 020323		0.00	30,178.28	45,781.94	R-78381	
03/01/2023	2 - Commercial Base Rent (03/2023)	100	24,850.98	0.00	70,632.92	C-80667	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
03/01/2023	2 - Estimated CAM (03/2023)	100	5,023.28	0.00	75,656.20	C-80668	No
03/03/2023	Chk# ACH 030323		0.00	30,178.28	45,477.92	R-79145	
04/01/2023	2 - Commercial Base Rent (04/2023)	100	24,850.98	0.00	70,328.90	C-81236	No
04/01/2023	2 - Estimated CAM (04/2023)	100	5,023.28	0.00	75,352.18	C-81237	No
04/03/2023	Chk# ACH 040323		0.00	30,178.28	45,173.90	R-79566	
05/01/2023	2 - Commercial Base Rent (05/2023)	100	24,850.98	0.00	70,024.88	C-81792	No
05/01/2023	2 - Estimated CAM (05/2023)	100	5,023.28	0.00	75,048.16	C-81793	No
05/02/2023	Chk# ACH 050223		0.00	30,178.28	44,869.88	R-80197	
06/01/2023	2 - Commercial Base Rent (06/2023)	100	24,850.98	0.00	69,720.86	C-82078	No
06/01/2023	2 - Estimated CAM (06/2023)	100	5,023.28	0.00	74,744.14	C-82079	No
06/02/2023	Chk# ACH 060223		0.00	30,178.28	44,565.86	R-80660	
07/01/2023	2 - Commercial Base Rent (07/2023)	100	24,850.98	0.00	69,416.84	C-82585	No
07/01/2023	2 - Estimated CAM (07/2023)	100	5,023.28	0.00	74,440.12	C-82586	No
07/03/2023	Chk# ACH 070323		0.00	30,178.28	44,261.84	R-81123	
08/01/2023	2 - Commercial Base Rent (08/2023)	100	24,850.98	0.00	69,112.82	C-83387	No
08/01/2023	2 - Estimated CAM (08/2023)	100	5,023.28	0.00	74,136.10	C-83388	No
08/01/2023	Chk# ACH 080123		0.00	30,178.28	43,957.82	R-81746	
09/01/2023	2 - Commercial Base Rent (09/2023)	100	24,850.98	0.00	68,808.80	C-83650	No
09/01/2023	2 - Estimated CAM (09/2023)	100	5,023.28	0.00	73,832.08	C-83651	No
09/01/2023	Chk# ACH 090123		0.00	30,178.28	43,653.80	R-82124	
10/01/2023	2 - Commercial Base Rent (10/2023)	100	24,850.98	0.00	68,504.78	C-84174	No
10/01/2023	2 - Estimated CAM (10/2023)	100	5,023.28	0.00	73,528.06	C-84175	No
10/02/2023	Chk# ACH 100223 October 2023 rent pmnt		0.00	30,178.28	43,349.78	R-82419	
11/01/2023	2 - Commercial Base Rent (11/2023)	100	24,850.98	0.00	68,200.76	C-84833	No
11/01/2023	2 - Estimated CAM (11/2023)	100	5,023.28	0.00	73,224.04	C-84834	No
11/01/2023	November 2023 rent		0.00	30,429.28	42,794.76	R-83335	
12/01/2023	2 - Commercial Base Rent (12/2023)	100	24,850.98	0.00	67,645.74	C-85428	No
12/01/2023	2 - Estimated CAM (12/2023)	100	5,023.28	0.00	72,669.02	C-85429	No
12/04/2023	Chk# ACH120423 December's rent		0.00	30,429.28	42,239.74	R-83763	
01/01/2024	2 - Commercial Base Rent (01/2024)	100	24,850.98	0.00	67,090.72	C-86002	No
01/01/2024	2 - Estimated CAM (01/2024)	100	5,023.28	0.00	72,114.00	C-86003	No
01/03/2024	Chk# ACH010324 January 2024		0.00	30,429.28	41,684.72	R-84519	
02/01/2024	2 - Commercial Base Rent (02/2024)	100	24,850.98	0.00	66,535.70	C-86587	No
02/01/2024	2 - Estimated CAM (02/2024)	100	5,023.28	0.00	71,558.98	C-86588	No
02/01/2024			0.00	30,429.28	41,129.70	R-85124	
03/01/2024	2 - Commercial Base Rent (03/2024)	100	24,850.98	0.00	65,980.68	C-87455	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
03/01/2024	2 - Estimated CAM (03/2024)	100	5,023.28	0.00	71,003.96	C-87456	No
03/01/2024			0.00	30,429.28	40,574.68	R-85654	
04/01/2024	2 - Commercial Base Rent (04/2024)	100	24,850.98	0.00	65,425.66	C-87806	No
04/01/2024	2 - Estimated CAM (04/2024)	100	5,023.28	0.00	70,448.94	C-87807	No
04/02/2024	Chk# ACH040224 April 2024 rent		0.00	30,429.28	40,019.66	R-85944	
05/01/2024	2 - Commercial Base Rent (05/2024)	100	24,850.98	0.00	64,870.64	C-88575	No
05/01/2024	2 - Estimated CAM (05/2024)	100	5,023.28	0.00	69,893.92	C-88576	No
05/01/2024	Chk# ACH050124		0.00	30,429.28	39,464.64	R-87485	
06/01/2024	2 - Commercial Base Rent (06/2024)	100	24,850.98	0.00	64,315.62	C-88893	No
06/01/2024	2 - Estimated CAM (06/2024)	100	5,023.28	0.00	69,338.90	C-88894	No
06/04/2024			0.00	30,429.28	38,909.62	R-87483	
07/01/2024	2 - Commercial Base Rent (07/2024)	100	24,850.98	0.00	63,760.60	C-89981	No
07/01/2024	2 - Estimated CAM (07/2024)	100	5,023.28	0.00	68,783.88	C-89982	No
07/02/2024	Chk# ACH070224		0.00	30,429.28	38,354.60	R-87701	
08/01/2024	2 - Commercial Base Rent (08/2024)	100	24,850.98	0.00	63,205.58	C-90325	No
08/01/2024	2 - Estimated CAM (08/2024)	100	5,023.28	0.00	68,228.86	C-90326	No
08/01/2024	Chk# ACH080124		0.00	30,429.28	37,799.58	R-88274	
09/01/2024	2 - Commercial Base Rent (09/2024)	100	24,850.98	0.00	62,650.56	C-90940	No
09/01/2024	2 - Estimated CAM (09/2024)	100	5,023.28	0.00	67,673.84	C-90941	No
09/05/2024	Chk# ACH090524		0.00	30,429.28	37,244.56	R-89013	
10/01/2024	2 - Commercial Base Rent (10/2024)	100	24,850.98	0.00	62,095.54	C-91455	No
10/01/2024	2 - Estimated CAM (10/2024)	100	5,023.28	0.00	67,118.82	C-91456	No
10/02/2024	Chk# ACH100224		0.00	30,429.28	36,689.54	R-89308	
11/01/2024	2 - Commercial Base Rent (11/2024)	100	24,850.98	0.00	61,540.52	C-92251	No
11/01/2024	2 - Estimated CAM (11/2024)	100	5,023.28	0.00	66,563.80	C-92252	No
11/04/2024	Chk# ACH110424		0.00	30,683.28	35,880.52	R-89881	
12/01/2024	2 - Commercial Base Rent (12/2024)	100	24,850.98	0.00	60,731.50	C-92609	No
12/01/2024	2 - Estimated CAM (12/2024)	100	5,023.28	0.00	65,754.78	C-92610	No
12/03/2024	Chk# ACH120324		0.00	30,683.28	35,071.50	R-90430	
01/01/2025	2 - Commercial Base Rent (01/2025)	100	24,850.98	0.00	59,922.48	C-93195	No
01/01/2025	2 - Estimated CAM (01/2025)	100	5,023.28	0.00	64,945.76	C-93196	No
01/03/2025	Chk# ACH010625		0.00	30,683.28	34,262.48	R-91053	
02/01/2025	2 - Commercial Base Rent (02/2025)	100	24,850.98	0.00	59,113.46	C-94016	No
02/01/2025	2 - Estimated CAM (02/2025)	100	5,023.28	0.00	64,136.74	C-94017	No
02/04/2025	Chk# ApplyCR		0.00	30,683.28	33,453.46	R-91524	
03/01/2025	2 - Commercial Base Rent (03/2025)	100	24,850.98	0.00	58,304.44	C-94321	No

Lease Ledger

Date: 10/09/2025

Property: 603

Tenant: 603tri Tricolor Auto Group, LLC

From Date: 11/15/2013 To Date: 11/14/2025

Move In Date: 11/15/2013

Unit(S): 100

Date	Description	Unit	Charge	Payment	Balance	Chg/Rec	Hold
03/01/2025	2 - Estimated CAM (03/2025)	100	5,023.28	0.00	63,327.72	C-94322	No
03/04/2025	Chk# ACH030425		0.00	30,683.28	32,644.44	R-91993	
04/01/2025	2 - Commercial Base Rent (04/2025)	100	24,850.98	0.00	57,495.42	C-95151	No
04/01/2025	2 - Estimated CAM (04/2025)	100	5,023.28	0.00	62,518.70	C-95152	No
04/02/2025	Chk# ACH040225		0.00	30,683.28	31,835.42	R-92471	
05/01/2025	2 - Commercial Base Rent (05/2025)	100	24,850.98	0.00	56,686.40	C-95460	No
05/01/2025	2 - Estimated CAM (05/2025)	100	5,023.28	0.00	61,709.68	C-95461	No
05/02/2025	Chk# ACH050225		0.00	30,683.28	31,026.40	R-92985	
06/01/2025	2 - Commercial Base Rent (06/2025)	100	24,850.98	0.00	55,877.38	C-96066	No
06/01/2025	2 - Estimated CAM (06/2025)	100	5,023.28	0.00	60,900.66	C-96067	No
06/02/2025	Chk# ACH060225		0.00	30,683.28	30,217.38	R-93506	
07/01/2025	2 - Commercial Base Rent (07/2025)	100	24,850.98	0.00	55,068.36	C-96876	No
07/01/2025	2 - Estimated CAM (07/2025)	100	5,023.28	0.00	60,091.64	C-96877	No
07/02/2025	Chk# ACH070225		0.00	30,683.28	29,408.36	R-94603	
08/01/2025	2 - Commercial Base Rent (08/2025)	100	24,850.98	0.00	54,259.34	C-97179	No
08/01/2025	2 - Estimated CAM (08/2025)	100	5,023.28	0.00	59,282.62	C-97180	No
08/01/2025	Chk# ACH080125		0.00	30,683.28	28,599.34	R-94607	
09/01/2025	2 - Commercial Base Rent (09/2025)	100	24,850.98	0.00	53,450.32	C-97835	No
09/01/2025	2 - Estimated CAM (09/2025)	100	5,023.28	0.00	58,473.60	C-97836	No
09/02/2025	Chk# ACH090225		0.00	30,683.28	27,790.32	R-95082	
10/01/2025	2 - Commercial Base Rent (10/2025)	100	24,850.98	0.00	52,641.30	C-98740	No
10/01/2025	2 - Estimated CAM (10/2025)	100	5,023.28	0.00	57,664.58	C-98741	No

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

In re:	§	Chapter7
	§	
TRICOLOR HOLDINGS, LLC, <i>et al.</i> , ¹	§	Case No. 25-33487 (MVL)
	§	
Debtors.	§	Jointly Administered

**ORDER GRANTING MOTION OF 603 SAN FERNANDO ROAD, LLC TO COMPEL
PAYMENT OF POST-PETITION LEASE OBLIGATIONS**

On this day came on for consideration a *Motion to Compel Payment of Post-Petition Lease Obligations* [Docket No. 226] (the “Motion”), filed by 603 San Fernando Road, LLC (“Landlord”), in the above-referenced case. Upon consideration of the Motion, and upon the record thereon, it is

HEREBY ORDERED THAT:

¹ The Debtors and their bankruptcy case numbers are: Tricolor Holdings, LLC (25-33487), TAG Intermediate Holding Company, LLC (25-33495), Tricolor Auto Group, LLC (25-33496), Tricolor Auto Acceptance, LLC (25-33497), Tricolor Insurance Agency, LLC (25-33512), Tricolor Home Loans LLC (25-33511), Tricolor Real Estate Services (25-33514), TAG California Holding Company, LLC (25-33493), Flexi Compras Autos, LLC (25-33490), TAG California Intermediate Holding Company, LLC (25-33494), Tricolor California Auto Group, LLC (25-33502), Tricolor California Auto Acceptance, LLC (25-33501), Risk Analytics LLC (25-33491), Tricolor Tax, LLC (25-33515), Tricolor Financial, LLC (25-33510), Tricolor Auto Receivables LLC (25-33498), TAG Asset Funding, LLC (25-33492), Apoyo Financial, LLC (25-33489).

1. The Chapter 7 Trustee of the estate of debtor Tricolor California Auto Group, LLC is ordered and directed to make payment, within five (5) calendar days of entry of this Order, of the sum of \$29,874.26 on account of unpaid October 2025 rent and charges under the AIR Commercial Real Estate Association Standard Industrial/Commercial Single-Tenant Lease – Net, dated August 23, 2013 (the “San Fernando Lease”), as well as any additional rent and charges coming due prior to, and remaining unpaid as of, the date of this Order.
2. If this sum is not promptly paid, this Court directs that the San Fernando Lease be deemed rejected.
3. Landlord is further awarded its attorneys’ fees incurred in connection with this Motion in the additional sum of at least \$_____.

END OF ORDER

ORDER SUBMITTED BY:

/s/ Rebecca L. Matthews

Rebecca L. Matthews, Esq.

(Texas Bar No. 24062776)

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-and-

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