

PROPERTY LEASE

BETWEEN

**Thang Quang Pham and Kathy Tram Pham,
husband and wife, as Community Property with Right of Survivorship**

as Landlord,

and

**CITY OF GARDEN GROVE,
a municipal corporation**

As Tenant

PROPERTY:

**11202 Acacia Parkway
Garden Grove, CA 92840
APN: 090-164-26**

NOTICE TO ALL PARTIES:

THE SUBMISSION OF THIS DOCUMENT FOR EXAMINATION, NEGOTIATION, AND/OR SIGNATURE DOES NOT CONSTITUTE AND OFFER TO LEASE, OR A RESERVATION OF, OR AN OPTION FOR THE PREMISES. THIS DOCUMENT SHALL NOT BE BINDING OR IN EFFECT AGAINST EITHER PARTY UNTIL, AT LEASE ONE COUNTERPART DULY EXECUTED BY LANDLORD AND TENANT, HAS BEEN RECEIVED BY EACH OF THE LANDLORD AND TENANT.

LEASE

This lease is made and entered into by and between **Thang Quang Pham and Kathy Tram Pham** ("Landlord"), and **City of Garden Grove, a municipal corporation** ("Tenant"), as of January 18, 2022 (the "Effective Date").

Article 1. LEASE OF PREMISES.

1.1. In consideration of the Rent (as defined herein) to be paid by Tenant and the provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises further described at Section 2. As Is Condition: Landlord shall deliver to Tenant the Premises in "as-is" condition. Any upgrades or addition initiated by the Tenant is the Tenant's responsibility and to maintain in good working order. Other than the warranties mentioned herein, Tenant is leasing the Premises in "as-is" condition and shall be fully responsible for any and all tenant improvements, alterations, and any corrective work necessary. Tenant acknowledges that any modification to the Premises may require additional corrective work per the American with Disabilities Act or any similar laws as a result of Tenant's use. Tenant shall be responsible for any necessary corrective work. There is no Tenant Improvement Allowance given to Tenant. Notwithstanding any provision set forth in this Lease, Landlord shall have no duty to repair or maintain utilities, trade fixtures, alterations or any other equipment, regardless of whether or not the aforementioned has been installed or added by Landlord, or any former occupant of the Premises, if such amenities are not provided to or found in the Premises. Landlord and Tenant acknowledge that the heating ventilation and air-conditioning (HVAC) systems may be inoperable. Lessee acknowledges that property is in "as-is" condition and Landlord does not guarantee the HVAC units.

1.2. **ADA Compliance.** Lessee shall have the sole responsibility for complying, at Lessee's cost, with any and all provisions of the Americans with Disabilities Act of 1990, as it has been and may later be amended ("ADA"), (i) with respect to the Premises (including, but not limited to, the restrooms, access to the Premises and the parking areas servicing the Premises); and (ii) with respect to the common areas of the Project where in the case of this clause (ii) such compliance has been brought about by: (A) any alterations to the Premises or to the common areas made by or on behalf of Lessee, whether by Lessor or otherwise, and whether performed before or after the Commencement Date, or (B) requirements of Lessee's employees, or any changes to Lessee's use of the Premises (items (i) and (ii) collectively, "Lessee's ADA Responsibilities"). Lessee shall indemnify, defend and hold Lessor, its agents and employees harmless from and against any and all claims, damages, or liabilities (including, without limitation, reasonable attorneys' fees and costs) arising directly or indirectly from Lessee's failure to satisfy any of Lessee's ADA Responsibilities. The Premises have not undergone an inspection by a Certified Access Specialist (CAsp). Tenant shall be responsible for the cost, should Tenant wish to obtain a CAsp inspection.

Article 2. DEFINITIONS.

As used in this Lease, the following terms have the following meanings:

2.1. Commencement Date: January 18, 2022.

2.2. Common Areas: All areas, structural portions, facilities and equipment outside the Premises but within the exterior boundaries of the property that are provided and designated by Landlord from time to time for the general use, benefit and/or convenience of Tenant and/or their respective authorized representatives and invitees. Common Areas include without limitation, pedestrian walkways and patios (except for the patio set aside for

Tenant's exclusive use), landscaped areas, sidewalks, service corridors, public restrooms, stairways, roofs, walls, plazas, malls (including any enclosed malls where climate control is provided), throughways, loading areas, parking areas, and roads.

2.3. Floor Area: As to the Premises, the respective measurements of floor area as are from time to time subject to lease by Tenant.

2.4. Landlord's Mailing Address: Thang Quang Pham and Kathy Tram Pham – 46 E. Peninsula Center #366, Rolling Hills Estates, CA 90274

Tenant's Mailing Address: City of Garden Grove, a municipal corporation – 11222 Acacia Parkway, Garden Grove, CA 92840

2.5. Base Rent:

<u>Lease Year</u>	<u>Minimum Monthly Rent</u>
Months 1-6	\$6,250.00

2.6. Term: The Term of this Lease shall begin as of the date hereof and shall continue thereafter for a period of **six (6) months** (plus any partial month) following the Commencement Date.

2.7. Delivery Date: Landlord shall deliver possession of the Premises to Tenant on or before January 17, 2022 subject to delays beyond Landlord's reasonable control. "Lessor shall deliver the Premises to Lessee in its "as-is" condition on the Commencement Date or Early Possession Date, whichever first occurs."

2.8. Premises: 11202 Acacia Parkway, Garden Grove, CA 92840, containing approximately 4,004 square feet of Floor Area.

2.9. Security Deposit (Article 29): \$6,250.00

2.10. Tenant's Use Clause (Article 4): The Premises shall be used and occupied only for the purpose of customary municipal counter services, including payment of water, fees, and business licenses, and processing of plans and permits. Should any standard or regulation now or hereafter be imposed on Lessor or Lessee by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, lessors or lessees, then, except as otherwise specifically set forth in the Lease, Lessee agrees, at its sole cost and expense, to comply promptly with such standards or regulations.

Article 3. RENT.

3.1 Payment of Rent. All Rent and other payments due under this Lease shall be paid by Tenant to Landlord, at Landlord's address provided in Section 2.4, or at such other place as may from time to time be designated by Landlord in writing at least 15 days prior to the next ensuing payment date.

3.2 Triple Net. Tenant is solely responsible for all Common Areas expenses including the maintenance of the landscape and removal of trash and debris. Tenant shall contract its own waste bin. Landlord is responsible for property taxes and property insurance.

Article 4. POSSESSION AND USE

4.1 Permitted Uses and Prohibited Conduct. Possession of the Premises shall be delivered to Tenant free and clear of all tenants and occupants and the rights of either, and free of liens and encumbrances other than those specified in Article 8 hereof. Tenant shall use the Premises solely for the purposes set forth in Tenant's Use Clause. Tenant shall not use or permit the Premises to be used for any other purposes. Tenant shall not, without the prior written consent of Landlord, sell merchandise from vending machines or allow any coin operated vending or gaming machines on the Premises. Tenant shall not use or permit any person to use the Premises for conducting a second-hand store, auction, distress or fire sale or bankruptcy or going-out-of-business sale, or for any use or purpose in violation of the laws, ordinances, regulations and requirements of the United States or the State, County and City where the Premises is located, or any other lawful authority.

Tenant shall, during the Term, keep the Premises in a clean and wholesome condition, free of any objectionable noises, odors or nuisances (except as normally associated with Tenant's use), and shall comply with all health and police regulations. Tenant shall not cause or permit waste to occur in the Premises and shall not overload any floor or abuse the plumbing in the Premises. Additionally, Tenant shall not use the Premises for any use prohibited or restricted by any matter of record specifically including, but not limited to, any Matters of Record (as hereinafter defined in Article 8), and in no event shall the Premises be used in violation of any exclusive use or use restriction provisions now or hereafter applicable to the property.

Tenant may not display or sell merchandise or allow carts, portable signs, devices or any other objects to be stored or to remain outside the defined exterior walls, roof or permanent doorways of the Premises, or in Building hallways. No aerials or antennae shall be erected on the roof or exterior walls of the Premises or Building without first obtaining, in each instance, the written consent of Landlord. Any aerial or antenna so installed without Landlord's written consent may be removed without notice at any time, at Tenant's expense. Tenant shall not solicit or distribute materials in any manner in any of the Common Areas.

4.2 Insurance Coverage Use Restrictions. Tenant shall not carry any stock or goods or do anything in or about the Premises which tends to increase the insurance rates on the Building or impairs Landlord's ability to maintain insurance coverage on the Building. Tenant agrees to pay to Landlord promptly upon demand the amount of any increases in Landlord's insurance premiums caused by Tenant's violation of these restrictions, whether or not Landlord has consented to such act(s) by Tenant. If Tenant installs any electrical equipment in the Premises which overloads the electrical lines of the Premises, Tenant shall, at its expense, make any changes and install any fire extinguishing equipment required by Landlord's insurance underwriters or applicable fire, safety and building codes and regulations. Nothing herein contained constitutes Landlord's consent to such overloading.

4.3 Deliveries. Not applicable.

Article 5. UTILITIES SERVICES.

5.1 Conditions of Premises. Lessee hereby acknowledges and agrees that Lessee has inspected and investigated the Premises and Lessee further acknowledges and agrees that the Premises are in satisfactory condition. Lessee hereby accepts the Premises in their current condition, "AS-IS", "WHERE-IS" and "WITH ALL FAULTS". Notwithstanding anything in the Lease to the contrary, Lessee expressly acknowledges that neither Lessor nor its agents, or representatives have made

any representations or warranties as to the suitability of the Premises for Lessee's intended use. Without limiting the foregoing, Lessor makes no representation or warranty regarding the Premises or the suitability of the existing utility services and systems for Lessee's proposed use. It shall be the sole responsibility of Lessee to verify (i) all governmental requirements applicable to Lessee's use of the Premises, including without limitation zoning, and (ii) the capacity of all mechanical systems and improvements within the Premises to satisfy Lessee's intended use. Lessee hereby agrees and warrants that it has investigated and inspected the condition of the Premises and the suitability of same for Lessee's purposes, and Lessee does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises or the suitability of same for Lessee's purposes. The taking of possession of the Premises by Lessee shall conclusively establish that the Premises were at such time in satisfactory condition. Lessee hereby waives Subsection 1 of Section 1932 and Sections 1941 and 1942 of the Civil Code of California or any successor provision of law. EXCEPT FOR ANY EXPRESS WARRANTIES SET FORTH IN THE LEASE, LESSEE, FOR ITSELF, AND ITS OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, AFFILIATES, SUCCESSORS AND ASSIGNS, EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, OR FITNESS OF THE PREMISES FOR A PARTICULAR PURPOSE OR USE.

5.2 Utilities and HVAC System Charges. Tenant shall pay for all utilities used by Tenant on the Premises from and after delivery of possession of the Premises. If Tenant's utilities and/or HVAC system are separately metered, Tenant shall pay directly to the appropriate utility company the cost of all such utilities used on the Premises.

5.3 Failure to Pay. If Tenant fails to pay any amount due to Landlord under this Article 5 within 20 days after receipt by Tenant of a bill therefor, Landlord may (in addition to all other rights and remedies provided herein for breach of this Lease and if permitted by law) cut off and discontinue, upon 10 days' advance notice to Tenant and opportunity to cure, any such utilities furnished to the Premises by Landlord until all such amounts are paid in full.

5.4 No Landlord Liability. Landlord shall not be liable in damages or otherwise for any failure or interruption of (i) any utility service being furnished to the Premises, or (ii) operation of the HVAC system, if any, except to the extent caused by the gross negligence or willful misconduct of Landlord. No failure or interruption of any utilities or utility system shall entitle Tenant to terminate this Lease under any circumstances, and no such failure or interruption shall entitle Tenant to stop making any rent or other payments due.

Article 6. INDEMNITY BY TENANT.

6.1 Indemnity. Lessee shall indemnify, defend with counsel satisfactory to Lessor in all respects, and save harmless Lessor, partners, members, agents, representatives, and employees, and all persons in privity of estate with Lessor or any of such persons, from and against any and all claims, costs, losses, damages and expenses (including, but not limited to, claims made as a result of death, personal injuries, or loss of or damage to property) occurring in or arising in whole or in part, directly or indirectly, out of or in connection with the use and occupancy of the Premises, any Default or Breach of the Lease or Alterations performed by or on behalf of Lessee in or to the Premises, the business conducted in the Premises, or (without limiting the foregoing) as a result in whole or in part of any acts, omissions or negligence of Lessee, or any employee, customer, sublessee, assignee, licensee, or concessionaire occupying or using, or having a right to occupy or use, all or any portion of the Premises, or their respective contractors, subcontractors, vendors, licensees, agents, employees, or customers or other persons and entities in or about the Premises,

and from and against all costs, expenses and liability occurring in or in connection with any such claim or proceeding brought thereon, including reasonable attorneys' fees. If Lessor or any other party so indemnified shall, without fault on its part, be made a party to any litigation, arbitration or other proceeding commenced by or against Lessee, then Lessee shall protect and hold all of such parties harmless, with counsel satisfactory to Lessor in all respects, and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by all of them in connection with such litigation. The provisions of this Paragraph 6.1 of the Lease shall survive the expiration or earlier termination of the Lease.

6.2 Hazardous Substances. Tenant shall not use, store or permit toxic waste or other toxic or hazardous substances or materials on the Premises during the term of this Lease, without the prior written consent of Landlord. In the event Tenant desires to use or store toxic or hazardous substances on the Premises (including but not limited to petroleum based fuels), Tenant shall request such use in an application to Landlord which shall explain in detail the types of chemicals/substances which Tenant desires to use, the proposed location and the manner of storage of same and the manner of disposition of such chemicals/substances or by-products or remains thereof. Tenant shall deliver to Lessor copies of all studies, reports and other information submitted by Lessee to any governmental entity or agency regulating the use of such substances and materials, concurrently with the delivery of same to such governmental agency or entity. In no event shall Tenant store any chemicals/substances in underground tanks. The proposed use of such chemicals/substances shall be approved, if necessary, by the local fire department and the exterior of the Premises shall clearly set forth in a label as to the chemicals/substances located within the Premises. In the event that any such wastes, substances or materials are hereinafter found on, under or about the Premises except as expressly allowed by Landlord, Tenant shall take all necessary and appropriate actions and shall spend all necessary sums to cause the same to be cleaned up and immediately removed from the Premises, and Landlord shall in no event be liable or responsible for any costs or expenses incurred in so doing. Tenant shall at all times observe and satisfy the requirements of, and maintain the Premises in compliance with, all federal, state and local environmental protection, occupational, health and safety and similar laws, ordinances, restrictions, licenses and regulations, including but not limited to, the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), Safe Drinking Water Act (42 U.S.C. Section 3000(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), Comprehensive Environmental Response of Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), California Health and Safety Code (Section 25100 et seq.), California Water Code (Section 13000 et seq.). Should Tenant at any time receive any notice of violation of any laws, including those aforementioned, or be given a citation with respect thereto. Tenant shall (i) immediately notify Landlord of such violation or citation, (ii) provide Landlord with a copy of same, (iii) cure the deficiency set forth in the violation or citation within thirty (30) days after the date of receipt thereof and (iv) immediately provide Landlord with proof of the curing of such deficiency or complained of matter. Should Tenant at any time default in or fail to perform or observe any of its obligations under this Article, Landlord shall have the right, but not the duty, without limitation upon any of the Landlord's rights pursuant to this Lease to perform the same, and Tenant agrees to pay to Landlord on demand, all costs and expenses incurred by Landlord in connection therewith, including without limitation reasonable attorneys' fees, together with interest from the date of expenditure at the highest rate allowed by law. Tenant hereby indemnifies Landlord and agrees to defend with counsel selected by Landlord and hold Landlord harmless for any loss incurred by or liability imposed on Landlord by reason of Tenant's failure to perform or observe any of its obligations or agreements under this Article, or for and for any Hazardous Substances introduced to or released in, on or around the Premises by Tenant or its agents, owners, officers, employees, invitees or contractors. If Tenant is a corporation, or is a partnership whose general partners are

corporations, the undersigned unconditionally personally guarantees the performance by Tenant of all duties of Tenant under this Article and the payment of all sums required hereby. The provisions hereof shall survive the expiration or earlier termination of this Lease.

Article 7. INSURANCE - WAIVER OF SUBROGATION.

7.1 Tenant's Insurance Obligations. Tenant shall, from and after the earlier of (a) delivery of possession of the Premises, or (b) commencement of any of Tenant's Work in the Premises, and for the remainder of the Lease Term maintain, at its expense, the following types of insurance coverage, in the amounts specified and in the forms hereinafter provided for:

(i) **LIABILITY INSURANCE.** Commercial general liability insurance (sometimes known as comprehensive general liability insurance) or a program of self-insurance insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Premises. Such policy shall be an occurrence form and shall include Owner's and Contractor's Protective Liability with respect to construction of improvements by Tenant on the Premises. Tenant shall name Landlord as an additional insured under such policy. In order to provide for the contingency that Minimum Monthly Rent may abate under the provisions of this Lease due to damage, destruction or repair, Tenant shall maintain rental interruption insurance in an amount equal to one year's Minimum Monthly Rent. The initial amount of such insurance shall be not less than \$2,000,000.00 per occurrence. The liability insurance obtained by Tenant under this Article 7.1 (i) shall (1) be primary and noncontributing; (2) contain cross-liability endorsements; and (3) insure Landlord against Tenant's performance under Article 6 if the matters giving rise to the indemnity under Article 6 result from the negligence of Tenant. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease.

(ii) Intentionally omitted.

(iii) **TENANT IMPROVEMENTS.** Insurance covering all of Tenant's leasehold improvements, alterations, additions or improvements permitted under Article 9, and trade fixtures, merchandise and personal property from time to time in, on or upon the Premises. Such insurance shall cover not less than 100% of the full replacement cost of the foregoing from time to time during the Term, and shall provide protection against any peril included within the classification of fire, extended coverage, sprinkler leakage, vandalism, theft, malicious mischief and special extended perils (all risk). Any policy proceeds shall be used first for the repair or replacement of the property damaged or destroyed unless this Lease is terminated under the provisions of Article 16 hereof.

(iv) **GENERAL INSURANCE PROVISIONS.**

(a) Any insurance required to be maintained by Tenant hereunder shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days' written notice prior to any cancellation or modification of such coverage.

(b) A certificate of the insurer or the insurer's legal representative evidencing the existence and amount of each insurance policy required of Tenant hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter at least 10 days prior to the expiration of any such policy. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after 10 days written notice to Landlord. If Tenant fails to deliver any such evidence of insurance to Landlord required under this Lease within the prescribed

time period or if any such policy is canceled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance coverage, in which case Tenant shall reimburse Landlord for the cost of such insurance within thirty (30) days after receipt of a statement therefor.

(c) All insurance shall be maintained with companies holding a "General Policy Rating" of A-XII or better, as set forth in the most current issue of "Best's Key Rating Guide", or such other insurance company as may be approved by Landlord. Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in this Article 7.1 may not be available in the future. Tenant acknowledges that the insurance described in this Article 7.1 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall be responsible for obtaining any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant.

7.2 Landlord's Insurance Obligations. Landlord shall, in connection with its ownership and operation of the Property, maintain in effect policies of insurance providing protection against the following liabilities and/or risks: (a) commercial general liability insurance in an amount not less than \$2,000,000.00 combined single limit for bodily injury and property damage, and (b) fire and extended coverage insurance (including coverage for Common Area sprinkler damage, vandalism and malicious mischief, and, if required by any lender holding a security interest in the Property or if deemed necessary by Landlord, flood and earthquake insurance) on the Building and Property in an amount not less than their full replacement cost (exclusive of the cost of excavations, foundations and footings) from time to time during the Term. The types and coverages of insurance maintained by Landlord hereunder shall be subject to such further requirements as may be imposed by Landlord's lender. Landlord shall also have the right to maintain such additional types and coverages of insurance (including business interruption insurance) as are customary, prudent or reasonable for properties similar to the Property. Landlord's obligation to carry the insurance provided for herein may be satisfied by blanket policies if the coverage required hereunder is satisfied.

7.3 Waiver of Subrogation. Landlord and Tenant (for themselves and their insurers) each hereby waive all rights of recovery against the other and against the officers, employees, agents and representatives of the other, against any of the parties to the REA referred to in Article 8 hereof (the "Parties") and against other tenants of the Property (provided such Parties and other tenants have waived such rights against Landlord and Tenant), on account of any loss by or damage to the waiving party or its property or the property of others under its control (including as to Tenant the Premises and its contents, and as to Landlord the other portions of the Property), arising from any risk generally covered by fire and extended coverage insurance. The foregoing waivers of subrogation shall be required hereunder only if (a) then available in the State where the Property is located, and (b) such waiver does not invalidate the applicable policy.

Article 8. TITLE OF LANDLORD. Not applicable.

Article 9. TENANT'S RIGHT TO MAKE ALTERATIONS.

9.1 Permitted Improvements. Subject to the terms of this Article 9, Tenant may from time to time after completion of Tenant's Work and at its own expense, make alterations, additions,

improvements and changes (individually and collectively referred to in this Article 9 as "improvement(s)" in and to the interior of the Premises after first giving notice to Landlord of the improvement work proposed to be done and providing Landlord with all plans for such proposed improvement work. Tenant may not make any improvement which reduces the value of the Premises or is of a structural nature. No single improvement costing more than \$25,000.00 may be made without first obtaining the written approval of Landlord. In addition, no improvement shall be made to any storefront, mechanical system, or exterior wall or to the roof of the Premises, nor shall Tenant erect any mezzanine or increase the size of an existing mezzanine, unless and until the written consent and approval of Landlord is first obtained, which approval shall be subject to Landlord's sole discretion.

No penetration into or through the roof or floor of the Premises may be made without Landlord's prior written approval of the reason for such penetration and the method by which it is to be done. If Landlord approves any such penetration, Landlord shall have the absolute right to select and supervise the contractor performing such penetration. Tenant shall be liable for any damage caused by any such penetration, whether or not so approved by Landlord.

9.2 Construction Requirements. All improvements to be made to the Premises which require the approval of Landlord shall be performed under the supervision of a competent architect or competent licensed structural engineer and shall be made in accordance with plans and specifications first approved in writing by Landlord before the commencement of work. All improvements shall be constructed in a good and workmanlike manner in accordance with all applicable laws (including any laws relating to the use of hazardous materials, such as asbestos containing materials) and diligently completed. Before commencement of any construction, Tenant shall deliver a copy of the building permit to Landlord and shall provide Landlord with the name of the general contractor being used to perform the work. Upon completion of such improvements, Tenant shall file a Notice of Completion for record in the office of the County Recorder where the Property is located, as required or permitted by law. Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials in connection with any improvements made to the Premises. Upon expiration or earlier termination of this Lease, such improvements shall become a part of the Premises and shall not be removed by Tenant. In constructing such improvements, Tenant shall have the work performed in such a manner as not to obstruct access to the premises of any other tenant in the Property.

9.3 Insurance Requirements. If Tenant makes any permitted improvements to the Premises under the provisions of this Article 9, Tenant shall carry insurance covering any such improvements satisfying the requirements of Article 7.1(iii). It is expressly understood and agreed that no such improvements will be insured by Landlord under the insurance it may carry upon the Building or Property, nor shall Landlord be required to reinstall any such improvements made by Tenant under any provision of Article 16 for reconstruction of the Premises.

Article 10. MECHANICS' LIENS.

10.1 Tenant's Covenants. Tenant shall pay all costs for work done by or for Tenant in the Premises, and Tenant shall keep the Premises, Building and Property free of all mechanics' liens and other liens on account of work done for Tenant. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liability, loss, damage, costs, reasonable attorneys' fees and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to or for Tenant or persons claiming under Tenant. In addition, Tenant shall keep Tenant's leasehold interest and any of those improvements to the Premises which are or become property of Landlord pursuant to this Lease free of all

attachment or judgment liens.

10.2 Tenant's Contest of Lien. If Tenant desires to contest any claim of lien arising from work done by or for Tenant in the Premises, Tenant shall first furnish Landlord adequate security in the amount of the claim, plus estimated costs and interest, or a bond of a responsible corporate surety in such amount, conditioned on the discharge of the lien. If a final judgment establishing the validity or existence of any such lien for any amount is entered, Tenant shall immediately pay and satisfy such judgment.

10.3 Landlord's Right to Cure. If Tenant is in default in paying any charge for which a lien claim and suit to foreclose the lien have been filed, and Tenant has not given Landlord adequate security to protect the Premises, the property therein, and the Building, Property and Landlord from liability for such claim of lien, Landlord may (but shall not be required to) pay the claim and any associated costs, and the amount so paid, together with reasonable attorneys' fees incurred in connection with such payment shall be immediately due and owing from Tenant to Landlord. Tenant shall pay the amounts so owed to Landlord with interest at the maximum lawful rate from the date of Landlord's payment which rate shall not exceed twelve (12%) percent.

10.4 Notice of Lien. If any claim of lien is filed against the Premises or any action affecting the title to the Premises or the property therein is commenced, the party receiving notice of such lien or action shall immediately give the other party written notice thereof.

10.5 Notice of Non-Responsibility. Landlord or its representatives shall have the right to enter and inspect the Premises at all reasonable times and shall have the right to post and keep posted thereon notices of non-responsibility, or such other notices which Landlord deems proper for the protection of Landlord's interest in the Premises. Tenant shall, before commencing any work which might result in the filing of a lien, give Landlord written notice of its intention to so commence work in sufficient time to enable Landlord to post such notices.

Article 11. ADVERTISING MEDIA. Not applicable.

Article 12. FIXTURES AND PERSONAL PROPERTY.

12.1 Removal and Replacement. All of Tenant's trade fixtures, furnishings, furniture, signs and other personal property not permanently affixed to the Premises (collectively referred to as "Personal Property") shall be in good condition when installed in or attached to the Premises by Tenant and shall remain the property of Tenant. If Tenant is not then in default under the terms of this Lease, Tenant shall have the right to remove its Personal Property from the Premises. Tenant shall, at its expense, immediately repair any damage to the Premises resulting from removal of its Personal Property, and on the expiration or earlier termination of the Term shall leave the Premises in a neat and clean condition, free of debris.

12.2 Fixtures. All improvements to the Premises made by or for Tenant, excluding Tenant's Personal Property, but including mechanical systems, light fixtures, floor coverings and partitions and all other items comprising Tenant's improvements (collectively referred to as "Fixtures"), shall become the property of Landlord upon expiration or earlier termination of this Lease. Tenant shall surrender the Leased Premises in a neat and clean condition, and Tenant shall repair any holes or openings made by Tenant in the walls, roof or floor of the building, remove any protuberance and perform any maintenance or repairs required of Tenant by this Lease. If directed to do so by Landlord, Tenant shall also remove any improvements, additions or alterations made to the Leased Premises by Tenant even though such improvements by the terms of this Lease become a part of

the Leased Premises. At Landlord's election, in lieu of restoring the Premises to its original condition, Tenant shall pay to Landlord on demand Landlord's estimated cost of such restoration.

12.3 Personal Property Taxes. Tenant shall pay before delinquency all taxes (including sales and use taxes), assessments, license fees and public charges levied, assessed or imposed upon its business operations, merchandise, trade fixtures and/or Personal Property. If any such items of property are assessed with any Larger Parcel, Tenant shall pay Landlord the taxes attributable to Tenant's personal property within 30 days after Tenant's receipt of a written statement from Landlord setting forth such personal property taxes. Landlord shall reasonably determine the basis of prorating any such assessments and such determination shall be binding on Landlord and Tenant.

Article 13. ASSIGNING, MORTGAGING, SUBLETTING, CHANGE IN OWNERSHIP.

13.1 One Year Prohibition Against Transfer. Not applicable.

13.2 Restrictions on Transfer. Not applicable.

13.3 Grounds for Withholding Consent. Not applicable.

13.4 No Release from Liability. Not applicable.

13.5 Transferee's Obligations. Not applicable.

13.6 Division of Profit Between Landlord and Tenant. Not applicable.

13.7 Further Restrictions. Not applicable.

Article 14. TENANT'S CONDUCT OF BUSINESS.

14.1 Tenant's Operating Covenants. Tenant agrees that from and after its initial opening for business it shall, subject to the provisions of Article 16.5 hereof, operate and conduct its business in the Premises in accordance with the provisions of this Lease. Tenant shall at all times keep and maintain in the Premises an adequate stock of merchandise and trade fixtures to satisfy the usual and ordinary demands and requirements of its customers and shall keep the Premises in a neat, clean and orderly condition.

14.2 Hours and Days of Operation. Not applicable.

14.3 Radius Provision. Not applicable.

14.4 Financial Statements. Not applicable.

Article 15. REPAIR AND MAINTENANCE OF THE PREMISES.

15.1 Tenant's Obligations. Tenant shall, at its expense and at all times from and after substantial completion of the Premises, repair, replace and maintain in good and tenantable condition, the Premises and every part thereof (except portions of the Premises to be maintained by Landlord under Article 15.2), including without limitation, the utility meters, pipes and conduits serving the interior of the Premises, all fixtures, the storefront, plate glass, all signs, locks and closing devices, all window sashes, casements or frames, doors and door frames, security grilles or similar

enclosures, floor coverings, including carpeting, terrazzo or other special flooring, all other equipment installed in the Premises, and all such items of repair, maintenance, alteration and improvement or reconstruction to the Premises as may at any time or from time to time be required by any governmental agency having jurisdiction thereof. All exterior and interior glass in the Premises shall be maintained by Tenant and any glass broken shall be promptly replaced by Tenant at its expense with glass of the same kind, size, and quality.

Upon surrender of the Premises, Tenant shall deliver the Premises to Landlord in good order, condition and repair, but Tenant shall not be responsible for ordinary wear and tear to the Premises, damage due to insured casualty losses covered by Article 16 or for any items of repair which are Landlord's obligation under Article 15.2.

15.2 Landlord's Obligations. Subject to Tenant's obligations under Article 15.1 and Landlord's further obligations, if any, under Article 18.2, Landlord shall, at the expense of Tenant and all other tenants of the Property, repair and maintain in good and tenantable condition the roof, and HVAC system serving the Premises. Landlord shall bill Tenant for Tenant's Proportionate Share of the cost of such repairs and maintenance as a part of Common Area Costs under Article 18 hereof.

Notwithstanding anything to the contrary contained herein, (i) Tenant shall be responsible for the cost of repairs to the HVAC system serving the Premises (which Landlord may bill to Tenant as a part of Common Area Costs under Article 18 hereof), and (2) Tenant shall be responsible at its expense for making any repairs necessitated by reason of the negligence or intentional misconduct of Tenant, its agents, employees, principals, invitees or contractors, or by reason of the failure of Tenant to perform or observe any of its obligations under this Lease or by reason of alterations, additions, or improvements to the Premises made by Tenant. Notwithstanding the foregoing, Landlord shall have the right (but shall not be required to) make such repairs so necessitated by Tenant. If Landlord elects to make such repairs on Tenant's behalf, Tenant shall pay to Landlord any such costs incurred by Landlord promptly following receipt of a bill therefor.

Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be liable to Tenant for failure to make repairs required of Landlord hereunder unless Tenant has previously notified Landlord in writing of the need for such repairs and Landlord has failed to commence and complete those repairs within a reasonable period of time following receipt of Tenant's notice.

15.3 Tenant's Failure to Maintain Premises. If Tenant fails to repair or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to Landlord, Landlord shall have the right (in addition to all other rights and remedies provided herein for breach of this Lease), but not the obligation, upon giving Tenant reasonable written notice of its election to do so (and opportunity to cure), to make such repairs or perform such maintenance on behalf of and for the account of Tenant. In such event the cost of such work shall be paid to Landlord by Tenant promptly following receipt of a bill therefore, plus an administrative fee equal to fifteen percent (15%) of such costs. Landlord's exercise of such right shall not prejudice Landlord's right to seek otherwise available remedies for Tenant's default.

15.4 Landlord's Right of Entry. Landlord or its authorized representatives may enter the Premises at all times during normal business hours, upon no less than 24 hours prior written or telephonic notice (except in the case of an emergency), to inspect the Premises, make repairs to the Premises authorized hereunder or perform any work therein (i) needed to comply with any laws, ordinances, rules or regulations of any public authority or the Insurance Services Office or any similar body, (ii) that Landlord deems necessary to prevent waste or deterioration in or to the Premises if Tenant fails to make repairs or perform required work promptly after receipt of written demand from

Landlord, or (iii) that Landlord deems necessary in connection with the expansion, reduction, remodeling, or renovation of any portion of the Property. Nothing herein implies any duty of Landlord to do any such work which, under any provision of this Lease, Tenant is required to do, nor shall Landlord's performance of any repairs on behalf of Tenant constitute a waiver of Tenant's default in failing to do such work. No exercise by Landlord of any rights hereunder shall entitle Tenant to any compensation, damages or abatement of Rent for any injury or inconvenience occasioned by such exercise. If Landlord makes or performs any repairs provided for in (i) or (ii) above, Tenant shall pay the cost thereof to Landlord as additional rent promptly upon receipt of a bill therefore, plus an administrative fee equal to fifteen percent (15%) of such costs. Landlord's exercise of such right shall not prejudice Landlord's right to seek otherwise available remedies for Tenant's default. Landlord shall also have the right to enter upon the Premises at any time within the last ninety (90) days of the Term, to show the Premises for lease to subsequent potential tenants.

Article 16. CASUALTY DAMAGE AND RECONSTRUCTION.

16.1 Insured Casualty. If the Premises are damaged by fire or other perils covered by Landlord's fire and extended coverage insurance, then within 90 days after the date of such damage Landlord shall commence repair, reconstruction and restoration of the Premises and diligently complete such repairs, in which event this Lease shall continue in full force and effect. Notwithstanding the foregoing, if there is partial or total destruction of the Premises during the last 3 years of the Term, Landlord and Tenant shall each have the option to terminate this Lease by written notice to the other given within 30 days after such destruction. For purposes of this option "partial destruction" shall mean destruction to the extent of 33 1/3% or more of the full replacement cost of the Premises as of the date of destruction.

16.2 Uninsured Casualty. If the Premises are damaged to any extent by act of war, nuclear reaction, nuclear radiation or radioactive contamination, or from any other casualty not covered by Landlord's fire and extended coverage insurance (including flood or earthquake damage if not covered under insurance maintained by Landlord), Landlord may within 90 days following the date of such damage, either (a) commence repair, reconstruction or restoration of the Premises and diligently complete it, in which event this Lease shall continue in full force and effect, or (b) elect not to repair, reconstruct or restore the Premises, in which event this Lease shall cease and terminate as of the date of destruction. In either such event Landlord shall give Tenant written notice of its election hereunder within said 90 day period.

16.3 Reconstruction Responsibilities. Any reconstruction of the Premises under this Article 16 shall cover all work set forth therein as "Landlord's Work" and Tenant improvements. Landlord shall reconstruct the Premises only to the extent of Landlord's Work, if any. Tenant, at its expense, shall reconstruct all Tenant improvements, and shall replace its merchandise, trade fixtures, furniture, furnishings and equipment. Tenant shall promptly commence reconstruction of Tenant improvements and shall diligently complete the same, replace its merchandise, trade fixtures, furniture, furnishings and equipment, and resume normal business operations in the Premises.

16.4 Release from Liability. Upon any termination of this Lease under any of the provisions of this Article 16 each party shall be released from further obligations to the other party under this Lease, except for any obligations which have previously accrued. In the event of termination of this Lease, all proceeds from Tenant's fire and extended coverage insurance under Article 7.1 covering Tenant improvements, but excluding proceeds for trade fixtures, furnishings, furniture, merchandise, signs and other personal property, shall be paid to Landlord.

16.5 Abatement of Rent. In the event of reconstruction of the Premises under this Article 16, the Minimum Monthly Rent otherwise payable under this Lease shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired and to the extent of rental interruption insurance proceeds received by Landlord. Such abatement shall commence on the date of destruction and continue during any period of reconstruction and replacement provided for in Article 16.3. Tenant shall continue to operate its business on the Premises during any such abatement period to the extent practical as a matter of prudent business management, and the obligation of Tenant to pay percentage rental and additional rent hereunder shall remain in full force and effect. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Building, Property or Tenant's personal property, or for any inconvenience or annoyance suffered by reason of damage or destruction thereto, or the reconstruction or replacement thereof, provided such limitation on Landlord's responsibility shall not limit Tenant's ability to seek compensation, reimbursement or damages from Tenant's applicable insurance policies or other parties, subject to Landlord's rights to any insurance proceeds as set forth in this Lease.

16.6 Waiver of Statutory Rights of Termination. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial or total destruction of the Premises, Building or Property which Landlord is obligated to restore or may restore under any of the provisions of this Lease, in favor of the provisions of this Article 16.

Article 17. EMINENT DOMAIN.

17.1 Takings Resulting in Termination. If the entire Premises is appropriated or taken (a "taking") under the power of eminent domain by any public or quasi-public authority (an "authority"), this Lease shall terminate as of the date of such taking.

If 25% or more of the Floor Area of the Premises is taken under the power of eminent domain by any authority, or if by reason of any taking, regardless of the amount taken, the remainder of the Premises is not one undivided parcel of property, either Landlord or Tenant may terminate this Lease as of the date Tenant is required to vacate a portion of the Premises, upon giving notice in writing of such election within 30 days after receipt by Tenant from Landlord of written notice that the Premises have been so taken. Landlord shall promptly give Tenant notice in writing of any taking after learning of it.

If more than 25% of the Floor Area of the Property or of the Common Areas is taken (whether or not the Premises are so taken) under the power of eminent domain by any authority, Landlord shall have the right to terminate this Lease as of the date any such areas are to be initially vacated by giving Tenant written notice of such election within 30 days of the date of such taking.

If this Lease is terminated as provided in this Article 17.1 Landlord and Tenant shall each be released from any further obligations to the other party under this Lease, except for any obligations which have previously accrued.

17.2 Takings Not Resulting in Termination. If both Landlord and Tenant elect not to exercise any right granted hereunder to terminate this Lease in connection with a taking, or the Lease is not terminable in connection with a taking, Tenant shall continue to occupy that portion of the Premises which was not taken, and (a) at Landlord's cost and expense and as soon as reasonably possible, Landlord will restore the Premises on the land remaining to a complete unit of like quality and character as existed prior to such taking; and (b) the Minimum Monthly Rental provided for in Article 2.5. and Article 3 shall be reduced on an equitable basis, taking into account the relative value of

the portion of the Premises taken as compared to the portion remaining. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial taking of the Premises under the power of eminent domain.

17.3 Award. If this Lease is terminated under Article 17.1, or modified under Article 17.2, Landlord shall be entitled to receive the entire condemnation award for the taking of all real property interests in the Premises. The Rent and other charges for the last month of Tenant's occupancy shall be prorated and Landlord shall refund to Tenant any Rent or other charges paid in advance. Notwithstanding the foregoing and provided Tenant's award does not reduce or affect Landlord's award, Tenant's right to receive a condemnation award for the taking of its merchandise, Personal Property, goodwill, relocation expenses and/or interests in other than the real property taken shall not be affected in any manner by the provisions of this Article 17.3.

17.4 Transfer Under Threat of Taking. For the purposes of this Article 17, a voluntary sale or conveyance under threat of and in lieu of condemnation shall be deemed a taking under the power of eminent domain.

Article 18. COMMON AREAS.

18.1 Use of Common Areas. Tenant and its employees and invitees are, except as otherwise specifically provided in this Lease, authorized to use the Common Areas in common with other persons during the Term.

18.2 Landlord's Maintenance Responsibilities; Common Area Costs. Tenant shall keep the Common Areas reasonably neat, clean and orderly, lighted and landscaped, and shall repair any damage to Common Area facilities, to standards reasonably determined by Landlord.

18.3 Method of Payment. Not applicable.

18.4 Control of Common Areas. Landlord shall have the right at all times to determine the nature and extent of the Common Areas and to make changes from time to time which in Landlord's opinion are desirable and in the best interests of all persons using the Common Areas. Landlord's rights hereunder include without limitation, the right to install, remove, relocate and change driveways, entrances, exits, automobile parking spaces, the direction and flow of traffic, prohibited areas, landscaped areas, utilities and all facilities of the foregoing. Landlord shall give written notice to Tenant no later than 10 days prior to commencing any such work on the Common Areas that would reasonably be expected to affect Tenant's business operations or access to the Premises.

18.5 Rules and Regulations. Landlord shall have the right to establish, and from time to time change, alter and amend, and to enforce against Tenant and the other users of the Common Areas, such reasonable rules and regulations (including the exclusion of employees' parking from Common Areas) as Landlord may deem necessary or advisable for the proper and efficient operation and maintenance of the Common Areas. The rules and regulations may include, without limitation, the hours during which the Common Areas, including any enclosed mall, shall be open for use.

18.6 Employee Parking. Not applicable.

18.7 Customer Parking. Tenant and Tenant's customers and employees shall be permitted to park, at no cost to Tenant, in the non-exclusive areas in the Common Areas designated for parking.

Article 19. DEFAULTS BY TENANT.

19.1 Events of Default. Each of the following shall constitute a material default and breach under this Lease:

(a) If Tenant is at any time in default of its obligation to pay any Rent or other charges, and such default continues for more than 5 days after written notice of such default;

(b) If Tenant is in default in the prompt and full performance of any other of its obligations under this Lease and such default continues more than 30 days after written notice specifying the particulars of such default, (provided, however, if the default cannot be rectified or cured within such thirty (30) day period, the default shall be deemed to be rectified or cured if Tenant, within such thirty (30) day period, shall have commenced to rectify or cure the default and shall thereafter diligently and continuously prosecute same to completion, provided the total cure period shall not exceed ninety (90) days);

(c) If Tenant vacates or abandons the Premises or otherwise fails to occupy and operate the Premises in accordance with Article 14;

(d) (i) If Tenant or any guarantor of this Lease makes a general assignment or general arrangement for the benefit of creditors; or (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Tenant or any guarantor and is not dismissed within thirty (30) days; or (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (iv) if substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this subparagraph (d) is not a default under this Lease, and a trustee is appointed to take possession of Tenant's assets or if Tenant remains a debtor in possession and such trustee or Tenant transfers Tenant's interest in this Lease, then Landlord shall receive, as additional rent, the excess, if any, of the rent (or any other consideration) paid in connection with such assignment or sublease over the Rent payable by Tenant hereunder; or

(e) If any guarantor of the Lease revokes or otherwise terminates, or purports to revoke or otherwise terminate, any guaranty of all or any portion of Tenant's obligations under the Lease. Unless otherwise expressly provided, no guaranty of the Lease is revocable.

19.2 Remedies Upon Breach of Lease. On the occurrence of any breach of this Lease by Tenant, Landlord may, at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have:

(a) Terminate Tenant's right to possession of the Premises and reenter the Premises by any lawful means, in which case this Lease shall terminate. In such case Tenant shall immediately surrender possession of the Premises to Landlord; or

(b) Maintain Tenant's right to possession of the Premises, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Premises. In such event Landlord shall be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover the Rent as it becomes due and Landlord shall have the right to occupy or re-let the whole or any part of the Premises for the account of Tenant; (Landlord shall have the remedy described in California Civil Code § 1951.4); or

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Property is located.

If Landlord reenters the Premises under the provisions of subparagraph (b) above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any Rent or other charges that are due or thereafter accruing, or Tenant's liability for damages under any of the provisions hereof. In the event of any entry or taking possession of the Premises as aforesaid, Landlord shall have in addition to its rights under Article 19.4 hereof, the right, but not the obligation, to remove from the Premises any personal property located therein and to place it in storage at a public warehouse at the expense and risk of Tenant.

Notwithstanding any other term or provision hereof to the contrary, this Lease shall terminate on the occurrence of any act which affirms Landlord's intention to terminate this Lease as provided in this Article 19.2, including the filing of an unlawful detainer action against Tenant. On such termination, Landlord's damages for default shall include all costs and fees, including reasonable attorneys' fees, incurred by Landlord in connection with the filing, commencement, pursuing or defending of any action in any bankruptcy court or other court with respect to the Lease, the obtaining of relief from any stay in bankruptcy restraining any action to evict Tenant, or the pursuing of any action with respect to Landlord's right to possession of the Property. All such damages suffered (apart from Minimum Monthly Rent and other Rent payable hereunder) shall constitute pecuniary damages which must be reimbursed to Landlord prior to assumption of the Lease by Tenant or any successor to Tenant in any bankruptcy or other proceeding.

Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

It is understood and agreed that this Lease is a lease of real property within the meaning of 11 U.S.C. Section 365(b)(3) of the Bankruptcy Code.

19.3 Landlord's Damages. If Landlord elects to terminate this Lease and Tenant's right to possession of the Premises in accordance with the provisions of this Lease, Landlord may recover from Tenant as damages, all of the following:

(i) The worth at the time of award of any unpaid Rent and other charges which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid Rent and other charges which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves Landlord could have reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid Rent and other charges which Tenant would have paid for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including without limitation, any costs or expenses incurred by Landlord in (a) maintaining or preserving the Premises after such default, (b) recovering possession of the Premises, including reasonable attorneys' fees therefore, (c) expenses of re-letting the Premises to a new tenant, including necessary renovations or alterations of the

Premises, reasonable attorneys' fees incurred, and leasing commissions incurred; plus

(v) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State where the Property is located.

As used in subparagraphs (i) and (ii) above, the "worth at the time of award" is computed by allowing interest on unpaid amounts at the rate of 10% per annum. As used in subparagraph (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank located nearest to the Property in effect at the time of award, plus 1%.

For purposes of this Article 19, all Rent other than Minimum Monthly Rent, shall, for purposes of calculating any amount due under the provisions of subparagraph (iii) above, be computed on the basis of the average monthly amount of Rent payable by Tenant during the immediately preceding 36 month period, except that if it becomes necessary to compute such rental before such 36 months of the Term has expired, then such Rent shall be computed on the basis of the average monthly amount of Rent payable during such shorter period.

19.4 Landlord's Termination Option. Landlord shall, upon the occurrence of two (2) Events of Default during the base term or any extensions thereof, have the right to cancel and terminate this Lease. Landlord shall give notice to Tenant of Landlord's exercise of the Termination Option not later than thirty (30) days prior to the proposed termination date set forth in such notice. In the event Landlord shall give such notice of termination pursuant to the provisions of this Article 19.4, this Lease, along with any subsequent amendments, addenda, options, or other lease-related documents shall come to an end and expire on the termination date set forth in the notice of termination, with the same force and effect as though said date were the Expiration Date, unless sooner terminated pursuant to any other term, covenant or condition of this Lease, or pursuant to law.

19.5 No Waiver. The waiver by Landlord of any breach by Tenant of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition, of any subsequent breach thereof, or of any other term, covenant or condition of this Lease. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease or of any right of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No term, covenant or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and signed by Landlord.

Article 20. DEFAULTS BY LANDLORD.

If Landlord fails to perform any covenant, condition, or agreement contained in this Lease within 30 days after receipt of written notice from Tenant specifying such failure (or if such failure cannot reasonably be cured within 30 days, if Landlord does not commence to cure the failure within that 30 day period), then such failure shall constitute a default hereunder and Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's default; provided, however, it is expressly understood and agreed that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, that judgment shall be satisfied only out of the rents, issues, profits, and other income actually received on account of Landlord's right, title and interest in the Premises or Building, and no other real, personal or mixed property of Landlord (or of any of the partners which comprise Landlord, or of partners or principals of such partners comprising Landlord, if any, or of Landlord's officers, shareholders or directors, if

any) wherever situated, shall be subject to levy, attachment or execution, or otherwise used to satisfy any such judgment. Tenant hereby waives any right to satisfy a judgment against Landlord except from the rents, issues, profits and other income actually received on account of Landlord's right, title and interest in the Premises or Building.

If, after notice to Landlord of default, Landlord (or any first mortgagee or first deed of trust beneficiary of Landlord) fails to cure the default as provided below, Tenant shall not have the right to terminate this Lease, or to withhold, reduce or offset any cost of such cure against any payments of Rent or any other charges due and payable to Landlord under this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or and injunction.

Tenant agrees to send by certified or registered mail to any mortgagee or deed of trust beneficiary of the property whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, Tenant shall provide any such mortgagee or beneficiary with notice of such failure and such mortgagee or beneficiary shall have an additional 30 days following receipt of such notice to cure such default; provided that if such default cannot reasonably be cured within that additional 30 day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.

Article 21. ATTORNEYS' FEES.

If at any time after the date hereof either Landlord or Tenant institutes any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, the losing party in such action or proceeding shall reimburse the winning party for its reasonable expenses of attorneys' fees and all costs and disbursements incurred, including, without limitation, any such fees, costs or disbursements incurred on any appeal from such action or proceeding. Subject to the provisions of local law, the winning party shall recover all such fees, costs or disbursements as costs taxable by the court or arbiter in the action or proceeding itself without the necessity for a cross-action by the winning party.

Article 22. SUBORDINATION – ATTORNMENT.

22.1 Subordination. This Lease is subject and subordinate to the lien of any mortgages or any liens resulting from any method of financing or refinancing now or hereafter existing and secured by all or a part of the Project (hereinafter collectively referred to as "Mortgage") and to include all renewals, modifications, replacements, consolidations and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required. Notwithstanding the above, within 10 days after receipt of a written request from Landlord, any first mortgagee or first deed of trust trustee or beneficiary of Landlord, or any lessor of Landlord, Tenant shall, in writing, subordinate its rights under this Lease to the lien or security interest of the first mortgage or deed of trust (including all future advances made thereunder subsequent to the effective date of this Lease), the interest of any lease in which Landlord is the lessee, or any REA that may burden the Premises, Building, , Property or any future improvements made to the Property (or, at Landlord's direction, cause the lien of said mortgage, deed of trust or the interest of any lease in which Landlord is the lessee to be subordinated to this Lease). Without prejudice to any remedies provided for in connection with Tenant's default of this Lease, if Tenant fails to timely provide such written subordination in accordance with this Article, then upon an additional ten (10) days notice from Landlord, Tenant will pay to Landlord as Additional Rent a late charge of \$250.00 per day for each day thereafter until such documents are provided.

22.2 Attornment. If Landlord's interest in the Premises is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee or purchaser at a foreclosure sale, then Tenant shall upon request, attorn to such transferee of or successor to Landlord's interest in the Premises and recognize such transferee or successor as Landlord under this Lease, provided such transferee or successor accepts the Premises subject to this Lease.

22.3 Estoppel Certificate. Tenant shall, at any time and from time to time, within ten (10) calendar days' written notice from Landlord, execute, acknowledge and deliver to Landlord a written statement certifying (i) that this Lease represents the entire agreement between Landlord and Tenant, and is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect); (ii) the dates to which the Rent and other charges are paid in advance, if any; (iii) the Commencement Date and expiration date of the Lease Term; (iv) whether Tenant has assigned or transferred this Lease or any interest of Tenant therein; and (v) that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder and that Tenant has no right of offset, counterclaim or deduction against Rent, or specifying such defaults if any are claimed together with the amount of any offset, counterclaim or deduction alleged by Tenant. Any such statement may be relied upon by any prospective purchaser or lender upon the security of the real property of which the Building and the Premises are a part. Tenant's failure to deliver such statement within the time required shall be conclusive and binding upon Tenant that (a) this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) there are no uncured defaults in Landlord's performance and that Tenant has no right of offset, counterclaim or deduction against Rent, and (c) no more than one month's Rent has been paid in advance. Without limiting the foregoing, or prejudicing any remedies provided for in this Lease, if Tenant fails to timely provide such certificate in accordance with this Article, then upon an additional ten (10) days notice from Landlord, Tenant will pay to Landlord as Additional Rent a late charge of \$250.00 per day for each day thereafter until such documents are provided.

Article 23. QUIET POSSESSION.

Landlord agrees that Tenant, upon paying the Rent and timely performing its obligations under this Lease, may quietly have, hold and enjoy the Premises during the Term or any extension thereof; subject, however, to any rights of entry specifically granted to Landlord hereunder, any REA and any mortgages, deeds of trust, ground or underlying leases, agreements, encumbrances and/or other Matters of Record to which this Lease is subordinate.

Article 24. HOLDING OVER.

If Tenant remains in possession of the Premises after the expiration of the term of this Lease without executing a new Lease, or after Landlord has declared a forfeiture by reason of a default by Tenant, then such holding over shall be construed as a tenancy from month to month, subject to all the conditions, provisions and obligations of this Lease insofar as they are applicable to a month-to-month tenancy. The Minimum Monthly Rental payable during any period of holding over should be equal to one hundred fifty percent (150%) of the Minimum Monthly Rental payable during the period immediately preceding Tenant's holding over.

Article 25. CAPTIONS; JOINT AND SEVERAL LIABILITY.

25.1 Captions. The captions of the Articles and Sections of this Lease are for convenience only, are not operative parts of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

25.2 Joint and Several Liability. If two or more persons or entities execute this Lease as Landlord or Tenant then such persons or entities shall be jointly and severally liable for compliance with and performance of all the terms, covenants and provisions of this Lease.

Article 26. NOTICES.

Wherever this Lease requires or permits notice or demand to be given by either party to the other, such notice or demand shall be in writing and given or served either personally or in writing forwarded by certified mail, return receipt requested, or by overnight mail carrier addressed to the parties at the addresses specified in Section 2.4. hereof. Either party may change such address by written notice to the other as herein provided.

Article 27. OBLIGATIONS OF SUCCESSORS.

Except as otherwise provided herein, all of the provisions of this Lease shall bind and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

Article 28. CONSENT OF LANDLORD AND TENANT.

Wherever in this Lease consent or approval is required from either party to any action by the other, such consent or approval shall be given in writing and shall not be unreasonably withheld, unless otherwise expressly provided in this Lease. Landlord shall not be deemed to have withheld its consent unreasonably where Landlord's right to give its consent is dependent on Landlord obtaining the consent of any other person, agency or authority having the right to withhold its consent pursuant to any agreement or law and such person, agency or authority does withhold its consent.

If Landlord or Tenant unreasonably fails to give any such consent, the other party shall be entitled to specific performance in equity and shall have such other remedies as are reserved to it under this Lease, but in no event shall Landlord or Tenant be responsible in monetary damages for failure to give consent unless such consent is withheld maliciously or in bad faith.

Article 29. SECURITY DEPOSIT.

29.1 Payment of Security Deposit. Tenant has deposited with Landlord the sum specified in Section 2.9. hereof as the "Security Deposit," receipt of which is hereby acknowledged. The Security Deposit shall be held by Landlord without liability for interest as security for the faithful performance by Tenant of all of its obligations under this Lease. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant without the prior written consent of Landlord and any such action by Tenant without such consent shall be without force and effect and not binding on Landlord.

29.2 Application of Security Deposit. If any Rent herein reserved or any other sum payable by Tenant to Landlord is overdue and unpaid or paid by Landlord on Tenant's behalf, or if Tenant fails to perform any of its obligations under this Lease, then Landlord may, at its option and without prejudice to any other remedy which Landlord may have, appropriate and apply the entire Security Deposit or so much as is necessary to compensate Landlord for loss of Minimum Monthly Rent or additional rent, or other damages sustained by Landlord due to such default by Tenant. Tenant shall forthwith upon demand restore the Security Deposit to the original sum deposited. If Tenant complies with all of the terms of the Lease and promptly pays when due all Rent and all other sums

payable by Tenant under this Lease, the Security Deposit (or the balance thereof remaining) shall be returned in full to Tenant not later than 14 days following the end of the Term and delivery of possession of the Premises to Landlord.

29.3 Bankruptcy. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for the earliest periods prior to the filing of such proceedings.

29.4 Transfer of Landlord's Interest. Landlord may deliver the funds deposited hereunder by Tenant to the purchaser of Landlord's interest in the Premises and Landlord shall thereupon be discharged from any further liability to Tenant for the Security Deposit. This provision shall also apply to any subsequent transfers of Landlord's interest in the Premises. In the case of such transfer of the Security Deposit, Landlord shall give written notice to Tenant of any existing claims against the Security Deposit and of the name and address of Landlord's successor.

Article 30. MISCELLANEOUS.

30.1 Relationship of the Parties. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or anyone else.

30.2 Severability. If any provision of this Lease is determined to be void by any court of competent jurisdiction, such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

30.3 Corporate Authority; Partnership Authority. If Tenant is a corporation, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. Within thirty (30) days after this Lease is signed, Tenant shall deliver to Landlord a certified copy of a resolution of Tenant's Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Landlord. If Tenant is a partnership, each person or entity signing this Lease for Tenant represents and warrants that he or it is a general partner of the partnership, that he or it has full authority to sign for the partnership and that this Lease binds the partnership and all general partners of the partnership. Tenant shall give written notice to Landlord of any general partner's withdrawal or addition. Within thirty (30) days after this Lease is signed, Tenant shall deliver to Landlord a copy of Tenant's recorded statement of partnership, certificate of limited partnership or other evidence of partnership satisfactory to Landlord.

30.4 Entire Agreement. It is understood that there are no oral or written agreements or representations between the parties hereto affecting this Lease, and that this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, displays, projections, estimates, agreements and understandings, if any, made by or between Landlord and Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret, construe, supplement or contradict this Lease. This Lease, and all amendments hereto, are the only agreement between the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included in this Lease. There are no other representations, covenants or warranties between the parties and any reliance on representations

of a party is based solely upon the express representations, covenants and warranties contained in this Lease. Although the printed provisions of this Lease were drawn by Landlord, the parties agree that this circumstance alone shall not create any presumption, canon of construction or implication favoring the position of either Landlord or Tenant. The parties agree that any deletion of language from this Lease prior to its mutual execution by Landlord and Tenant shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including, without limitation, any implication that the parties intended thereby to state the converse, obverse or opposite of the deleted language.

30.5 Governing Law. The laws of the state where the Property is located shall govern the validity, performance and enforcement of this Lease.

30.6 Waiver or Consent Limitations. A waiver of any breach or default under the Lease shall not be a waiver of any other breach or default. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant.

30.7 Force Majeure. The occurrence of any of the following events shall excuse performance of such obligations of Landlord or Tenant as are rendered impossible or reasonably impracticable to perform while such event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes therefore; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental action; civil commotion; fire or other casualty; and other causes beyond the reasonable control of the party obligated to perform. Notwithstanding the foregoing, the occurrence of such events shall not excuse Tenant's obligations to pay Minimum Monthly Rent and additional rent (unless the provisions of Article 16 apply) or excuse such obligations as this Lease may nevertheless otherwise impose on the party to obey, remedy or avoid, despite such event. If any work performed by Tenant or Tenant's contractor results in a strike, lockout and/or labor dispute, such strike, lockout and/or labor dispute shall not excuse Tenant's performance hereunder.

30.8 Waiver of Redemption Rights. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Tenant is evicted from or dispossessed of the Premises for any cause, or in the event Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

30.9 Amendments. To be effective and binding on Landlord and Tenant, any amendment, modification, addition or deletion to the provisions of this Lease must be in writing and executed by both parties in the same manner as the Lease itself.

30.10 Right to Enter. Upon not less than twenty-four (24) hours notice, Landlord and/or its authorized representatives shall have the right to enter the Premises at all reasonable times for the purpose of showing the Premises to prospective purchasers or lenders.

30.11 Definition of Landlord. As used in this Lease, the term "Landlord" means only the current owner of the fee title to the Property or the leasehold estate under a ground lease of the Property at the time in question without personal liability of any of the principal of Landlord. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest in the Property

is relieved of all liabilities for the obligations of Landlord under this Lease to be performed on or after the date of transfer.

30.12 Tenant's Financial Condition. Within ten (10) days after written request from Landlord, Tenant shall deliver to Landlord such current financial statements as Landlord reasonably requires to verify the net worth of Tenant or any guarantor of Tenant, certified by an authorized representative of Tenant or guarantor, as applicable. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements reasonably required by such lender to facilitate the financing or refinancing of the Property. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth in this Lease.

Article 31. BROKERS.

31.1 No Other Brokers. Tenant represents and warrants to Landlord that there are no brokers representing Tenant who are or may be entitled to any commission or fee with respect to this Lease.

Article 32. COMPLIANCE.

The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

Article 33. OTHER TERMS AND CONDITIONS.

33.1 – Total Due at Execution:

Rent for the period from January 18, 2022 to January 31, 2022: \$2,822.58
Rent for the period from February 1, 2022 to February 28, 2022: \$6,250.00
Security Deposit: \$6,250.00
Total Due at Execution: \$15,322.58

33.2 – Landlord Termination Option: Landlord shall have the right to terminate this Lease at any time by providing written notice at least thirty (30) calendar days prior to the then scheduled date of termination. Upon termination of this Lease, Tenant shall not be required to remove any improvements and may vacate the premises as-is.

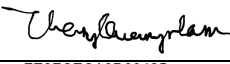
33.3 – Delivery Provisions. Landlord agrees to deliver to Tenant, on or before the Delivery Date, in "as is" condition.

33.4 – Tenant's Improvements. Tenant shall be permitted, at its sole cost and expense, to install plexiglass, dividers, etc. consistent with its use as defined in Section 2.10, provided that installation of such materials shall not damage any portion of the Premises as further described in Article 15.

LANDLORD AND TENANT have entered into this Lease on the date first above set forth.


LANDLORD: THANG QUANG PHAM & KATHY TRAM PHAM

By:

DocuSigned by:


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Thang Quang Pham

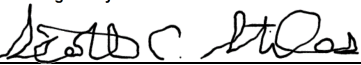
By:

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Kathy Tram Pham


TENANT: CITY OF GARDEN GROVE, a municipal corporation

By:

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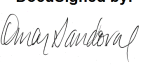
84F85165795E455...
Scot C. Stiles
Its: City Manager

By:

DocuSigned by:


807E3F6CD47B463...
Teresa Pomeroy
Its: City Clerk

Approved as to form:

DocuSigned by:


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City Attorney