

**STANDARD INDUSTRIAL/COMMERCIAL
MULTI-TENANT LEASE**

GROSS

between

Buzz Oates LLC, a California limited liability company,
Cummings Trust, dated January 21, 2004, and **PDA Land,
LLC**, a California limited liability company

as "Landlord"

and

P20 Consortium, a California non-profit benefit corporation

as "Tenant"

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STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE--GROSS
Buzz Oates Management Services

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only **January 12, 2016**, is made by and between **Buzz Oates LLC**, a California limited liability company, **Cummings Trust**, dated January 21, 2004, and **PDA Land, LLC**, a California limited liability company (collectively, "**Landlord**") and **P20 Consortium**, a California non-profit benefit corporation ("**Tenant**"), (collectively the "**Parties**," or individually a "**Party**").

1.2(a) Premises: Suite 100 containing approximately 39,722 square feet of warehouse space, and all improvements therein or to be provided by Landlord under the terms of this Lease, which Suite is a portion of the "Building" containing approximately 129,960 square feet commonly known by the street address of 4400 E. Commerce Way, located in the City and County of Sacramento, State of California, with zip code 95834, as outlined on **Exhibit A** attached hereto. In addition to Tenant's rights to use and occupy the Premises as hereinafter specified, Tenant shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, exterior walls or utility raceways of the Building or to any other buildings in the Industrial Center (as defined below).

1.2(b) Industrial Center: Collectively, the Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon. (Also see Paragraph 2.)

1.2(c) Parking: One hundred twenty (120) unreserved vehicle parking spaces located within the "**Designated Parking Area**" depicted on **Exhibit A-1 ("Parking Spaces")**. (Also see Paragraph 2.6.)

1.3 Term:

(a) Original Term: Three (3) years, commencing October 1, 2016 ("**Commencement Date**"), and ending on the date which is thirty six (36) months after the Commencement Date ("**Expiration Date**"). (Also see Paragraph 3.)

Tenant acknowledges that the Premises is currently leased to and occupied by Natomas Charter School, a California corporation (the "**Natomas Charter**") which lease expires on September 30, 2016. Landlord shall use commercially reasonable efforts to tender possession of the Premises to Tenant on the Commencement Date. If for any reason Landlord cannot deliver possession of the Premises to Tenant on the Commencement Date, as set forth above in Paragraph 1.3(a), Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease, or the obligations of Tenant hereunder, but in such case, Tenant shall not, except as otherwise provided herein, be obligated to pay rent or perform any other obligation of Tenant under the terms of this Lease until Landlord delivers possession of the Premises to Tenant. Promptly after delivery of possession of the Premises and determination of the Commencement Date, as modified by such delay in delivery of possession of the Premises to Tenant, Landlord and Tenant shall enter into a commencement letter agreement.

(b) Option(s) to Extend: Intentionally deleted.

1.4 Early Possession: None / Not Applicable (Also see Paragraphs 3.2 and 3.3.)

1.5 Base Rent: Subject to proration and the other terms of Paragraph 4.1 below, the Base Rent set forth in the schedule below is payable on the first day of each month commencing on the Commencement Date.

<u>Original Term:</u>	
Months 1 – 12	\$28,600.00 per month
Months 13 – 24	\$29,400.00 per month
Months 25 – 36	\$30,190.00 per month

[The rent figures quoted herein are based on the improvements to be constructed by Landlord pursuant to Exhibit "B" (if any) and resulting plans submitted to the local building department. If the building department requires changes or additions to the plans for any reason, the rent shall be adjusted to reflect any additional cost for such changes or additions.]

1.6(a) Base Rent Due Upon Execution: \$28,600.00 as Base Rent for the first month that Base Rent is due.

1.6(b) Tenant's Share of the Real Property Taxes: Thirty point five six percent (30.56%) ("**Tenant's Share**") as determined by prorata square footage of the Premises as compared to the total square footage of the Building.

1.7 Security Deposit: \$30,190.00 ("**Security Deposit**"). The Security Deposit shall at all times equal the amount of Base Rent for the last month of the Term. (Also see Paragraph 5.)

1.8 Permitted Use: Operation of an elementary school, kindergarten through 6th grade, and in connection therewith, hosting the types of activities set forth in the Civic Center Act, California Education Code Section 38130-38139 ("**Civic Center Activities**") ("**Permitted Use**"). (Also see Paragraph 6.)

1.9 Insuring Party: Landlord is the "**Insuring Party**." (Also see Paragraph 8.)

1.10(a) Real Estate Brokers: The following real estate broker(s) (collectively, the "**Brokers**") and brokerage relationships exist in this transaction and are consented to by the Parties:

Buzz Oates Real Estate represents Landlord exclusively ("**Landlord's Broker**");
None / Not Applicable represent Tenant exclusively ("**Tenant's Broker**"). (Also see Paragraph 15.)

1.10(b) Payment to Brokers: Landlord shall pay to said Broker(s) jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate written agreement between Landlord and said Broker(s).

1.10(c) Broker Disclosures and Representations: Tenant acknowledges receipt of the Broker Disclosures and Representations attached hereto as **Exhibit C** and made a part hereof. Landlord and Tenant acknowledge and agree that the provisions of the Broker Disclosures and Representations shall not modify or amend Landlord's and Tenant's rights and obligations under this Lease, nor create any rights or obligations for the Brokers.

1.11 Guarantor: The obligations of the Tenant under this Lease are to be guaranteed by None / Not Applicable ("**Guarantor**"). (Also see Paragraph 32.)

1.12 **Exhibits:** Attached hereto are Exhibits A through D, all of which constitute a part of this Lease.

2. Premises, Parking and Common Areas.

2.1 Letting. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, for the Term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental is an approximation which Landlord and Tenant agree is reasonable and the rental and Tenant's Share (as defined in Paragraph 1.6(b)) based thereon is not subject to revision whether or not the actual square footage is more or less.

2.2 Condition. Tenant represents that it has an existing business relationship with Natomas Charter (as that term is defined in Paragraph 1.3(a) above). Thirty (30) days prior to the expiration of the Natomas Charter lease, Landlord, together with Tenant and Natomas Charter, shall perform a walk-through of the Premises to determine the existing condition of the Premises. Landlord shall within five (5) days thereafter provide to both Tenant and Natomas Charter a list ("Repairs List") of the repairs required pursuant to the terms of the Natomas Charter lease ("Repairs"). Within five (5) days after Landlord's delivery of the Repairs List, Tenant shall notify Landlord of its election to either (i) require the repairs set forth in the Repairs List be completed; or (ii) to accept the Premises in its existing condition, *i.e.* without completion of the Repairs, and agree that Tenant shall be responsible for completing the Repairs. In the event that Tenant elects to require the Repairs to be completed, Landlord shall notify Natomas Charter that it will be required to complete the Repairs in accordance with the terms of the Natomas Charter lease. If Natomas Charter fails to complete the Repairs prior to the Commencement Date, Landlord shall use diligent efforts to complete the Repairs as soon as reasonably possible following the Commencement Date.

2.3 Compliance with Covenants, Restrictions and Building Codes. Landlord warrants to Tenant that Landlord has no knowledge of any claim having been made by any governmental agency that a violation or violations of any applicable covenants or restrictions of record, applicable building codes, regulations, or ordinances exist with regard to the Premises as of the Commencement Date. Said warranties shall not apply to any Alterations or Utility Installations (defined in Paragraph 7.3(a)) made by Natomas Charter or to be made by Tenant. If the Premises do not comply with said warranties, Landlord shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Tenant given within six (6) months following the Commencement Date and setting forth with specificity the nature and extent of such non-compliance, take such action, at Landlord's expense, as may be reasonable or appropriate to rectify the non-compliance. Landlord makes no warranty that the Permitted Use in Paragraph 1.8 is permitted for the Premises under Applicable Laws (as defined in Paragraph 2.4). If any governmental authority should require any additional improvements, permits or approvals, under the Americans with Disabilities Act of 1990 or otherwise, due to the particular use of Tenant, or its subtenants, employees, customers, or invitees, other than those improvements which are stated in this Lease, and other than requirements generally for buildings of this type, including without limitation, additional fire protection equipment or flow capacity, use permits, or zoning variances, such improvements or changes to the Premises shall be made at Tenant's sole expense.

2.4 Acceptance of Premises. Tenant hereby acknowledges: (a) that it has been advised by the Broker(s) to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical and fire sprinkler systems, security, environmental aspects, seismic and earthquake requirements), and compliance of the Premises with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations and any covenants or restrictions of record (collectively, "Applicable Laws"), and the present and future suitability of the Premises for Tenant's intended use; (b) that Tenant has made such investigation as it deems necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relate to Tenant's occupancy of the Premises and/or the terms of this Lease; and (c) that neither Landlord, nor any of Landlord's agents, has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease.

2.5 Tenant as Prior Owner/Occupant. The warranties made by Landlord in this Paragraph 2 shall be of no force or effect if immediately prior to the date set forth in Paragraph 1.1 Tenant was the owner or occupant of the Premises. In such event, Tenant shall, at Tenant's sole cost and expense, correct any non-compliance of the Premises with said warranties.

2.6 Vehicle Parking; Prohibition of Outside Storage. Tenant shall be entitled to use the number of Parking Spaces specified in Paragraph 1.2(c) on those portions of the Common Areas designated from time to time by Landlord for parking. Tenant shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as directed by Landlord in the Rules and Regulations (as defined in Paragraph 35) issued by Landlord. (Also see Paragraph 2.9.)

(a) Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's students, employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities.

(b) If Tenant permits or allows any of the prohibited activities described in this Paragraph 2.6, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord.

(c) Outside storage is strictly prohibited in the Common Areas. Parking areas, loading zones, and vacant property adjoining the Premises (together with any areas of the Industrial Center in which Tenant's employees, agents, or invitees park vehicles or otherwise congregate) are to be kept vacant and clean by Tenant. Landlord shall give Tenant seventy-two (72) hours written notice of the need to clean up or remedy any condition which may originate during the Term. In the event Tenant violates this provision and such violation continues for three (3) days after written notice to Tenant (or at any time with or without notice, if such failures endanger public health or safety), Landlord may remediate the condition and charge Tenant the cost thereof. Tenant shall not display or sell merchandise or allow carts, tables, portable signs, devices, or any other objects to be stored, displayed or to remain outside the defined exterior walls, roof or permanent doorways of the Premises, or in Building hallways, parking areas or sidewalks.

2.7 Common Areas - Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Industrial Center and interior utility raceways within the Premises that are provided and designated by the Landlord from time to time for the general non-exclusive use of Landlord, Tenant and other tenants of the Industrial Center and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas.

2.8 Common Areas - Tenant's Rights. Landlord hereby grants to Tenant, for the benefit of Tenant and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and

privileges reserved by Landlord under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Industrial Center. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Landlord or Landlord's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Landlord shall have the right, without notice and in addition to such other rights and remedies that it may have, to remove the property and charge the cost of such removal to Tenant, which cost shall be immediately payable upon demand as additional rent.

2.9 Common Areas - Rules and Regulations. Landlord or such other person(s) as Landlord may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable, non-discriminatory Rules and Regulations with respect thereto in accordance with Paragraph 35. Tenant agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Landlord shall not be responsible to Tenant for the non-compliance with said Rules and Regulations by other tenants of the Industrial Center.

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

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To designate other land outside the boundaries of the Industrial Center to be a part of the Common Areas;
- (d) To add additional buildings and improvements to the Common Areas;
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Industrial Center, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Industrial Center as Landlord may, in its sole discretion, deem to be appropriate.

3. Term.

3.1 Generally. Subject to the terms of Paragraph 3.3 below, the Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3. The Original Term and any extension thereof (if any) shall be referred to herein as the "Term."

3.2 Early Possession. If an Early Possession Date is specified in Paragraph 1.4 or if Tenant, with Landlord's consent, totally or partially occupies the Premises for any reason prior to the Commencement Date (the "Early Possession Period"), the obligation to pay Base Rent shall be abated for the period of such early occupancy. All other terms of this Lease, however, (including but not limited to the obligations to pay Tenant's Share of the Real Property Taxes and to carry the insurance required by Paragraph 8) shall be in effect during the Early Possession Period. Any such early possession shall not affect nor advance the Expiration Date of the Original Term.

3.3 Delay In Possession. If for any reason Landlord cannot deliver possession of the Premises to Tenant by the Commencement Date, and such delivery delay is not due to a Tenant Delay, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease, or the obligations of Tenant hereunder, or extend the Term, but in such case, Tenant shall not, except as otherwise provided herein, be obligated to pay rent or perform any other obligation of Tenant under the terms of this Lease until Landlord delivers possession of the Premises to Tenant. If possession of the Premises is not delivered to Tenant within ninety (90) days after the Commencement Date, Tenant may, at its option, by notice in writing to Landlord within ten (10) days after the end of said ninety (90) day period, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided further, however, that if such written notice of Tenant is not received by Landlord within said ten (10) day period, Tenant's right to cancel this Lease hereunder shall terminate and be of no further force or effect. Except as may be otherwise provided, and regardless of when the original Term actually commences, if possession is not tendered to Tenant when required by this Lease and Tenant does not terminate this Lease, as aforesaid, the period free of the obligation to pay Base Rent, if any, that Tenant would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to the period during which the Tenant would have otherwise enjoyed under the terms hereof, but minus any days of delay caused by the acts, changes or omissions of Tenant. "Tenant Delay" means any act or omission of Tenant or its agents, employees, vendors or contractors that actually delays the Commencement Date, including, without limitation: (1) Tenant's failure to furnish information or approvals within any time period specified in this Lease; (2) Tenant's selection of equipment or materials that have long lead times; (3) changes requested or made by Tenant to previously approved plans and specifications; (4) performance of work in the Premises by Tenant or Tenant's contractor(s); or (5) delays occasioned by Tenant's failure to obtain a racking or high pile storage permit.

4. Rent.

4.1 Base Rent. Tenant shall pay Base Rent and other rent or charges, as the same may be adjusted from time to time, to Landlord in lawful money of the United States, without demand, offset or deduction, on or before the day on which it is due under the terms of this Lease. Base Rent and all other rent and charges for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved. Payment of Base Rent and other charges shall be made to Landlord at its address stated herein or to such other persons or at such other addresses as Landlord may from time to time designate in writing to Tenant.

4.2 Common Area Operating Expenses. Intentionally deleted.

4.3 Rent Defined. All monetary obligations of Tenant to Landlord under the terms of this Lease are deemed to be rent.

4.4 No "Key Money." Tenant agrees that Tenant's obligation to pay all sums owing under this Lease (including, without limitation, any sum payable prior to the Commencement Date, such as Base Rent paid upon execution pursuant to Subparagraph 1.6(a), or any Security Deposit under Paragraph 1.7, or Tenant's Share of the Real Property Taxes during the Early Possession Period under Paragraph 3.2, or any sum payable thereafter, such as Base Rent under Paragraph 1.5, Tenant's Share of the Real Property Taxes under Paragraph 10.1, or Landlord's costs and expenses incurred in connection with any proposed assignment or subletting pursuant to Subparagraph 12.2(e)) are clearly stated and are not violative of California Civil Code section 1950.8, and Tenant hereby waives the benefit of California Civil Code section 1950.8 and any similar or successor statute, judicial decision or other law that would allow Tenant to challenge Tenant's obligation to pay such sums on the basis that such sums constitute "key money" or other unlawful payments to Landlord.

4.5 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by the terms of any ground lease, mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to ten percent (10%) of such overdue amount. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant (other than interest and attorneys' fees and costs). Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's Default or Breach with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding Paragraph 4.1 or any other provision of this Lease to the contrary, Base Rent shall, at Landlord's option, become due and payable quarterly in advance.

4.6 Interest on Past-Due Obligations. Any monetary payment due Landlord hereunder, other than late charges, not received by Landlord within ten (10) days following the date on which it was due, shall bear interest from the date due at the prime rate charged by Bank of America, plus four percent (4%) per annum, but not exceeding the maximum rate allowed by law, in addition to the potential late charge provided for in Paragraph 4.5. Acceptance of any late charge and/or interest shall not constitute a waiver of Tenant's Default or Breach with respect to the overdue sum or prevent Landlord from exercising any of its other rights and remedies under this Lease.

5. Security Deposit. Tenant shall deposit with Landlord upon execution hereof the Security Deposit set forth in Paragraph 1.7 of the Basic Provisions as security for Tenant's faithful performance of Tenant's obligations hereunder. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of said Security Deposit for the payment of any rent or other charge in default for the payment of any other sum to which Landlord may become obligated by reason of Tenant's Default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said Security Deposit, Tenant shall within ten (10) days after written demand therefore deposit cash with Landlord in an amount sufficient to restore said Security Deposit to the full amount then required of Tenant. If the monthly Base Rent shall, from time to time, increase during the Term, Tenant shall, at the time of such increase, deposit with Landlord additional money as a Security Deposit so that the total amount of the Security Deposit held by Landlord shall at all times be equal to the amount of Base Rent for the last month of the Term. Landlord shall not be required to keep said Security Deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, said Security Deposit, or so much thereof as has not heretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) at the expiration of the Term, and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit. Tenant waives the provisions of California Civil Code section 1950.7, and all other provisions of law now in force or that become in force after the date of execution of this Lease, that provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant, or to clean the Premises.

6. Use; Hazardous Substances; Applicable Requirements.

6.1 Permitted Use.

(a) Tenant shall use and occupy the Premises only for the Permitted Use set forth in Paragraph 1.8 and for no other purpose. Tenant shall not use or permit the use of the Premises in a manner that is unlawful, creates waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to the Premises, the Building, the Industrial Center, or neighboring premises or properties. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

(b) Landlord hereby agrees to not unreasonably withhold or delay its consent to any written request by Tenant, Tenant's assignees or subtenants, and by prospective assignees and subtenants of Tenant, its assignees and subtenants, for a modification of said Permitted Use, so long as the same will not impair the structural integrity of the improvements on the Premises or in the Building or the mechanical or electrical systems therein, does not conflict with uses by other tenants, is not significantly more burdensome to the Premises, the Building or the Industrial Center and the improvements thereon, and is otherwise permissible pursuant to this Paragraph 6. If Landlord elects to withhold such consent, Landlord shall within five (5) business days after such request give a written notification of same, which notice shall include an explanation of Landlord's reasonable objections to the change in use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any substance: (i) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, pollutant or contaminant under any governmental statute, code, ordinance, regulation, rule or order, and any amendment thereto, including for example only the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., or (ii) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, dangerous or otherwise hazardous, including gasoline, diesel fuel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde foam insulation. Tenant shall not engage in any activity in or about the Premises which constitutes a Reportable Use (as hereinafter defined) of Hazardous Substances without the express prior written consent of Landlord and compliance in a timely manner (at Tenant's sole cost and expense) with all Applicable Requirements (as defined in Paragraph 6.3). "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 (iii) the presence in, on or about the Premises of a Hazardous Substance with respect to which any Applicable Laws require that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may, without Landlord's prior consent, but upon notice to Landlord and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Tenant in the normal course of the Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises or neighboring properties to any meaningful risk of contamination or damage or expose Landlord to any liability therefor. In addition, Landlord may (but without any obligation to do so) condition its consent to any Reportable Use of any Hazardous Substance by Tenant upon Tenant's giving Landlord such additional assurances as Landlord, in its reasonable discretion deems necessary to protect itself, the public, the Premises, the Building, the Industrial Center and the environment against damage, contamination or injury and/or liability therefor, including but not limited to the installation (and, at Landlord's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete encasement) and/or the deposit of an additional Security Deposit under Paragraph 5 hereof.

(b) **Duty to Inform Landlord.** If Tenant knows, or has reasonable cause to believe, that a Hazardous

Substance has come to be located in, on, under or about the Premises, the Building or the Industrial Center, other than as previously consented to by Landlord, Tenant shall immediately give Landlord written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance including but not limited to all such documents as may be involved in any Reportable Use involving the Premises. Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on, under or about the Premises (including, without limitation, through the plumbing or sanitary sewer system), the Building and/or the Industrial Center.

(c) **Indemnification.** Tenant shall indemnify, protect, defend and hold Landlord, its agents, employees, lenders and ground lessor, if any, and the Premises, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Tenant or by anyone under Tenant's control. Tenant's obligations under this Paragraph 6.2(c) shall include, but not be limited to, the effects of any contamination or injury to any person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Landlord in writing at the time of such agreement.

(d) **Hazardous Substance Conditions.** In the event of an occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises (a "**Hazardous Substance Condition**"), unless Tenant is legally responsible therefore (in which case Tenant shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Landlord's rights under Paragraph 6.2(c) and Paragraph 13), Landlord may, at Landlord's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or \$100,000 whichever is greater, give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such Hazardous Substance Condition of Landlord's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or \$100,000, whichever is greater. Tenant shall provide Landlord with the funds required of Tenant or satisfactory assurance thereof within thirty (30) days following said commitment by Tenant. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such investigation and remediation as soon as reasonably possible after the required funds are available. If Tenant does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Landlord's notice of termination.

6.3 Tenant's Compliance with Applicable Requirements. Tenant shall, at Tenant's sole cost and expense, fully, diligently and in a timely manner, comply with all "**Applicable Requirements**," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlord's engineers and/or consultants, relating in any manner to the Premises (including but not limited to matters pertaining to (i) industrial hygiene, (ii) environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, and (iii) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Substance, and (iv) the Americans with Disabilities Act of 1990 and all regulations issued thereunder) now in effect or which may hereafter come into effect. Tenant shall, within five (5) days after receipt of Landlord's written request, provide Landlord with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Tenant's compliance with any Applicable Requirements specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Tenant or the Premises to comply with any Applicable Requirements.

6.4 Inspection; Compliance with Applicable Requirements. Landlord, Landlord's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("**Lenders**") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Requirements (as defined in Paragraph 6.3), and Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant's activities, including but not limited to Tenant's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Tenant or a violation of Applicable Requirements or a contamination, caused or materially contributed to by Tenant, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Tenant shall upon request reimburse Landlord or the Lender, as the case may be, for the costs and expenses of such inspections.

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

7.1 Tenant's Obligations.

(a) Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Codes), 7.2 (Landlord's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Tenant shall, at Tenant's sole cost and expense and at all times, keep the Premises and every part thereof in good order, condition and repair (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises), including, without limiting the generality of the foregoing, in full compliance with the Applicable Requirements, including but not limited to the Americans with Disabilities Act of 1990 and all regulations issued thereunder, all equipment or facilities exclusively serving the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connections if within the Premises, fire extinguishers as required by Applicable Requirements, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights, but excluding any items which are the responsibility of Landlord pursuant to Paragraph 7.2 below. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Tenant'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.

(b) Tenant shall, at Tenant's sole cost and expense, procure and maintain a contract, with copies to Landlord, in customary form and substance for and with a contractor specializing and experienced in the inspection, maintenance and service of the heating, air conditioning and ventilation system for the Premises (such inspections and maintenance shall occur no less frequently than quarterly). However, Landlord reserves the right, upon notice to Tenant, to procure and maintain the contract for the heating, air conditioning and ventilating systems, and if Landlord so elects, Tenant shall reimburse Landlord, upon demand, for the cost thereof.

(c) If Tenant fails to perform Tenant's obligations under this Paragraph 7.1, Landlord may, in accordance with Paragraph 13.2 below, enter upon the Premises after ten (10) days' prior written notice to Tenant (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Tenant's behalf, and put the Premises in good order, condition and repair.

7.2 Landlord's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Code), 6 (Use), 7.1 (Tenant's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Landlord shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler and/or standpipe and hose (if located in the Common Areas) or other automatic fire extinguishing system including fire alarm and/or smoke detection system and equipment, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof. Landlord shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Landlord be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Tenant expressly waives the benefit of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Building, Industrial Center or Common Areas in good order, condition and repair. Notwithstanding any language to the contrary herein and without creating any duty for Landlord to undertake any specific work, in the event Landlord elects to repaint the walls, replace the floor covering, or do any other repair, maintenance, remodeling, or refurbishing work in the Premises for any reason, Tenant shall remove Tenant's personal property, including Tenant's furniture, cubicles, room dividers, modular office furniture, equipment, computers and all computer-related equipment, and Tenant's personnel from the Premises, at Tenant's sole cost and expense, so that Landlord may complete Landlord's work as quickly and smoothly as possible during normal business hours.

7.3 Utility Installations, Trade Fixtures, Alterations.

(a) **Definitions; Consent Required.** The term "Utility Installations" is used in this Lease to refer to all air lines, power panels, electrical distribution, security, fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Premises. The term "Trade Fixtures" shall mean Tenant's machinery and equipment which can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements on the Premises which are provided by Landlord or Tenant under the terms of this Lease, other than Utility Installations or Trade Fixtures. "Tenant-Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Tenant that are not yet owned by Landlord pursuant to Paragraph 7.4(a). Tenant shall not make nor cause to be made any Alterations or Utility Installations in, on, under or about the Premises without Landlord's prior written consent. Tenant may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without Landlord's consent but upon notice to Landlord, so long as (i) they are in full compliance with the Americans with Disabilities Act of 1990 and all regulations issued thereunder, (ii) they are not visible from the outside of the Premises, (iii) they do not involve puncturing, relocating or removing the roof or any existing walls, (iv) they do not change or interfere with the fire sprinkler or fire detection systems, (v) they do not otherwise involve the structure of the Building or the Building Systems and (vi) the cumulative cost thereof during the Term does not exceed \$2,500.00.

(b) **Consent.** Any Alterations or Utility Installations that Tenant shall desire to make and which require the consent of the Landlord shall be presented to Landlord in written form with detailed plans. All consents given by Landlord, whether by virtue of Paragraph 7.3(a) or by subsequent specific consent, shall be deemed conditioned upon: (i) Tenant's acquiring all applicable permits required by governmental authorities; (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Alteration or Utility Installation to Landlord prior to commencement of the work thereon; and (iii) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner. No approval or consent by Landlord shall be deemed or construed to be a representation or warranty by Landlord as to the adequacy, sufficiency, fitness or suitability thereof or compliance thereof with Applicable Requirements. Tenant shall reimburse Landlord upon demand for any expenses reasonably incurred by Landlord in connection with any Alterations or Utility Installations made by Tenant, including reasonable fees charged by Landlord's contractors or consultants to review plans and specifications prepared by Tenant and to update the existing as-built plans and specifications of the Building to reflect the Alterations or Utility Installations. Any Alterations or Utility Installations by Tenant during the Term shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with all Applicable Requirements. Tenant shall promptly upon completion thereof furnish Landlord with as-built plans and specifications therefore. Landlord may (but without obligation to do so) condition its consent to any requested Alteration or Utility Installation that costs \$2,500.00 or more upon Tenant's providing Landlord with a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation.

(c) **Lien Protection.** Tenant shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Tenant 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, the Building and/or the Industrial Center or any interest therein. Tenant shall give Landlord not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises. If any such lien attaches to the Premises, the Building and/or the Industrial Center or any interest therein, and Tenant does not cause the same to be released by payment, bonding or otherwise within ten (10) days after the attachment thereof, Landlord shall have the right but not the obligation to cause the same to be released, and any sums expended by Landlord in connection therewith shall be payable by Tenant on demand with interest thereon from the date of expenditure by Landlord at the interest rate (provided for in Paragraph 4.6 - Interest on Past-Due Obligations). If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Premises, the Building and/or the Industrial Center or any interest therein, free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's attorneys' fees and costs in participating in such action if Landlord shall decide it is in its best interest to do so.

7.4 Ownership, Removal, Surrender, and Restoration.

(a) **Ownership.** Subject to Landlord's right to require their removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made to the Premises by Tenant shall be the property of and owned by Tenant, but considered a part of the Premises. Landlord may at any time elect in writing to be the owner of all or any specified part of the Tenant-Owned Alterations and Utility Installations. All Tenant-Owned Alterations and Utility Installations shall, at the expiration or earlier termination of this Lease, become the property of Landlord and remain upon the Premises and be surrendered with the Premises by Tenant, unless Landlord exercises its right to require removal as set forth in the following subparagraph.

(b) **Removal.** Unless otherwise agreed in writing, Landlord may require that any or all Tenant-Owned Alterations or Utility Installations, including but not limited to those retained by Tenant from Natomas Charter, be removed by the expiration or earlier termination of this Lease, notwithstanding that their installation may have been consented to by Landlord. Landlord may require the removal at any time of all or any part of any Alterations or Utility Installations made without the required consent of Landlord.

(c) **Surrender/Restoration.** Tenant shall surrender the Premises by the end of the last day of the Term or any earlier termination date, 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 or by Tenant performing all of its obligations under this Lease. Except as otherwise agreed or specified herein, the Premises, as surrendered, shall include the Alterations and Utility Installations. Tenant shall repair any damage occasioned by the installation, maintenance or removal of the Trade Fixtures, furnishings, equipment, personal property, and Tenant-Owned Alterations and Utility Installations, as well as the removal of any storage tank installed by or for Tenant, and the removal, replacement, or remediation of any soil, material or ground water contaminated by Tenant, all as may then be required by Applicable Requirements and/or good practice. The Trade Fixtures shall remain the property of Tenant and shall be removed by Tenant subject to its obligation to repair and restore the Premises per this Lease. If any removal required under this Paragraph 7.4 is not completed before the expiration or termination of the Term, Landlord shall have the right (but no obligation) to remove the same, and Tenant shall pay Landlord on demand for all costs of removal and storage thereof and for the rental value of the Premises for the period from the end of the Term through the end of the time reasonably required for such removal. Landlord shall also have the right to retain or dispose of all or any portion of such property if Tenant does not pay all such costs and retrieve the property within ten (10) days after notice from Landlord (in which event title to all such property described in Landlord's notice shall be transferred to and vest in Landlord). Tenant waives all claims against Landlord for any damage or loss to Tenant resulting from Landlord's removal, storage, retention, or disposition of any such property.

(d) **Removal of Electrical and Telecommunications Wires.**

(i) Landlord May Elect to Either Remove or Keep Wires. Notwithstanding anything in this Paragraph 7.4 to the contrary, within thirty (30) days after the expiration or sooner termination of the Lease or at any time that any of the Wires (as defined below) are no longer in active use by Tenant, Landlord may elect ("Election Right") by written notice to Tenant to:

(aa) Retain any or all wires, cables, and similar installations appurtenant thereto ("Wires") installed by Tenant within the Premises or anywhere in the Building outside the Premises, including, without limitation, the plenums or risers of the Building;

(bb) Remove any or all of the Wires and restore the Premises or the Building, as the case may be, to their condition existing prior to the installation of the Wires ("Wire Restoration Work"). Landlord, at its option, may perform such Wire Restoration Work at Tenant's sole cost and expense; or

(cc) Require Tenant to perform all or part of the Wire Restoration Work at Tenant's sole cost and expense.

(dd) Landlord shall be deemed to have elected to retain all telephone and related Wires unless Landlord specifically elects to have Tenant remove such Wires pursuant to Subparagraph 7.4(d)(i)(bb) or 7.4(d)(i)(cc) above.

(ii) Compliance with Laws and Discontinuance of Wire Use. Tenant shall comply with all applicable laws with respect to the Wires, subject to Landlord's right to elect to retain the Wires. In the event that Tenant discontinues the use of all or any part of the Wires, Tenant shall within thirty (30) days thereafter notify Landlord of same in writing, accompanied by a plan or other reasonable description of the current type, quantity, points of commencement and termination, and routes of the Wires to allow Landlord to determine if Landlord desires to retain same.

(iii) Condition of Wires. In the event Landlord elects to retain any or all of the Wires (pursuant to Subparagraph 7.4(d)(i)(aa) hereof), Tenant covenants that:

(aa) Tenant shall be the sole owner of the Wires, Tenant shall have the sole right to surrender the Wires, and the Wires shall be free of all liens and encumbrances; and

(bb) All Wires shall be left in good condition, working order, properly labeled and capped or sealed at each end and in each telecommunications/electrical closet and junction box, and in safe condition.

(iv) Landlord Retains Security Deposit. Notwithstanding anything to the contrary in Paragraph 5, Landlord may retain Tenant's Security Deposit after the expiration or sooner termination of the Lease until one of the following events has occurred with respect to all of the Wires:

(aa) Landlord elects to retain the Wires pursuant to Subparagraph 7.4(d)(i)(aa);

(bb) Landlord elects to perform the Wire Restoration Work pursuant to Subparagraph 7.4(d)(i)(bb) and the Wire Restoration Work is complete and Tenant has fully reimbursed Landlord for all costs related thereto; or

(cc) Landlord elects to require Tenant to perform the Wire Restoration Work pursuant to Subparagraph 7.4(d)(i)(cc) and the Wire Restoration Work is complete and Tenant has paid for all costs related thereto.

(v) Landlord Can Apply Security Deposit. In the event that Tenant fails or refuses to pay all costs of the Wire Restoration Work within thirty (30) days of Tenant's receipt of Landlord's notice requesting Tenant's reimbursement for or payment of such costs or otherwise fails to comply with the provisions of this Subparagraph 7.4(d), Landlord may apply all or any portion of Tenant's Security Deposit toward the payment of any costs or expenses relative to the Wire Restoration Work or Tenant's obligations under this Subparagraph 7.4(d).

(vi) No Limit on Right to Sue. The retention or application of such Security Deposit by Landlord pursuant to this Subparagraph 7.4(d) does not constitute a limitation on or waiver of Landlord's right to seek further remedy under law or equity.

(vii) Survival. The provisions of this Subparagraph 7.4(d) shall survive the expiration or sooner termination of the Lease.

(e) **Fire System Modifications/Maintenance.** Notwithstanding anything to the contrary contained in this Lease, under no circumstances shall Tenant, its employees, agents or contractors work on, disable, shut down, tamper with, reposition, relocate, reconfigure, alter, modify, repair, or otherwise affect, in any way, the existing automatic fire extinguishing system, including fire alarm and/or smoke detection systems and equipment or any component thereof (the "Fire Systems"). In the event that Tenant intends to engage in any work at the Premises which will affect the Fire Systems in any way, then Tenant shall notify Landlord in writing prior to performing such work. Tenant shall not proceed with such work unless and until Tenant receives written consent from Landlord or its property manager that such work may proceed. Landlord may condition its consent on the use of a contractor of Landlord's selection, in Landlord's absolute discretion, for that portion of the work which involves the Fire Systems.

8. Insurance; Indemnity.

8.1 **Payment of Premiums.** The cost of the premium for the insurance policies maintained by Landlord under this Paragraph 8 shall be paid by Landlord. Premiums for policy periods commencing prior to, or extending beyond, the Term shall be pro-rated accordingly. Tenant acknowledges that Landlord may obtain required insurance coverage through a blanket policy of insurance covering multiple properties (including the Premises). Tenant consents to Landlord's allocation of a portion of the blanket policy premium to the Premises so long as the portion of such premium allocated to the Premises is commercially reasonable.

8.2 Liability Insurance.

(a) **Carried by Tenant.** Subject to the requirements of Paragraph 8.5, Tenant shall maintain in full force throughout the Term, commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than Five Million and No/100ths Dollars (\$5,000,000.00) each occurrence for bodily injury and property damage combined,

Ten Million and No/100ths Dollars (\$10,000,000.00) annual general aggregate, and Ten Million and No/100ths Dollars (\$10,000,000.00) products and completed operations annual aggregate. Any self insured retention under Tenant's liability insurance policy shall not exceed Five Thousand and No/100ths Dollars (\$5,000.00). Tenant's liability insurance policy or policies shall: (i) include premises and operations liability coverage, products and completed operations liability coverage, broad form property damage coverage, blanket contractual liability coverage including, to the maximum extent possible, coverage for the indemnification obligations of Tenant under this Lease, and personal and advertising injury coverage; (ii) provide that the insurance company has the duty to defend all insureds under the policy; (iii) provide that defense costs are paid in addition to and do not deplete any of the policy limits; (iv) cover liabilities arising out of or incurred in connection with Tenant's use or occupancy of the Premises, the Building or the Industrial Center, including Civic Center Activities; and (v) extend coverage to cover liability for the actions of Tenant's agents, employees, contractors, subtenants, assignees, licensees, transferees or representatives (collectively, "Representatives") or its students, guests, customers, or visitors (collectively, "Visitors").

(b) **Carried by Landlord.** Landlord shall also maintain liability insurance with coverage amounts as described in Paragraph 8.2(a) above, in addition to and not in lieu of, the insurance required to be maintained by Tenant. Tenant shall not be named as an additional insured therein.

(c) **Civic Center Activities.** In connection with any Civic Center Activities, Tenant shall require that each organization or group engaging in Civic Center Activities at the Premises cause the Landlord to be named as an additional insured on any liability insurance policy(ies) which Tenant may require such group or organization to carry in connection with such Civic Center Activities.

8.3 Landlord's Property Insurance-Building, Improvements and Rental Value.

(a) **Building and Improvements.** During the Term, Landlord shall maintain in effect insurance on the Building against "special form" perils (to the extent such coverages are available), with responsible insurers, insuring the Building and the Landlord Work (if any) in an amount equal to at least eighty percent (80%) of the replacement cost thereof, excluding land, foundations, footings and underground installations. Landlord may, but shall not be obligated to, carry insurance against additional perils and/or in greater amounts.

(b) **Rental Value.** Landlord shall also obtain and keep in force during the Term a policy or policies in the name of Landlord, with loss payable to Landlord and any Lender(s), insuring the loss of the full rental and other charges payable by all tenants of the Building to Landlord for one year (including any scheduled rental increases). Said insurance may provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of rental revenues from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any co-insurance clause, and the amount of coverage shall be adjusted annually to reflect the projected rental income, and other income, if any, otherwise payable, for the next 12-month period.

(c) **Adjacent Premises.** Tenant shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Industrial Center if said increase is caused by Tenant's acts, omissions, use or occupancy of the Premises.

(d) **Tenant's Improvements.** Since Landlord is the Insuring Party, Landlord shall not be required to insure Tenant-Owned Alterations and Utility Installations unless the item in question has become the property of Landlord under the terms of this Lease.

8.4 Tenant's Property Insurance. Subject to the requirements of Paragraph 8.5, Tenant at its cost shall maintain commercial property insurance providing coverage, at a minimum, for "special forms" perils on all of Tenant's personal property, Trade Fixtures and Tenant-Owned Alterations and Utility Installations in, on, or about the Premises. Such insurance shall be full replacement cost coverage with a deductible not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Tenant for the replacement of personal property and the restoration of Trade Fixtures and Tenant-Owned Alterations and Utility Installations. Upon request from Landlord, Tenant shall provide Landlord with written evidence that such insurance is in force.

8.5 Insurance Policies. Insurance required of Tenant hereunder shall be in companies duly licensed to transact business in the state where the Premises are located, and 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. In addition, Tenant's policy of liability insurance shall: (i) contain a cross liability endorsement or separation of insureds clause; (ii) provide that any waiver of subrogation rights or release prior to a loss does not void coverage; (iii) provide that it is primary to and not contributing with, any policy of insurance carried by Landlord covering the same loss; (iv) provide that any failure to comply with the reporting provisions shall not affect coverage provided to Landlord, its partners, property managers and Lenders; and (v) name Landlord, the property manager (currently Buzz Oates Management Services) and such other parties in interest as Landlord may from time to time reasonably designate to Tenant in writing, as additional insureds. Such additional insureds shall be provided the same extent of coverage as provided to Tenant under such policies. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Paragraph 8. Tenant shall cause to be delivered to Landlord on or before the earlier of the Early Possession Date or the Commencement Date, certificates evidencing the existence and amounts of, the insurance required under Paragraph 8.2(a) and 8.4. No such policy shall be cancelable or subject to modification except after thirty (30) days' prior written notice to Landlord. Tenant shall at least thirty (30) days prior to the expiration of such policies, furnish Landlord with evidence of renewals or "insurance binders" evidencing renewal thereof, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant to Landlord upon demand.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Tenant and Landlord each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to their property arising out of or incident to the perils required to be insured against under Subparagraph 8.3(a) and Paragraph 8.4. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of property insurance carried or required, or by any deductibles applicable thereto. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Landlord's negligence and/or breach of express warranties, Tenant shall indemnify, protect, defend and hold harmless Landlord and its agents, Landlord's master or ground lessor, partners and Lenders from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, loss of permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with: (a) the acts or omissions of Tenant, its Representatives and/or Visitors in or about the Industrial Center; (b) the occupancy of the Premises by Tenant; (c) the conduct of Tenant's business; (d) any accident, injury or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises during the Term; (e) out of any Default or Breach by Tenant in the performance in a timely manner of any obligation on Tenant's part to be performed under this Lease; (f) any construction or other work undertaken by Tenant on the Premises (including any design defects), and (g) any Civic Center Activities conducted at the Premises. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of

claims made against Landlord) litigated and/or reduced to judgment. In case any action or proceeding be brought against Landlord by reason of any of the foregoing matters, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified. Tenant's obligations under this Paragraph 8.7 shall survive the expiration or termination of the Lease.

8.8 Exemption of Landlord from Liability. Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, its Representatives and/or Visitors 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, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether 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, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Tenant expressly acknowledges that this liability exemption is including any injury or damages that may arise due to the Premises being located in a flood hazard area. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of Landlord nor from the failure by Landlord to enforce the provisions of any other lease in the Industrial Center. Notwithstanding Landlord's negligence or breach of this Lease, Landlord shall under no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

9. Damage or Destruction.

9.1 Landlord's Duty to Repair.

(a) If all or a substantial part of the Premises are rendered untenable or inaccessible by damage to all or any part of the Industrial Center from fire or other casualty then, unless either party is entitled to and elects to terminate this Lease pursuant to Paragraphs 9.2 and 9.3 hereof, Landlord shall, at its expense, use reasonable efforts to repair and restore the Premises and/or the Industrial Center, as the case may be, to substantially their former condition to the extent permitted by then Applicable Requirements; provided, however, that in no event shall Landlord have any obligation for repair or restoration beyond the extent of insurance proceeds received by Landlord for such repair or restoration, or for any of Tenant's personal property, Trade Fixtures, Tenant-Owned Alterations and Utility Installations.

(b) If Landlord is required or elects to repair damage to the Premises and/or the Industrial Center, this Lease shall continue in effect, but Tenant's Base Rent and Tenant's Share of the Real Property Taxes from the date of the casualty through the date of substantial completion of the repair shall be abated with regard to any portion of the Premises that Tenant is prevented from using by reason of such damage or its repair. In no event shall Landlord be liable to Tenant by reason of any injury to or interference with Tenant's business or property arising from fire or other casualty or by reason of any repairs to any part of the Industrial Center necessitated by such casualty.

9.2 Landlord's Right to Terminate. Landlord may elect to terminate this Lease following damage by fire or other casualty under the following circumstances:

(a) If, in the reasonable judgment of Landlord, the Premises and the Industrial Center cannot be substantially repaired and restored under Applicable Requirements within one (1) year from the date of the casualty;

(b) If, in the reasonable judgment of Landlord, adequate proceeds are not, for any reason, made available to Landlord from Landlord's insurance policies (and/or from Landlord's funds made available for such purpose, at Landlord's sole option) to make the required repairs;

(c) If the Building is damaged or destroyed to the extent that, in the reasonable judgment of Landlord, the cost to repair and restore the Building would exceed twenty-five percent (25%) of the full replacement cost of the Building, whether or not the Premises are at all damaged or destroyed; or

(d) If the fire or other casualty occurs during the last year of the Term.

If any of the circumstances described in subparagraphs (a), (b), (c) or (d) of this Paragraph 9.2 occur or arise, Landlord shall notify Tenant in writing of that fact within one hundred and twenty (120) days after the date of the casualty and in such notice Landlord shall also advise Tenant whether Landlord has elected to terminate this Lease as provided above.

9.3 Tenant's Right to Terminate. If all or a substantial part of the Premises are rendered untenable or inaccessible by damage to all or any part of the Industrial Center from fire or other casualty, then Tenant may elect to terminate this Lease under the following circumstances:

(a) Where Landlord fails to commence the required repair within one hundred and twenty (120) days after the date of the casualty, in which event Tenant may elect to terminate this Lease upon notice to Landlord given within ten (10) days after such one hundred and twenty (120)-day period; or

(b) In the circumstance described in Subparagraph 9.2(a) above; in which event Tenant may elect to terminate this Lease by giving Landlord notice of such election to terminate within thirty (30) days after Landlord's notice to Tenant pursuant to Paragraph 9.2 above.

9.4 Waiver. Landlord and Tenant each hereby waive the provisions of California Civil Code sections 1932(2), 1933(4) and any other applicable existing or future Applicable Requirements permitting the termination of a lease agreement in the event of damage or destruction under any circumstances other than as provided in Paragraphs 9.2 and 9.3 above.

10. Real Property Taxes.

10.1 Payment of Taxes. Landlord shall pay the Real Property Taxes, as defined in Paragraph 10.2, applicable to the Industrial Center, and except as otherwise provided in Paragraph 10.3, Tenant shall be responsible for Tenant's Share of the Real Property Taxes which shall be payable by Tenant within thirty (30) days after a reasonably detailed statement is presented to Tenant by Landlord. At Landlord's option, however, an amount may be estimated by Landlord from time to time of Tenant's Share of the Real Property Taxes and the same shall be payable monthly or quarterly, as Landlord shall designate, during each 12-month period of the Term, on the same day as the Base Rent is due hereunder. Landlord shall deliver to Tenant within sixty (60) days after the expiration of each calendar year, or as soon as practical thereafter, a reasonably detailed statement (the "Tax Statement") showing Tenant's Share of the Real Property Taxes incurred during the preceding year. If Tenant's payments under this Paragraph during said preceding year exceed Tenant's Share as indicated on the Tax Statement, Landlord shall credit the amount of such overpayment against Tenant's Share of the Real Property Taxes next becoming due or pay such amount to Tenant by check within thirty (30) days after expiration of the Lease with respect to Real Property Taxes for the final year of the Term unless such amount is applied toward any amounts due and owing to Landlord by Tenant. If Tenant's payments under this Paragraph during said preceding year were less than Tenant's Share as indicated on the Tax Statement, Tenant shall pay to Landlord the amount of the deficiency within thirty (30) days after delivery by Landlord to Tenant of the Tax Statement.

Notwithstanding the foregoing, if Tenant maintains a tax exempt status and files the appropriate application(s) for and secures, a pro rata exemption with respect to the Real Property Taxes based upon Tenant's occupancy of the Premises, then Tenant shall have no obligation to pay to Landlord Tenant's Share of the Real Property Taxes corresponding to the tax period for which such exemption is

received.

10.2 Real Property Tax Definition. As used herein, the term "Real Property Taxes" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary; any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal net income or estate taxes) imposed upon the Industrial Center by any authority having the direct or indirect power to tax, including any city, state or federal government; any school, agricultural, sanitary, fire, street, drainage, transit or traffic mitigation (including area-wide traffic improvement assessments and transportation system management fees), or other improvement district thereof, levied against any legal or equitable interest of Landlord in the Industrial Center or any portion thereof, Landlord's right to rent or other income therefrom, and/or Landlord's business of leasing the Premises; personal property taxes assessed on the personal property of Landlord used in the operation of the Industrial Center; service payments in lieu of taxes and taxes and assessments of every kind and nature whatsoever levied or assessed in addition to, in lieu of or in substitution for existing or additional real or personal property taxes on the Industrial Center or the personal property described above; and the reasonable cost of contesting by appropriate proceedings the amount or validity of any taxes, assessments or charges described above. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in Applicable Law taking effect, during the term of this Lease, including but not limited to a change in the ownership of the Industrial Center or in the improvements thereon, the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.3 Additional Improvements. Tenant shall pay to Landlord at the time Tenant's Share of the Real Property Taxes are payable under Paragraph 10.1, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Tenant or at Tenant's request.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building 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 determined by Landlord from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Landlord's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Tenant's Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon Tenant-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Tenant contained in the Premises or stored within the Industrial Center, whether any such imposition is levied directly against Tenant or levied against Landlord, the Building or the Industrial Center. When possible, Tenant shall cause its Tenant-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 Landlord. If any of Tenant's said property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

11. Utilities.

11.1 Generally. Tenant shall pay directly for all utilities and services supplied to the Premises, including but not limited to electricity, telephone, security, gas and cleaning of the Premises, together with any taxes thereon. If any such utilities or services are not separately metered to the Premises or separately billed to the Premises, Tenant shall pay to Landlord a reasonable proportion to be determined by Landlord of all such charges jointly metered or billed with other premises in the Building.

11.2 Service Failure. In the event of an interruption in or failure or inability to provide any services or utilities to the Premises or Building for any reason (a "Service Failure"), such Service Failure shall not, regardless of its duration, impose upon Landlord any liability whatsoever, constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease. Tenant hereby waives any benefits of any applicable existing or future law, including the provisions of California Civil Code section 1932(1), permitting the termination of this Lease due to such interruption, failure or inability.

11.3 Utility Providers. Landlord may, in Landlord's sole and absolute discretion, at any time and from time to time, contract, or require Tenant to contract, for utility services (including generation, transmission, or delivery of the utility service) with a utility service provider of Landlord's choosing. Tenant shall fully cooperate with Landlord and any utility service provider selected by Landlord. Tenant shall permit Landlord and the utility service provider to have reasonable access to the Premises and the utility equipment serving the Premises, including lines, feeders, risers, wiring, pipes, and meters. Tenant shall either pay or reimburse Landlord for all costs associated with any change of utility service, including the cost of any new utility equipment, within ten (10) days after Landlord's written demand for payment or reimbursement. Under no circumstances shall Landlord be responsible or liable for any loss, damage, or expense that Tenant may incur as a result of any change of utility service, including any change that makes the utility supplied less suitable for Tenant's needs, or for any failure, interference, or defect in any utility service. No such change, failure, interference, or defect shall constitute an actual or constructive eviction of Tenant, or entitle Tenant to any abatement of rent, or relieve Tenant from any of Tenant's obligations under this Lease.

12. Assignment and Subletting.

12.1 Landlord's Consent Required.

(a) Subject to subparagraph 12.1(f) below, Tenant shall not voluntarily or by operation of law assign, transfer, mortgage or otherwise transfer or encumber (collectively, "assign") or sublet all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent given under and subject to the terms of Paragraph 31. The parties hereto agree and acknowledge that, among other circumstances for which Landlord could reasonably withhold consent to a proposed assignment or sublease, it shall be reasonable for Landlord to withhold consent where (i) the proposed assignee or subtenant does not intend itself to occupy the entire portion of the Premises assigned or sublet, (ii) Landlord reasonably disapproves of the assignee's or subtenant's business operating ability or history, reputation or creditworthiness or the character of the business to be conducted by the assignee or subtenant at the Premises, (iii) the assignee or subtenant is a governmental agency or unit, (iv) the assignee or subtenant is an existing tenant in the Building or Industrial Center or a party with whom Landlord has negotiated to lease space in the Industrial Center within the preceding six (6) months, (v) the proposed transfer would violate any "exclusive" rights of any tenants in the Industrial Center, (vi) the rental and other consideration payable by the assignee or subtenant is less than that currently being paid by tenants under new leases of comparable space in the Industrial Center, (vii) Tenant is in default under this Lease, (viii) such assignee's or subtenant's proposed use is not permitted under Paragraph 6 hereof, (ix) such assignee's or subtenant's proposed use would increase the density of occupation in the Premises or use of the Building's parking facilities, (x) the assignment or sublease would result in there being more than two (2) separate entities or businesses occupying the Premises, (xi) the assignment or sublease would constitute a sub-sublease, or (xii) Landlord otherwise determines that the proposed assignment or sublease would have the effect of decreasing the value of the Building or increasing the expenses

associated with operating, maintaining and repairing the Building or the Industrial Center. In no event may Tenant publicly offer or advertise all or any portion of the Premises for assignment or sublease at a rental less than that then sought by Landlord for a direct lease (non-sublease) of comparable space in the Building or the Industrial Center.

(b) A change in the control of Tenant shall constitute an assignment requiring Landlord's consent. The transfer, on a cumulative basis, of twenty-five percent (25%) or more of the voting control of Tenant shall constitute a change in control for this purpose.

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

(d) An assignment or subletting of Tenant's interest in this Lease without Landlord's specific prior written consent shall, at Landlord's option, be a Default curable after notice per Paragraph 13.1, or a non-curable Breach without the necessity of any notice and grace period. If Landlord elects to treat such unconsented to assignment or subletting as a non-curable Breach, Landlord shall have the right to either: (i) terminate this Lease in accordance with Paragraph 13.2 hereof, or (ii) upon thirty (30) days' written notice ("Landlord's Notice"), increase the monthly Base Rent for the Premises to the greater of the then fair market rental value of the Premises, as reasonably determined by Landlord, or one hundred ten percent (110%) of the Base Rent then in effect. Pending determination of the new fair market rental value, if disputed by Tenant, Tenant shall pay the amount set forth in Landlord's Notice, with any overpayment credited against the next installment(s) of Base Rent coming due, and any underpayment for the period retroactively to the effective date of the adjustment being due and payable immediately upon the determination thereof. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Tenant shall be subject to similar adjustment to the then fair market value as reasonably determined by Landlord (without the Lease being considered an encumbrance or any deduction for depreciation or obsolescence, and considering the Premises at its highest and best use and in good condition) or one hundred ten percent (110%) of the price previously in effect, (ii) any index-oriented rental or price adjustment formulas contained in this Lease shall be adjusted to require that the base index be determined with reference to the index applicable to the time of such adjustment, and (iii) any fixed rental adjustments scheduled during the remainder of the Term shall be increased in the same ratio as the new rental bears to the Base Rent in effect immediately prior to the adjustment specified in Landlord's Notice.

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

(f) Notwithstanding any of the above provisions of this Paragraph 12 to the contrary, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's written consent, but subject to all other provisions of this Lease, to any corporation or other entity which controls, is controlled by, or is under common control with Tenant, or to any corporation or other entity resulting from a merger or consolidation of Tenant (collectively, an "Affiliate"), subject to all the terms of this Lease (except only that Landlord shall not be entitled to terminate this Lease pursuant to Paragraph 12.2(i) below) upon such an assignment or sublease to an Affiliate, provided that (i) the Affiliate assumes in writing all of Tenant's obligations under this Lease, and (ii) the original entity executing this Lease as "Tenant" remains fully liable under this Lease, and (iii) Landlord receives written notification of such transfer and Landlord is provided with all relevant documents requested by Landlord, at least twenty (20) days prior to the effective date of such transfer, and (iv) Tenant is not then and has not been in Default under this Lease; (v) the intended transferee has a tangible net worth, as evidenced by financial statements delivered to Landlord and certified by an independent certified public accountant in accordance with generally accepted accounting principles that are consistently applied ("Net Worth"), at least equal to the Net Worth of Tenant (as defined in 12.1(c) above) either immediately before the proposed assignment or subletting or as of the date of this Lease, whichever is greater, and (vi) such transfer is not a subterfuge by Tenant to avoid its obligations under this Lease or the restrictions on assignment and subletting under this Paragraph 12.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Landlord's consent, any assignment or subletting shall not (i) be effective without the express written assumption by such assignee or subtenant of the obligations of Tenant under this Lease, (ii) release Tenant of any obligations hereunder, nor (iii) alter the primary liability of Tenant for the payment of Base Rent and other sums due Landlord hereunder or for the performance of any other obligations to be performed by Tenant under this Lease.

(b) Landlord may accept any rent or performance of Tenant's obligations from any person other than Tenant pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of any rent for performance shall constitute a waiver or estoppel of Landlord's right to exercise its remedies for the Default or Breach by Tenant of any of the terms, covenants or conditions of this Lease.

(c) The consent of Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Tenant or to any subsequent or successive assignment or subletting by the assignee or subtenant. However, Landlord may consent to subsequent subletting and assignments of the sublease or any amendments or modifications thereto without notifying Tenant or anyone else liable under this Lease or the sublease and without obtaining their consent, and such action shall not relieve such persons from liability under this Lease or the sublease.

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

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Landlord's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or subtenant, including but not limited to the intended use and/or required modification of the Premises, if any, together with a non-refundable deposit of \$1,000 or ten percent (10%) of the monthly Base Rent applicable to the portion of the Premises which is the subject of the proposed assignment or sublease, whichever is greater, as reasonable consideration for Landlord's considering and processing the request for consent. Tenant agrees to provide Landlord with such other or additional information and/or documentation as may be reasonably requested by Landlord.

(f) Any assignee of, or subtenant under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed, for the benefit of Landlord, 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 Tenant 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 Landlord has specifically consented in writing.

(g) The occurrence of a transaction described in Paragraph 12.2(c) shall give Landlord the right (but not the obligation) to require that the Security Deposit be increased by an amount equal to six (6) times the then monthly Base Rent, and Landlord may make the actual receipt by Landlord of the Security Deposit increase a condition to Landlord's consent to such

transaction.

(h) Landlord, as a condition to giving its consent to any assignment or subletting, may require that the amount and adjustment schedule of the rent payable under this Lease be adjusted to what is then the market value and/or adjustment schedule for property similar to the Premises as then constituted, as determined by Landlord.

(i) Notwithstanding any of the above provisions of this Paragraph 12 to the contrary, if Tenant notifies Landlord that it desires to assign or sublet Tenant's interest in this Lease, Landlord, in lieu of consenting to such assignment or subletting, may elect (x) in the case of an assignment or a sublease of the entire Premises, to terminate this Lease, or (y) in the case of a sublease of less than the entire Premises, to terminate this Lease as it relates to the space proposed to be subleased by Tenant. In such event, this Lease will terminate (or the space proposed to be subleased will be removed from the Premises subject to this Lease and the Base Rent and Tenant's Share under this Lease shall be proportionately reduced) on the date the transfer was proposed to be effective, and Landlord may lease such space to any party, including the prospective transferee identified by Tenant.

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Tenant 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) Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rentals and income arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Tenant, and Landlord may collect such rent and income and apply same toward Tenant's obligations under this Lease; provided, however, that until a Breach (as defined in Paragraph 13.1) shall occur in the performance of Tenant's obligations under this Lease, Tenant may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Landlord shall not, by reason of the foregoing provision or any other assignment of such sublease to Landlord, nor by reason of the collection of the rents from a subtenant, be deemed liable to the subtenant for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant under such sublease. Tenant hereby irrevocably authorizes and directs any such subtenant, upon receipt of a written notice from Landlord stating that a Breach exists in the performance of Tenant's obligations under this Lease, to pay to Landlord the rents and other charges due and to become due under the sublease. Subtenant shall rely upon any such statement and request from Landlord and shall pay such rents and other charges to Landlord without any obligation or right to inquire as to whether such Breach exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall have no right or claim against such subtenant, or, until the Breach has been cured, against Landlord, for any such rents and other charges so paid by said subtenant to Landlord.

(b) In the event of a Breach by Tenant in the performance of its obligations under this Lease, Landlord, at its option and without any obligation to do so, may require any subtenant to attorn to Landlord, in which event Landlord shall undertake the obligations of the sublandlord under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by such subtenant to such sublandlord or for any other prior defaults or breaches of such sublandlord under such sublease.

(c) Any matter or thing requiring the consent of the sublandlord under a sublease shall also require the consent of Landlord herein.

(d) No subtenant under a sublease approved by Landlord shall further assign or sublet all or any part of the Premises without Landlord's prior written consent.

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

13. Default; Breach; Remedies.

13.1 Default; Breach. Landlord and Tenant agree that if an attorney is consulted by Landlord in connection with a Tenant Default or Breach (as hereinafter defined), \$350.00 is a reasonable minimum sum per such occurrence for attorneys' fees in the preparation of a notice of Default, and that Landlord may include the cost of such preparation, together with any and all costs of service of said notice, in said notice as rent due and payable to cure said Default. A "Default" by Tenant is defined as a failure by Tenant to observe, comply with or perform any of the terms, covenants, conditions or rules applicable to Tenant under this Lease. A "Breach" by Tenant is defined as the occurrence of any one or more of the following Defaults, and, where a grace period for cure after notice is specified herein, the failure by Tenant to cure such Default prior to the expiration of the applicable grace period, and shall entitle Landlord to pursue the remedies set forth in Paragraphs 13.2 and/or 13.3:

(a) The vacating of the Premises without the intention to reoccupy same, or the abandonment of the Premises.

(b) Except as expressly otherwise provided in this Lease, the failure by Tenant to make any payment of Base Rent, Tenant's Share of Taxes, or any other monetary payment required to be made by Tenant hereunder as and when due, the failure by Tenant to provide Landlord with reasonable evidence of insurance or surety bond required under this Lease, or the failure of Tenant to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) days following written notice thereof by or on behalf of Landlord to Tenant.

(c) Except as expressly otherwise provided in this Lease, the failure by Tenant to provide Landlord with reasonable written evidence (in duly executed original form, if applicable) of (i) compliance with Applicable Laws per Paragraph 2.4 and Applicable Requirements per Paragraph 6.3, (ii) the inspection, maintenance and service contracts required under Subparagraph 7.1 (b), (iii) the rescission of an unauthorized assignment or subletting per Paragraph 12.1, (iv) an estoppel certificate per Paragraph 16, (v) the subordination or non-subordination of this Lease per Paragraph 26, (vi) the guaranty of the performance of Tenant's obligations under this Lease if required under Paragraphs 1.11 and 32, (vii) the execution of any document requested under Paragraph 37, or (viii) any other documentation or information which Landlord may reasonably require of Tenant under the terms of this Lease, where any such failure continues for a period of ten (10) days following written notice by or on behalf of Landlord to Tenant.

(d) A Default by Tenant as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 35 hereof that are to be observed, complied with or performed by Tenant, other than those described in Subparagraphs 13.1 (a), (b) or (c), above, where such Default continues for a period of thirty (30) days after written notice thereof by or on behalf of Landlord to Tenant; provided, however, that if the nature of Tenant's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach of this Lease by Tenant if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) Tenant ceases doing business as a going concern; (ii) makes an assignment for the benefit of creditors; (iii) is adjudicated an insolvent, files a petition (or files an answer admitting the material allegations of a petition) seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights; (iv) all or substantially all of Tenant's assets are subject to judicial seizure or attachment and are not released within thirty (30) days; or (v) Tenant consents to or acquiesces in the appointment of a trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets.

(f) The discovery by Landlord that any financial statement of Tenant or of any Guarantor, given to Landlord by Tenant or any Guarantor, was materially false.

(g) If the performance of Tenant'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 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 breach basis, and Tenant's failure, within sixty (60) days following written notice by or on behalf of Landlord to Tenant of any such event, to provide Landlord with written alternative assurances of security, which, when coupled with the then existing resources of Tenant, equals or exceeds the combined financial resources of Tenant and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Tenant fails to perform any affirmative duty or obligation of Tenant under this Lease, within ten (10) days after written notice to Tenant (or in case of an emergency, without notice), Landlord may at its option (but without obligation to do so), perform such duty or obligation on Tenants behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Landlord shall be due and payable by Tenant to Landlord upon invoice therefor. If any check given to Landlord by Tenant shall not be honored by the bank upon which it is drawn, Landlord, at its own option, may require all future payments to be made under this Lease by Tenant to be made only by cashier's check. In the event of a Breach of this Lease by Tenant (as defined in Paragraph 13.1), with or without further notice or demand, Landlord shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law:

(a) Landlord may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of such written notice from Landlord, no other act of Landlord, including re-entry into the Premises, efforts to relet the Premises, reletting of the Premises for Tenant's account, storage of Tenant's personal property and Trade Fixtures, acceptance of keys to the Premises from Tenant or exercise of any other rights and remedies under this Paragraph, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises. Upon such termination in writing of Tenant's right to possession of the Premises, as herein provided, this Lease shall terminate and Landlord shall be entitled to recover damages from Tenant as provided in California Civil Code section 1951.2 and any other applicable existing or future law providing for recovery of damages for such Breach, including: (i) the worth at the time of the award of 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 Tenant 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 Tenant proves could be reasonably avoided; (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by the 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 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 Landlord in connection with this Lease applicable to the unexpired term of this Lease; and (v) any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law. The worth at the time of award of the amount referred to in provisions (i) through (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco or the Federal Reserve Bank District in which the Premises are located at the time of award plus one percent (1%), but in no case greater than the maximum amount of interest permitted by law. Efforts by Landlord to mitigate damages caused by Tenant's Default or Breach of this Lease shall not waive Landlord's right to recover damages under this Paragraph 13.2. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Landlord shall have the right to recover in such proceeding the unpaid rent and damages as are recoverable therein, or Landlord may reserve the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under Subparagraph 13.1(b), (c) or (d) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Tenant under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Subparagraph 13.1(b), (c) or (d). In such case, the applicable grace period under the unlawful detainer statute shall run concurrently after the one such statutory notice, and the failure of Tenant to cure the Default within the greater of the two (2) such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Landlord to the remedies provided for in this Lease and/or by said statute.

(b) Landlord may continue the Lease and Tenant's right to possession in effect (under California Civil Code section 1951.4) after Tenant's Breach and recover the rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations. Landlord and Tenant agree that the limitations on assignment and subletting in this Lease are reasonable. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver to protect Landlord's interest under this Lease, shall not constitute a termination of Tenant's right to possession.

(c) Landlord may pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Premises are located.

(d) The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Tenant's use and/or occupancy of the Premises.

(e) Acceptance of a partial payment shall not constitute a waiver under this Lease or at law or equity, including, without limitation, the right to recover possession of the Premises.

13.3 Inducement Recapture In Event of Breach. Any agreement by Landlord for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Landlord to or for Tenant of any cash or other bonus, or any Option (as defined in Paragraph 34 below), so given, or any inducement or consideration for Tenant's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions" shall be deemed conditioned upon Tenant's full and faithful performance of all of the terms, covenants and conditions of this Lease to be performed or observed by Tenant during the Term. Upon the occurrence of a Breach (as defined in Paragraph 13.1) of this Lease by Tenant, 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 Landlord under such an Inducement Provision shall be immediately due and payable by Tenant to Landlord, and recoverable by Landlord, as additional rent due under this Lease, notwithstanding any subsequent cure of said Breach by Tenant. The acceptance by Landlord of rent or the cure of the Breach which initiated the operation of this Paragraph 13.3 shall not be deemed a waiver by Landlord of the provisions of this Paragraph 13.3 unless specifically so stated in writing by Landlord at the time of such acceptance.

13.4 Assignments and Subleases of Tenant. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Paragraph 13, Landlord shall have the right to terminate any and all assignments and subleases entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such assignments or subleases. In the event of Landlord's election to succeed to Tenant's interest in any such assignments or subleases, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

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 (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas designated for Tenant's parking, is taken by condemnation, Tenant may, at Tenant's option, to be exercised in writing within ten (10) days after Landlord shall have

given Tenant written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Tenant 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 the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur if the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any compensation, separately awarded to Tenant for Tenant's relocation expenses and/or loss of the Trade Fixtures. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of its net severance damages received, over and above Tenant's share of the legal and other expenses incurred by Landlord in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. In no event shall Landlord have any obligation to repair or replace any improvements in the Premises beyond the amount of the net severance damages received by Landlord for such repair or to repair or replace any of Tenant's personal property, Trade Fixtures, Alterations or Utility Installations. Tenant shall be responsible for the payment of any amount in excess of such net severance damages required to complete such repair. Landlord and Tenant each hereby waive the provisions of California Code of Civil Procedure section 1265.130 and any other applicable existing or future law allowing either party to petition for a termination of this Lease upon a partial taking of the Premises and/or the Industrial Center.

15. Brokers. Tenant and Landlord each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder other than as named in Paragraph 1.10(a) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and that no broker or other person, firm or entity other than said named Broker(s) is entitled to any commission or finder's fee in connection with said transaction. Tenant and Landlord 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, and/or attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates and Financial Statements.

16.1 Estoppel Certificates. Within ten (10) days after written request therefor, Tenant shall execute and deliver to Landlord, in a form provided by or satisfactory to Landlord, a certificate stating that this Lease is in full force and effect, describing any amendments or modifications hereto, acknowledging that this Lease is subordinate or prior, as the case may be, to any Security Device (as defined in Paragraph 26.1 below and stating any other information Landlord may reasonably request, including the Term, the monthly Base Rent, the date to which Rent has been paid, the amount of any Security Deposit or prepaid rent, whether either party hereto is in default under the terms of the Lease, and whether Landlord has completed its construction obligations hereunder (if any), and providing such other information concerning this Lease or the Premises as Landlord may reasonably request. Any person or entity purchasing, acquiring an interest in or extending financing with respect to the Industrial Center shall be entitled to rely upon any such certificate. If Tenant fails to deliver such certificate within ten (10) days after Landlord's second written request therefor, Tenant shall be liable to Landlord for any damages incurred by Landlord including any profits or other benefits from any financing of the Industrial Center or any interest therein which are lost or made unavailable as a result, directly or indirectly, of Tenant's failure or refusal to timely execute or deliver such estoppel certificate.

16.2 Financial Statement. If Landlord desires to finance, refinance, or sell the Premises, the Building or the Industrial Center, or any part thereof, Tenant and Guarantor(s) shall deliver to any potential lender or purchaser designated by Landlord such financial statements of Tenant and Guarantor(s) as may be reasonably required by such lender or purchaser, including but not limited to Tenant's financial statements for the past three (3) years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Landlord's Liability. The term "Landlord" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises. In the event of a transfer of Landlord's title or interest in the Premises or in this Lease, Landlord shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Landlord at the time of such transfer or assignment. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Landlord shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Landlord. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Landlord shall be binding only upon the Landlord as hereinabove defined. Notwithstanding any other term or provision of this Lease, the liability of Landlord for its obligations under this Lease is limited solely to Landlord's interest in the Building as the same may from time to time be encumbered, and no personal liability shall at any time be asserted or enforceable against any other assets of Landlord or against Landlord's partners or members or its or their respective partners, trustees, shareholders, members, directors, officers or managers on account of any of Landlord's obligations or actions under this Lease.

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. 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.

20. Notices.

20.1 Notice Requirements. All notices, demands, requests, consents or approvals required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by messenger or courier service) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission during normal business hours (provided such facsimile notice shall only be valid if followed with a notice sent in one of the other methods specified above), and shall be deemed sufficiently given if served in a manner specified in this Paragraph 20. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notice purposes. Either Party may by written notice to the other specify a different address for notice purposes, except that upon Tenant's taking possession of the Premises, the Premises shall constitute Tenant's address for the purpose of mailing or delivering notices to Tenant. A copy of all notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by written notice to Tenant. If Tenant sublets the Premises, notices from Landlord shall be effective on the subtenant when given to Tenant pursuant to this Paragraph. Notwithstanding any provision of this Lease to the contrary, if this Lease (or any rider, addendum or subsequent amendment hereto) grants Tenant any Option (as defined in Paragraph 34 below), the exercise of such Option shall be valid only if Landlord actually receives written notice thereof from Tenant by the date that such Option expires.

20.2 Date of Notice. Any notice delivered personally or sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery (or refusal of delivery or receipt). If sent by regular mail, the notice shall be deemed

given forty-eight (48) 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 twenty-four (24) hours after delivery of the same to the United States Postal Service or courier. Notice given by facsimile in accordance with the terms of hereof will be deemed to be received upon sender's receipt of a transmission report, generated by sender's facsimile machine, which confirms the facsimile was successfully transmitted in its entirety. If notice is received on a Saturday or a Sunday or a legal holiday, it shall be deemed received on the next business day.

20.3 Replacement of Statutory Notice Requirements. When this Lease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure section 1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Lease) in the manner required by Paragraph 20.1 shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure section 1162 or any similar or successor statute.

21. Waivers. No provisions of this Lease shall be deemed waived by Landlord or Tenant unless such waiver is in a writing signed by the waiving party. No waiver by Landlord of the Default or Breach of any term, covenant or condition hereof by Tenant, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Tenant of the same or any other term, covenant or condition hereof. Landlord's consent to, or approval of, any such act shall not be deemed to render unnecessary the obtaining of Landlord's consent to, or approval of, any subsequent or similar act by Tenant, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Landlord's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Landlord shall not be a waiver of any Default or Breach by Tenant of any provision hereof. Any payment given Landlord by Tenant may be accepted by Landlord on account of moneys or damages due Landlord, notwithstanding any qualifying statements or conditions made by Tenant in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Landlord at or before the time of deposit of such payment.

22. No Right to Holdover. Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. If Tenant (directly or through any assignee, subtenant, transferee or other successor-in-interest of Tenant) remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord. In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Base Rent during Tenant's holding over shall be one hundred twenty five percent (125%) of the Base Rent payable in the last full month prior to such holding over. Acceptance by Landlord of rent after such termination shall not constitute a renewal of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law. Tenant shall indemnify, defend and hold Landlord harmless from and against all claims arising or resulting directly or indirectly from Tenant's failure to timely surrender the Premises, including (i) any rent payable by or any loss, cost, or damages claimed by any prospective tenant of the Premises, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises by reason of such failure to timely surrender the Premises.

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

24. Independent Covenants. This Lease shall be construed as though the covenants of Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the rent or other amounts owing hereunder against Landlord; provided, however, that the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof.

25. 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.

26. Subordination; Attornment.

26.1 Subordination. This Lease and any Option (as defined in Paragraph 34 below) 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 by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Tenant agrees that the Lenders holding any such Security Device shall have no duty, liability or obligation to perform any of the obligations of Landlord under this Lease, but that in the event of Landlord's default with respect to any such obligation, Tenant will give any Lender whose name and address have been furnished Tenant in writing for such purpose notice of Landlord's default. If any Lender shall elect to have this Lease granted hereby superior to the lien of its Security Device and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

26.2 Attornment. In the event that Landlord 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) Tenant shall, subject to the non-disturbance provisions of Paragraph 26.3, 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 such new owner, this Lease shall automatically become a new lease between Tenant and such new owner, upon all of the terms and conditions hereof, for the remainder of the term hereof, and (ii) Landlord shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Landlord's obligations hereunder, except that such new owner shall not: (a) be liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which tenant might have against any prior landlord; (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 landlord. Tenant waives its right under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease as a result of any sale of the Premises or the foreclosure or termination of any Security Device.

26.3 Non-Disturbance. With respect to Security Devices entered into by Landlord after the execution of this Lease, Landlord shall use reasonable, good faith efforts to obtain a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from its Lender which provides that Tenant's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Tenant is not in Default hereof and attorns to the record owner of the Premises. Tenant acknowledges that the Non-Disturbance Agreement may contain the limitations on liability of the succeeding owner set forth in Paragraph 26.2 above, and will be in the form that the Lender typically provides tenants such as

Tenant, taking into account the terms of this Lease, the creditworthiness of Tenant and such criteria as its Lender customarily applies. Such Non-Disturbance Agreement may provide, among other things, that (i) such Lender shall be entitled to receive notice of any Landlord default under this Lease plus a reasonable opportunity to cure such default; (ii) such Lender shall not be bound by any modification or amendment to this Lease, or any cancellation or surrender of this Lease, without such Lender's consent, (iii) such Lender shall not be bound by any obligation under this Lease or any agreement to perform or pay for any improvements to the Premises; and (iv) such Lender or any successor landlord shall not: (a) be liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Tenant might have against any prior landlord; (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 landlord. Landlord shall have no obligation to negotiate the terms of the Non-Disturbance Agreement on Tenant's behalf, or to incur any legal fees or other out-of-pocket expenses in obtaining the Non-Disturbance Agreement.

26.4 Self-Executing. The agreements contained in this Paragraph 26 shall be effective without the execution of any further documents; provided, however, that upon written request from Landlord or a Lender in connection with a sale, financing or refinancing of Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any such subordination or non-subordination, attornment and/or non-disturbance agreement as is provided for herein.

27. Attorneys' Fee. If any Party brings an action or proceeding to enforce the terms hereof or 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 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 of its claim or defense. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. Landlord shall be entitled to attorneys' fees, costs and expenses incurred in 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.

28. Landlord's Access; Showing Premises. Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or tenants. Landlord may, at any time, place on or about the Premises, the Building or the Industrial Center any ordinary "For Sale" signs and Landlord may, at any time during the last one hundred eighty (180) days of the Term hereof, place on or about the Premises any ordinary "For Lease" signs. All such activities of Landlord shall be without abatement of rent or liability to Tenant.

29. Signs. Tenant shall not place any sign upon the exterior of the Premises or the Building or in the Common Areas, except that Tenant may, with Landlord's prior written consent, install (but not on the roof) such signs as are reasonably required to advertise Tenant's own business so long as such signs are in a location designated by Landlord and comply with Applicable Requirements and the signage criteria or guidelines established for the Industrial Center by Landlord. The installation of any sign on the Premises by or for Tenant shall be subject to the provisions of Paragraph 7 (Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations). Unless otherwise expressly agreed herein, Landlord reserves all rights to the use of the roof of the Building, and the right to install advertising signs on the Building, including the roof, which do not unreasonably interfere with the conduct of Tenant's business. Landlord shall be entitled to all revenues from such advertising signs.

30. Termination; Merger. Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Breach by Tenant, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Landlord shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenancies. Landlord's failure within ten (10) days following any such event to make a written election to the contrary by written notice to the holder of any such subtenancy interest, shall constitute Landlord's election to have such event constitute the termination of such interest.

31. Consents.

(a) Except for Paragraph 6.1 hereof (Permitted Use) or 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. Landlord'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 Tenant for any Landlord consent pertaining to this Lease or the Premises, including but not limited to consents to an assignment a subletting or the presence or use of a Hazardous Substance, shall be paid by Tenant to Landlord upon receipt of an invoice and supporting documentation therefor. In addition to the deposit described in Paragraph 12.2(e), Landlord may, as a condition to considering any such request by Tenant, require that Tenant deposit with Landlord an amount of money (in addition to the Security Deposit held under Paragraph 5) reasonably calculated by Landlord to represent the cost Landlord will incur in considering and responding to Tenant's request. Any unused portion of said deposit shall be refunded to Tenant without interest. Landlord's consent to any act, assignment of this Lease or subletting of the Premises by Tenant shall not constitute an acknowledgment that no Default or Breach by Tenant 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 Landlord at the time of such consent.

(b) All conditions to Landlord's consent authorized by this Lease are acknowledged by Tenant as being reasonable. The failure to specify herein any particular condition to Landlord's consent shall not preclude the impositions by Landlord 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.

(c) If it is determined that Landlord failed to give its consent where it was required to do so under this Lease, Tenant shall be entitled to injunctive relief but shall not be entitled to monetary damages or to terminate this Lease for such failure. Without limiting the generality of the foregoing, if Tenant claims that Landlord has unreasonably withheld or delayed its consent under Paragraph 12 of this Lease with respect to any proposed assignment or subletting, Tenant's sole remedy shall be an injunction for the relief sought, and Tenant waives the benefit of the remedies provided under Civil Code section 1995.310, and any similar or successor statute, judicial decision or other law that purports to allow Tenant to terminate this Lease or to seek damages under such circumstances.

32. Guarantor.

32.1 Form of Guaranty. If there are to be any Guarantors of this Lease per Paragraph 1.11, the form of the Guaranty to be executed by each such Guarantor shall be in a form reasonably acceptable to Landlord, and each such Guarantor shall have the same obligations as Tenant under this Lease, including but not limited to the obligation to provide the estoppel certificate and information required in Paragraph 16.

32.2 Additional Obligations of Guarantor. It shall constitute a Default of the Tenant under this Lease if any such Guarantor fails or refuses, upon reasonable request by Landlord to give: (a) evidence of the due execution of the Guaranty called for

by this Lease, including the authority of the Guarantor (and of the party signing on Guarantor's behalf) to obligate such Guarantor on said Guaranty, and resolution of its board of directors authorizing the making of such Guaranty, together with a certificate of incumbency showing the signatures of the persons authorized to sign on its behalf, (b) current financial statements of Guarantor as may from time to time be requested by Landlord, (c) an estoppel certificate, or (d) written confirmation that the Guaranty is still in effect.

33. Quiet Possession. Upon payment by Tenant of the rent for the Premises and the performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease, including, without limitation, Paragraph 26 (Subordination and Attornment).

34. Options.

34.1 Definition. As used in this Lease, the word "Option" has the following meaning: (a) the right to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Tenant has on other property of Landlord; (b) the right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other property of Landlord or the right of first offer to lease other property of Landlord; (c) the right to purchase the Premises, or the right of first refusal to purchase the Premises, or the right of first offer to purchase the Premises, or the right to purchase other property of Landlord, or the right of first refusal to purchase other property of Landlord, or the right of first offer to purchase other property of Landlord.

34.2 Options Personal to Original Tenant. Each Option granted to Tenant in this Lease is personal to the original Tenant named in Paragraph 1.1 hereof, and cannot be voluntarily or involuntarily assigned or exercised by any person or entity other than said original Tenant while the original Tenant is in full and actual possession of the Premises and without the intention of thereafter assigning or subletting. The Options, if any, herein granted to Tenant are not assignable, either as a part of an assignment of this Lease or separately or apart therefrom, and no Option may be separated from this Lease in any manner, by reservation or otherwise.

34.3 Multiple Options. In the event that Tenant has any multiple Options to extend or renew this Lease, a later option cannot be exercised unless the prior options to extend or renew this Lease have been validly exercised.

34.4 Effect of Default on Options.

(a) Tenant shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary: (i) during the period commencing with the giving of any notice of Default under Paragraph 13.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Landlord from Tenant is unpaid (without regard to whether notice thereof is given Tenant), or (iii) during the time Tenant is in Breach of this Lease, or (iv) in the event that Landlord has given to Tenant three (3) or more notices of separate Defaults under Paragraph 13.1 during the twelve (12) month period immediately preceding the exercise of the Option, whether or not the Defaults are cured.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise an Option because of the provisions of Paragraph 34.4(a).

(c) All rights of Tenant under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Tenant's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of thirty (30) days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant), or (ii) Landlord gives to Tenant three (3) or more notices of separate Defaults under Paragraph 13.1 during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if Tenant commits a Breach of this Lease.

34.5 Construction. The provisions of this Paragraph 34 shall apply only if Tenant is specifically granted an option under a separate provision of this Lease. In no event shall this Paragraph 34 be construed as granting Tenant an option if no such separate provision exists.

35. Rules and Regulations. Tenant agrees that it will abide by, and keep and observe all reasonable, non-discriminatory rules and regulations ("Rules and Regulations") which Landlord may make from time to time for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Industrial Center and their invitees.

36. Security Measures. Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its Representatives and Visitors and their property from the acts of third parties.

37. Reservations. Landlord reserves the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights of way, utility raceways, and dedications that Landlord deems necessary, and to cause the recordation of parcel maps, covenants, conditions and restrictions, as long as such easements, rights of way, utility raceways, dedications, maps, covenants, conditions and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easement rights, dedication, map or restrictions.

38. Authority. If either Party hereto is a corporation, trust, general or limited partnership or a limited liability company, 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. If Tenant is a corporation, trust, general or limited partnership or a limited liability company, Tenant shall, within thirty (30) days after request by Landlord, deliver to Landlord evidence satisfactory to Landlord of such authority.

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

40. Offer. Preparation of this Lease by either Landlord or Tenant or Landlord's agent or Tenant's agent and submission of same to Tenant or Landlord shall not be deemed an offer to lease.

41. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. The Parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease.

42. Multiple Parties. Except as otherwise expressly provided herein, if more than one person or entity is named herein as either Landlord or Tenant, the obligations of such multiple parties shall be the joint and several responsibility of all such persons or

entities named herein as such Landlord or Tenant.

43. Entry, Inspection and Closure. Upon reasonable oral or written notice to Tenant (and without notice in emergencies), Landlord and its authorized representatives may enter the Premises at all reasonable times to determine whether the Premises are in good condition, to determine whether Tenant is complying with its obligations under this Lease, to perform any maintenance or repair of the Premises or the Building that Landlord has the right or obligation to perform, to install or repair improvements for other tenants where access to the Premises is required for such installation or repair, to serve, post or keep posted any notices required or allowed under the provisions of this Lease, or to do any other act or thing necessary for the safety or preservation of the Premises or the Building. When reasonably necessary, Landlord may temporarily close entrances, doors, corridors, elevators or other facilities in the Building without liability to Tenant by reason of such closure. Landlord shall conduct its activities under this Paragraph 43 in a manner that will minimize inconvenience to Tenant without incurring additional expense to Landlord. In no event shall Tenant be entitled to an abatement of rent on account of any entry by Landlord, and Landlord shall not be liable in any manner for any inconvenience, loss of business or other damage to Tenant or other persons arising out of Landlord's entry on the Premises in accordance with this Paragraph 43. No action by Landlord pursuant to this Paragraph 43 shall constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease.

44. Force Majeure. If Landlord cannot perform any of its obligations due to events beyond Landlord's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Landlord's control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood, excessive rain or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

45. Drafting. The Parties agree that this Lease is the product of joint draftsmanship and negotiation and that should any of the terms be determined by a court, or in any type of quasi-judicial or other proceeding, to be vague, ambiguous and/or unintelligible, that the same sentences, phrases, clauses or other language of any kind shall not be construed against the drafting party in accordance with California Civil Code section 1654, and that each such Party to this Lease waives the effect of such statute.

46. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original (including copies sent to a party by telecopy or facsimile transmission) as against the party signing such counterpart, but which together shall constitute one and the same instrument.

47. Entire Agreement. This Lease, including the Exhibits and any Addenda attached hereto, and the documents referred to herein, if any, constitute the entire agreement between Landlord and Tenant with respect to the leasing of the Premises by Tenant in the Building, and supersede all prior or contemporaneous agreements, understandings, proposals and other representations by or between Landlord and Tenant, whether written or oral. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building, the Industrial Center or this Lease except as expressly set forth herein.

48. WAIVER OF JURY TRIAL. LANDLORD AND TENANT EACH ACKNOWLEDGE THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY, AND EACH PARTY DOES HEREBY EXPRESSLY AND KNOWINGLY WAIVE AND RELEASE ALL SUCH RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR SUBSIDIARY OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE.

49. Limitation of Actions Against Landlord. Any claim, demand or right of any kind by Tenant which is based upon or arises in connection with this Lease shall be barred unless Tenant commences an action thereon within six (6) months after the date that the act, omission, event or default, upon which the claim, demand or right arises, has occurred.

50. Nondisclosure of Lease Terms. Tenant acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord. Disclosure of the terms could adversely affect the ability of Landlord to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant agrees that it, and its partners, officers, directors, employees and attorneys, shall not intentionally and voluntarily disclose the terms and conditions of this Lease to any other tenant or apparent prospective tenant of the Building or the Industrial Center, either directly or indirectly, without the prior written consent of Landlord, provided, however, that Tenant may disclose the terms to prospective subtenants or assignees under this Lease.

51. Prior Drafts. If the Parties delete any provision appearing in any prior drafts of this Lease, this Lease shall be interpreted as if the deleted language were never part of this Lease.

52. Changes Requested By Lender. If, in connection with obtaining financing for the Building and/or the Industrial Center or any portion thereof, Landlord's Lender requests reasonable modifications in this Lease as a condition to the financing, Tenant will not unreasonably withhold or delay its consent, provided that the modifications do not materially increase the obligations of Tenant or materially and adversely affect the leasehold interest created by this Lease.

53. CASp Inspection Disclosure. To Landlord's actual knowledge, the property being leased or rented pursuant to this Lease (CHECK ONLY ONE):

- (1) HAS NOT undergone inspection by a Certified Access Specialist (CASp).
- (2) HAS undergone inspection by a Certified Access Specialist (CASp) and HAS NOT been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53
- (3) HAS undergone inspection by a Certified Access Specialist (CASp) and HAS been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53.

The foregoing statement is included in this Lease solely for the purpose of complying with California Civil Code Section 1938 and shall not in any manner affect the Landlord's and Tenant's respective responsibilities for compliance with construction-related accessibility standards as provided under this Lease.

54. Energy Disclosure. Tenant agrees to cooperate with any energy consumption disclosure requirements imposed on Landlord and with the requirements under any existing or future energy conservation or sustainability programs applicable to the

Building, including without limitation those of the U.S. Green Building Council's LEED rating system, or which may be imposed on Landlord by law. Tenant shall within five (5) days after receipt of Landlord's written request therefor, provide any and all written consents to utility companies providing services to the Building required to authorize such utility companies to release energy usage data for Tenant's Premises to or for the use of Landlord, or to such other sites or parties as required for Landlord's compliance with the applicable program.

55. Miscellaneous. The determination that any provisions hereof may be void, invalid, illegal or unenforceable shall not impair any other provisions hereof and all such other provisions of this Lease shall remain in full force and effect. The unenforceability, invalidity or illegality of any provision of this Lease under particular circumstances shall not render unenforceable, invalid or illegal other provisions of this Lease, or the same provisions under other circumstances. The provisions of this Lease shall be construed in accordance with the fair meaning of the language used and shall not be strictly construed against either party. When required by the context of this Lease, the singular includes the plural. Wherever the term "including" is used in this Lease, it shall be interpreted as meaning "including, but not limited to" the matter or matters thereafter enumerated. The captions contained in this Lease are for purposes of convenience only and are not to be used to interpret or construe this Lease. Neither Landlord nor Tenant shall record this Lease.

56. License to Use Patio Area. Landlord hereby grants Tenant a license (the "License") to use an area of approximately eight thousand three hundred (8,300) square feet (the "Patio Area") as shown on Exhibit A-1 attached hereto, on the following terms and conditions:

(a) The License is granted expressly and solely for the use of the Patio Area as an outdoor dining area, and Tenant shall not permit the Patio Area to be used for any other purpose.

(b) The License is personal to the original Tenant executing this Lease and named in the Basic Provisions above, and, notwithstanding anything to the contrary contained in this Lease, shall not be assigned or transferred by such original Tenant to any other party.

(c) Tenant shall, at its sole cost and expense, repair and maintain in good and attractive condition any table, chairs and like equipment located in the Patio Area, and all of such equipment must be approved by Landlord before being placed in the Patio Area. Tenant assumes all risk of damage to such equipment, and waives any claims in respect thereto against Landlord.

(d) Tenant shall not use the Patio Area in violation of any ordinance, law, regulation, certificate of occupancy, any recorded covenants, conditions or restrictions, or the Center Rules. Landlord makes no representation or warranty as to the suitability or lawfulness of the Patio Area for the use contemplated by this Paragraph.

(e) Tenant acknowledges that the indemnification obligation set forth in Paragraph 8.7 of this Lease shall include an obligation to indemnify Landlord against any liability, injury or damage arising out of Tenant's use of the Patio Area, and that Tenant's insurance obligations under Paragraph 8 of this Lease shall apply to the Patio Area.

(f) Tenant shall, at Landlord's option, either take such steps as necessary to keep the Patio Area clean (including, without limitation, the routine steam cleaning of the Patio Area) and free of debris, or reimburse Landlord the cost thereof, within ten (10) days of receipt of a statement therefor.

(g) Tenant shall not use the Patio Area in any manner that would interfere with the business or quiet enjoyment of other occupants of the Industrial Center.

(h) In no event shall Tenant make Alterations to the Patio Area without Landlord's prior consent; all such Alterations must comply with the terms of Paragraphs 7.3 and 7.4 of this Lease.

57. Limitations on Use of Common Areas and Areas Outside Industrial Center. Specifically, and without limiting the general provisions of the Lease regarding the use of the Common Areas or Tenant's Permitted Use, Tenant shall not permit Tenant's students, invitees or employees to loiter in or around the Common Areas or in or around neighboring premises or properties, nor to produce noise, vibration or odors in the Common Areas or outside of the Industrial Center that unreasonably disturbs owners and/or occupants of, or causes damage to the Building, the Industrial Center, or neighboring premises or properties. Tenant shall direct its students, invitees or employees to park only within the "Designated Parking Area" depicted on Exhibit A-1. In the event that Tenant, or Tenant's students, employees or invitees, generate litter in or around the Common Areas beyond that generated by an ordinary office or industrial use ("Excess Litter"), and if within a reasonable time after written notice Tenant fails to take adequate measures to either prevent Excess Litter or clean up Excess Litter, then Tenant shall reimburse Landlord, as additional rent under this Lease, for the commercially reasonable litter removal costs incurred by Landlord as a result of such Excess Litter. Such reimbursement shall be due within fifteen (15) days of Tenant's receipt of an invoice from Landlord accompanied by reasonable back up documentation. In addition, Tenant shall reimburse Landlord, as additional rent under this Lease, for any additional costs that Landlord incurs in ensuring that Tenant's use of the Common Area, and that of its students, employees and invitees, complies with this Paragraph 57, including, but not limited to, any additional security costs that Landlord may incur, in its sole and absolute discretion. Nothing in this Paragraph 57, or elsewhere in this Lease, shall obligate Landlord to provide any particular level of security at the Industrial Center.

58. Existing Alterations. Landlord and Tenant acknowledge that Natomas Charter (as that term is defined in Paragraph 1.4 above), constructed/installed substantial Alterations, Utility Installations and Trade Fixtures in the Building. Tenant agrees to accept the Premises in its existing "as-is" condition. Landlord makes no representation or warranty regarding any of the Trade Fixtures installed by Natomas Charter in the Premises with respect to ownership, compliance with Applicable Laws, or condition thereof. Tenant shall be responsible for securing from Natomas Charter any necessary rights to ownership of such Trade Fixtures. In addition and notwithstanding anything to the contrary in this Lease, Tenant agrees that prior to the expiration or earlier termination of this Lease, Tenant shall be responsible, except as otherwise directed by Landlord in writing, at Tenant's sole cost and in compliance with all Applicable Laws, for removing any Alterations, Utility Installations or Trade Fixtures constructed by Natomas Charter or Tenant as necessary to restore the Building to the condition which existed prior to Natomas Charter and/or Tenant's construction of Alterations, Utility Installations or Trade Fixtures in the Building.

59. Existing Personal Property. In the event that Natomas Charter does not remove all of its personal property from the Premises prior to the Commencement Date, Tenant shall safeguard such personal property and reasonably cooperate with Landlord and Natomas Charter to facilitate Natomas Charter's retrieval of such personal property. In the alternative, Tenant may provide Landlord with reasonable evidence that Natomas Charter has transferred its rights to such personal property to Tenant.

LANDLORD AND TENANT 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 LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN, IT HAS BEEN PREPARED FOR YOUR ATTORNEY'S REVIEW AND APPROVAL. FURTHER, EXPERTS SHOULD BE CONSULTED TO EVALUATE THE CONDITION OF THE PROPERTY FOR THE POSSIBLE PRESENCE OF ASBESTOS, UNDERGROUND STORAGE TANKS OR HAZARDOUS SUBSTANCES. NO

REPRESENTATION OR RECOMMENDATION IS MADE BY LANDLORD, BROKERS OR THEIR CONTRACTORS, AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE. IF THE SUBJECT PROPERTY IS IN A STATE OTHER THAN CALIFORNIA, AN ATTORNEY FROM THE STATE WHERE THE PROPERTY IS LOCATED SHOULD BE CONSULTED.

The Parties hereto have executed this Lease on the dates specified with their respective signatures.

LANDLORD:

TENANT:

Cummings Trust, dated January 21, 2004

P20 Consortium, a California non-profit benefit corporation

By: Claudia Jane Cummings
Claudia Jane Cummings, Trustee

By: Tom J. Ratten
Name: Tom Ratten

PDA Land, LLC, a California limited liability company

Its: Executive Director
UAToms Pacific Pharmacy Prof

By: _____
Mary Catherine Aronson, Manager

By: _____
Name: _____
Its: _____

Buzz Oates LLC, a California limited liability company

Date: January __, 2016

By: Oates Advisors LLC, a California limited liability company, Manager

By: _____
Larry E. Allbaugh, Manager

Date: January __, 2016

Address:

Address:

c/o Buzz Oates Management Services
555 Capitol Mall, Suite 900
Sacramento, CA 95814
Telephone: (916) 379-3800
Facsimile: (916) 386-0760

Attn: _____

Telephone: () _____
Facsimile: () _____
Email: _____

Billing Address:

Attn: _____

Telephone: () _____
Facsimile: () _____
Email: _____

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By: _____
Claudia Jane Cummings, Trustee

By: Tom J. Rutten
Name: Tom Rutten

PDA Land, LLC, a California limited liability company

Its: Executive Director
U Atoms Pacific Pathways Prof

By: MCA
Mary Catherine Aronson, Manager

By: _____
Name: _____

Buzz Oates LLC, a California limited liability company

Its: _____

By: Oates Advisors LLC, a California limited liability company, Manager

Date: January __, 2016

By: _____
Larry E. Allbaugh, Manager

Date: January __, 2016

Address:

Address:

c/o Buzz Oates Management Services
555 Capitol Mall, Suite 900
Sacramento, CA 95814
Telephone: (916) 379-3800
Facsimile: (916) 386-0760

Attn: _____

Telephone: () _____
Facsimile: () _____
Email: _____

Billing Address:

Attn: _____

Telephone: () _____
Facsimile: () _____
Email: _____

REPRESENTATION OR RECOMMENDATION IS MADE BY LANDLORD, BROKERS OR THEIR CONTRACTORS, AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE. IF THE SUBJECT PROPERTY IS IN A STATE OTHER THAN CALIFORNIA, AN ATTORNEY FROM THE STATE WHERE THE PROPERTY IS LOCATED SHOULD BE CONSULTED.

The Parties hereto have executed this Lease on the dates specified with their respective signatures.

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TENANT:

Cummings Trust, dated January 21, 2004

P20 Consortium, a California non-profit benefit corporation

By: _____
Claudia Jane Cummings, Trustee

By: [Signature]
Name: Tom Rutter

PDA Land, LLC, a California limited liability company

Its: Executive Director
Systems Pacific Pathways Prep

By: _____
Mary Catherine Aronson, Manager

By: _____
Name: _____

Buzz Oates LLC, a California limited liability company

Its: _____

By: Oates Advisors LLC, a California limited liability company, Manager

Date: January __, 2016

By: [Signature]
Larry E. Allbaugh, Manager

Date: January __, 2016

Address:

Address:

c/o Buzz Oates Management Services
555 Capitol Mall, Suite 900
Sacramento, CA 95814
Telephone: (916) 379-3800
Facsimile: (916) 386-0760

Attn: _____

Telephone: () _____
Facsimile: () _____
Email: _____

Billing Address:

Attn: _____

Telephone: () _____
Facsimile: () _____
Email: _____

EXHIBIT A
PREMISES

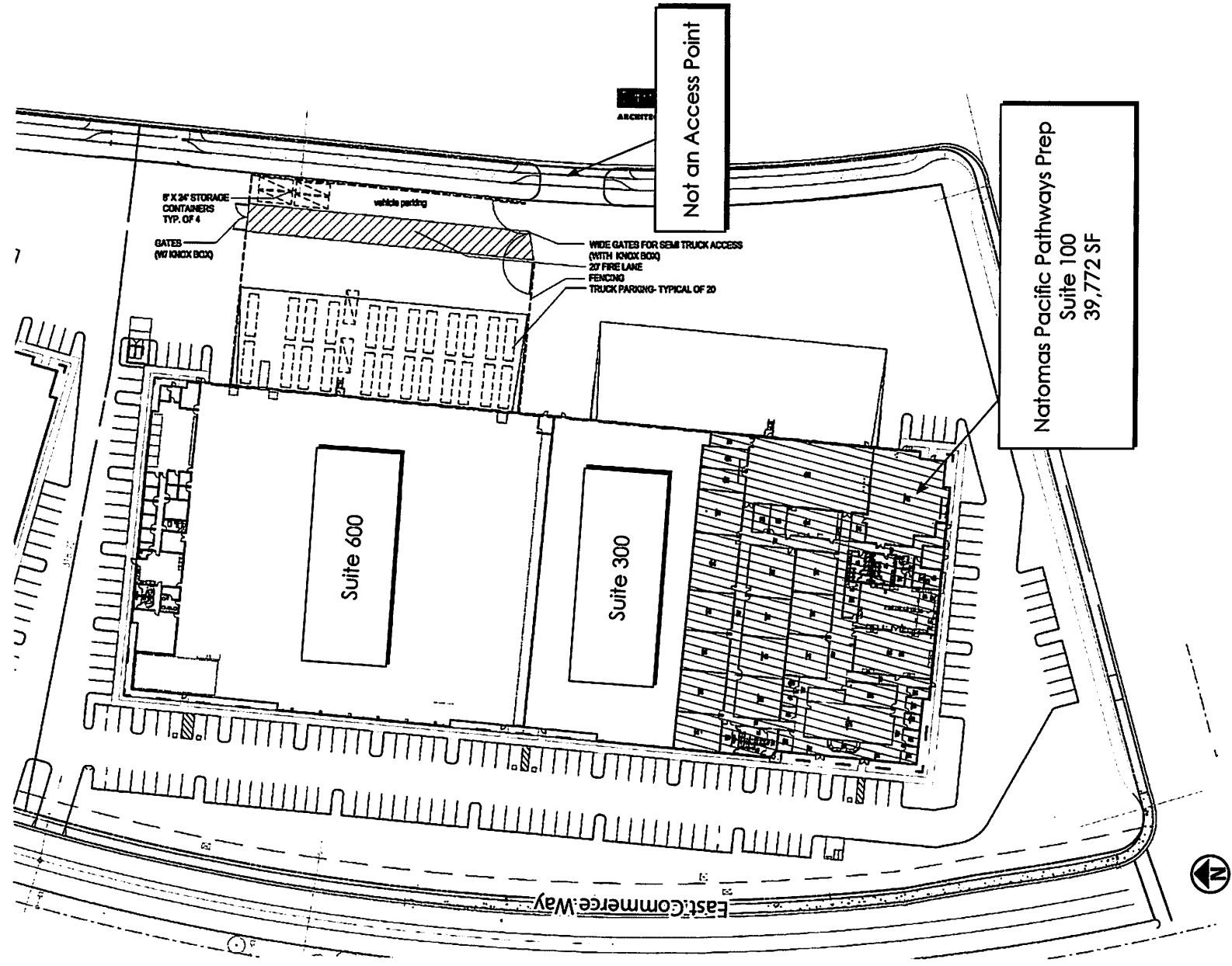


EXHIBIT A-1

PATIO AREA / DESIGNATED PARKING AREA

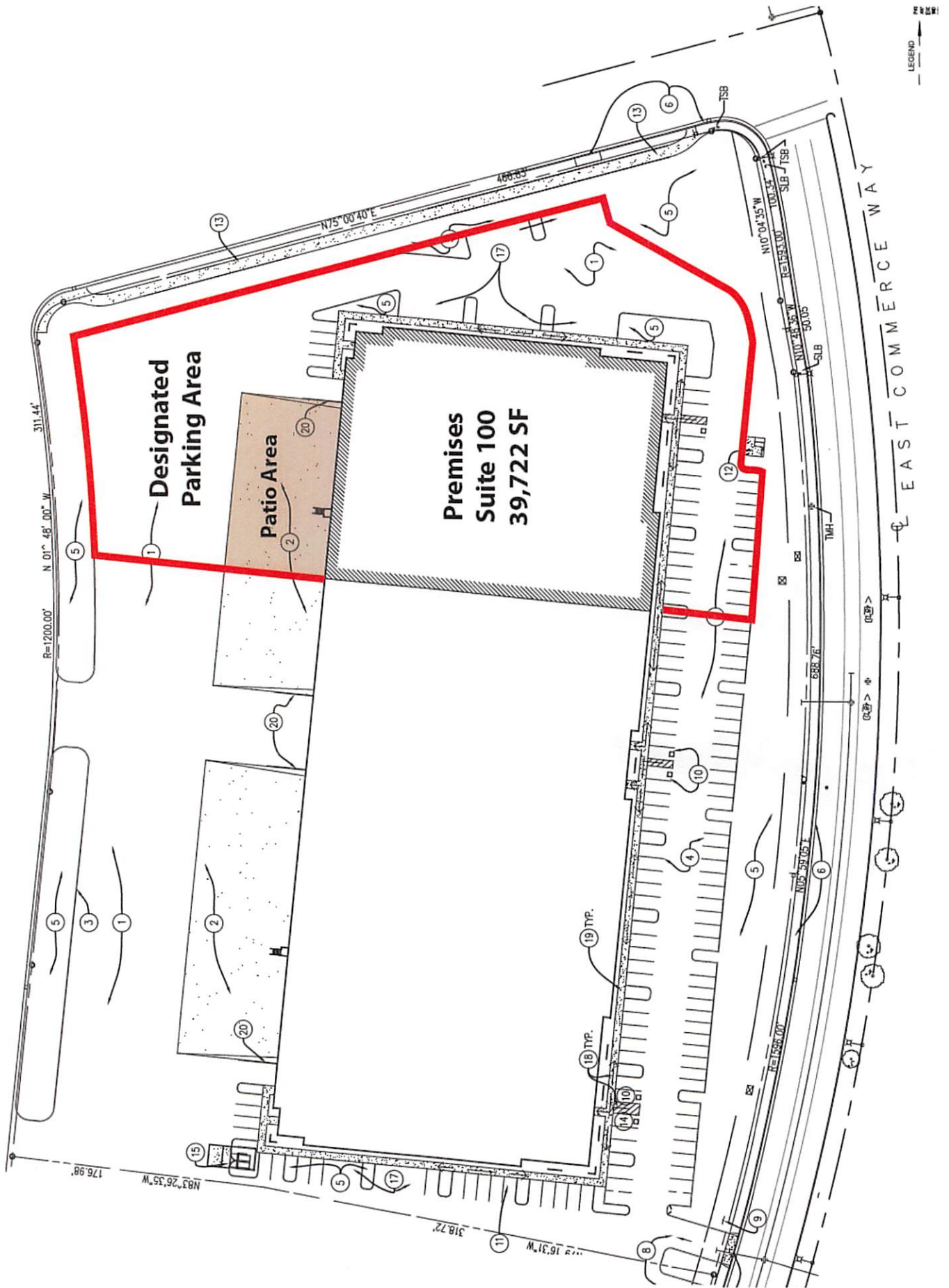


EXHIBIT B
WORK LETTER

Intentionally deleted

EXHIBIT C

BROKER DISCLOSURES AND REPRESENTATIONS

- A. **No Prior or Other Agreements; Broker Disclaimer.** The 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. Landlord and Tenant 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 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. Each Broker shall be an intended third party beneficiary of the provisions of this paragraph.
- B. **Broker's Disclosure.** The United States Congress enacted the Americans with Disabilities Act. Among other things, this act is intended to make many business establishments equally accessible to persons with a variety of disabilities; modifications to real property may be required. State and local laws also may mandate changes. The real estate brokers in this transaction are not qualified to advise you as to what, if any, changes may be required now, or in the future. Owners and tenants should consult the attorneys and qualified design professionals of their choice for information regarding these matters. Real estate brokers cannot determine which attorneys or design professionals have the appropriate expertise in this area.
- Various construction materials may contain items that have been or may be in the future be determined to be hazardous (toxic) or undesirable and may need to be specifically treated/handled or removed. For example, some transformers and other electrical components contain PCB's and asbestos has been used in components such as fireproofing, heating, and cooling systems, air duct insulation, spray-on and tile acoustical materials, linoleum, floor tiles, roofing dry wall and plaster. Due to prior or current uses of the property or in the area, the property may have hazardous or undesirable metals, minerals, chemicals, hydrocarbons, or biological or radioactive items (including electric and magnetic fields) in soils, water, building components, above or below-ground containers or elsewhere in areas that may or may not be accessible or noticeable. Such items may not leak or otherwise be released. Real estate agents have no expertise in the detection or correction of hazardous or undesirable items. Expert inspections are necessary. Current or future laws may require clean up by past, present and/or future owners and/or operators. It is the responsibility of the Landlord and Tenant to retain qualified experts to detect and correct such matters and to consult with legal counsel of their choice to determine what provision, if any, they may wish to include in transaction documents regarding the property.
- C. **Renewal Representation.** It shall be Tenant's sole obligation to pay any broker commissions should Tenant retain a broker to represent Tenant in negotiating the renewal to this Lease.

