

LEASE AGREEMENT

Arroyo Town & Country Square, LLC

Landlord

And

Debra Rettig-Gallant Franchisee - HR Block - H.R. Block
As Tenant

OK ER

EXHIBIT S AND ADDENDA: The following **Exhibit** s and Addenda, if any, are attached to this Lease and are made parts of this Lease:

Exhibit "A"	Premises, Building, and Shopping Center
Exhibit "B"	Legal Description of Shopping Center
Exhibit "C"	Option to Extend
Exhibit "D"	Rules and Regulations
Exhibit "E"	Supplemental Agreement and Commencement Certificate
Exhibit "F"	Work Letter
Exhibit "G"	Retail Shops Sign Criteria
Exhibit "H"	Estoppels Certificate
Exhibit "I"	UCC1
Exhibit "J"	Guaranty of Lease
Exhibit "K"	Exclusive Use

RETAIL LEASE AGREEMENT

THIS LEASE is made and entered into this 22nd of August, 2011 by and between Landlord and Tenant as hereinafter defined. This Lease offer shall expire if Tenant does not return a signed copy within 7 (seven) days.

ARTICLE I BASIC LEASE INFORMATION

Section 1.1 Terms In addition to the terms, which are defined elsewhere in this Lease, the following defined terms are used in this Lease:

- (a) **LANDLORD:** Arroyo Town & Country Square, LLC
P.O. Box 429
Santa Maria, California 93456-0429

with a copy at the same time to:

Belsher, Becker, and Roberts, Attorneys
412 Marsh
San Luis Obispo, CA 93401

- (b) **TENANT:** Debra Rettig-Gallant Franchisee - HR Block - H.R. Block
Federal Tax ID/Social Security Number: 77 0417952
Approved Trade Name: HR Block
Before the Commencement Date: _____
Name: Debra Rettig-Gallant Franchisee - HR Block - H.R. Block
Address: _____
Attn: _____

with a copy at the same time to:

Name: _____
Address: _____
Attn: _____

After the Commencement Date:

Name: Debra Rettig-Gallant Franchisee - HR Block - H.R. Block
Address: 1460 East Grand Avenue
Arroyo Grande, California 93420
Attn: 4801 El Camino Real
Atascadero, Ca 93422

with a copy at the same time to:

Name: _____
Address: _____
Attn: _____

- (c) **GUARANTY.** This Lease, and the prompt and faithful performance of all the terms and provisions of the Lease by Tenant and any assignee of Tenant, is personally guaranteed by Debra Rettig-Gallant ("Guarantor"), as more particularly set forth in **Exhibit "J"** attached hereto and incorporated herein by reference.
- (d) **SHOPPING CENTER:** The Shopping Center ("Shopping Center") depicted on **Exhibit "A"** to this Lease which is located at 1460 East Grand Avenue, City of Arroyo Grande, San Luis Obispo County, California, more particularly described on **Exhibit "B"** attached hereto, and of which the Premises ("Premises"), the Building, ("Building") and the Common Areas ("Common Areas") are a part.
- (e) **BUILDING:** The Building depicted on **Exhibit "A"** attached hereto which comprises a part of the Shopping Center and in which the Premises are located.
- (f) **PREMISES:** Those Premises in Building B of the Shopping Center as identified on **Exhibit "A"** to this Lease, known as Arroyo Town & Country Square, Arroyo Grande, California, which Premises contain approximately 2660 useable square feet, measured from the outside of each exterior wall of the Building which is also a wall of such Premises, the outside of the store front of such Premises, and, in the case of interior walls separating such Premises from other stores in the Building, from the center line of such interior walls ("Useable Square Feet"), and 2660 rentable square feet, calculated as the Useable Square Feet plus Tenant's Proportionate Share of Building useable common area ("Rentable Square Feet").

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- (g) TERM: Five (5) years and Seven (7) months, beginning on the Commencement Date September 1, 2011 and expiring on the Expiration Date April 30, 2017 (Section 2.3) One (1) option to renew for five (5) years. See Exhibit "C" attached.
- (h) COMMENCEMENT DATE: September 1, 2011"Delivery Date".
- (i) RENT COMMENCEMENT DATE: March 1, 2012, on or before the first of each (Section 2.3). Landlord agrees to give six months of free rent as a lease concession.
- (j) DELIVERY DATE: September 1, 2011. (Section 2.3)
- (k) OUTSIDE DELIVERY DATE: N/A (Section 2.3)
- (l) MUTUAL OUTSIDE DELIVERY DATE: N/A (Section 2.3)
- (m) PREMISES OPENING DATE: N/A (Section 2.3)
- (n) EXPIRATION DATE: Five(5) years and Seven (7) months after Commencement Date, plus the first partial month if Commencement Date is not the first day of the month. (Exhibit "E")
- (o) MINIMUM RENT:

LEASE YEAR	\$ PER SQUARE FOOT	ANNUAL MINIMUM RENT	MONTHLY MINIMUM RENT
September 1, 2011*** – September 30, 2012	\$.75	\$23,940.00	\$1995.00
Each October 1st	3% increase		

*** Rent Abatement Landlord agrees to give Six months of free rent as a lease concession.

- (o) PERCENTAGE RENT: Not Applicable determined pursuant to Section 3.1 based upon N/A of Gross Revenue.
- (p) TENANT SHARE OF OPERATING COSTS: (Article IX). 4.85% Tenant's Share of Operating Costs shall be computed by multiplying the total amount of such costs by a fraction, the numerator of which shall be the number of square feet of floor area in the Premises, and the denominator of which shall be the total number of square feet of rentable floor area in improvements constructed on Landlord's Parcel. In addition, Tenant shall pay its prorata portion of shared Operating Costs which shall be computed by multiplying the total amount of such costs by a fraction, the numerator of which shall be the number of square feet of floor area in the Premises, and the denominator of which shall be the total number of square feet of Common Areas shared by all owners of the Shopping Center. The Tenant shall pay \$904.40 per month (based on \$0.34 per square foot) for Operating Costs. Tenant acknowledges this amount paid per month is only an estimate, and will pay all the Operating Costs.
- (q) GROSS REVENUE: all receipts and receivables whatsoever of all business conducted in, from, or attributable to (a) the Premises and (b) all premises (herein called the "Competing Premises") situated within a distance of three (3) miles from the exterior boundaries of the Shopping Center where Tenant has directly or indirectly in any capacity carried on, participated in or been concerned or interested in (whether solely or jointly, as owner, principal, shareholder, holder of any other security, licensor, agent or otherwise) or furnished any financial aid or other support or assistance of any nature to such business since the date of execution of this Lease and where such business is in any manner or degree competitive with the business required to be conducted in the Premises by the terms of this Lease (but excluding any such business disclosed to Landlord in writing prior to, and which is in operation as of, the date of execution of the Lease), and shall include, without limitation or duplication:
- (1) the selling price of all merchandise sold and services rendered, whether retail or wholesale, whether for cash, credit, merchandise exchange or other consideration, and whether by Tenant or other person as may from time to time conduct business on or from the Premises or the Competing Premises;

~~(2) — mail or telephone orders received or filled at the Premises and orders taken at or from the Premises (although such orders may be filled elsewhere);~~

~~(3) — all deposits not refunded to customers;~~

~~(4) — the selling price of gift certificates (provided that when a customer or the Tenant redeems such gift certificate, the amount of such certificate shall not again be included in Gross Revenue);~~

~~(5) — the selling price of all merchandise and services sold, delivered or rendered to Tenant's employees.~~

~~— Gross Revenue shall not, however, include the following:~~

~~(1) — the net amount of sales or other taxes which are shown separately from the price to the customer and which taxes are collected from the customer by Tenant on behalf of the taxing authority and remitted to such authority by Tenant;~~

~~(2) — refunds made upon merchandise returned if and to the extent the selling price of such merchandise has previously been included;~~

~~(3) — merchandise returned to suppliers or manufacturers; and~~

~~(4) — sales of fixtures or equipment used in the conduct of business and which are not part of inventory or stock-in-trade.~~

~~— In the determination of Gross Revenue, each sale shall be treated as a sale for the full price charged to the customer (including all finance charges) at the time of such sale being made, notwithstanding that payment of the purchase price may be deferred or upon installments, or that all or any part of the full price to the customer may be paid subject to a deduction or discount under any credit card or similar plan or system, or may be assigned at a discount, and there shall be no deduction for uncollected or uncollectible accounts, except to the extent such accounts are actually written off on Tenant's books as bad debts.~~

(r) SECURITY DEPOSIT: \$2500.00 (Two Thousand Five Hundred Dollars and Zero Cents) (Section 21.1) Security Deposit is not last month's or prepaid rent.

(s) TOTAL DUE UPON LEASE EXECUTION: \$5399.40 (Five Thousand Three Hundred Ninety Nine Dollars and Zero Cents). The total due upon Lease execution includes the amount which shall be applied to Minimum Rent for the first month.

(t) BROKER(S): Landlord: IPB Commercial – Susan Pazdan
Tenant: N/A
(Section 22)

(u) PERMITTED USE: During the Lease Term, the demised Premises shall be used solely for the purpose of Financial General office and Tax preparation and for no other purpose. (Section 5.1)

(v) PROHIBITED USES: N/A Tenant shall not offer to the public the services described on **Exhibit "K"** attached hereto, or use the Premises or any part thereof for the purposes set forth on such **Exhibit "K"**. Tenant acknowledges that Landlord has granted an exclusive use privilege for such services and purposes to another tenant of the Shopping Center, and Tenant shall not use the Premises or any part thereof in violation of such exclusive use privilege. Tenant shall not use the Premises for any purpose or offer any service, which would violate any exclusive use privilege granted by Landlord in the future to tenants of the Shopping Center. (Section 5.1)

(w) EXCLUSIVE USES: Not Applicable Provided that Tenant is not in default of the Lease, Landlord agrees not to lease space in the portions of the Shopping Center over which Landlord has control to another tenant whose primary business is that of N/A. This Exclusive Use does not include existing Tenants, or Assignees or Sublessees of existing Tenants, provided that the use of the space by such Lessee, Assignee, or Sublessee remains substantially the same as the current use of the space. Tenant acknowledges that Landlord has limited control over existing tenants, their subtenants,



successors and assigns, and their uses. Any Exclusive Use shall not include as shown on **Exhibit "D"** attached hereto. (Section 5.7)

- (x) **BUSINESS HOURS:** Monday through Friday, 8:00 am to 6:00 pm (Section 5.2) Tenant will have the right to reduce hours of operations after April each year.
- (y) **RENT:** The Monthly Rent, Percentage Rent, and Additional Rent.
- (z) **ADDITIONAL RENT:** Any amounts which this Lease requires Tenant to pay in addition to Monthly Rent and Percentage Rent, including, without limitation, Tenant's Share of Operating Costs.
- (aa) **COMMON AREAS:** Those areas defined as such in Article VIII.
- (bb) **LEASE YEAR:** A period of twelve (12) consecutive calendar months commencing, if the Commencement Date is the first day of a month, on the Commencement Date. If the Commencement Date is not the first day of a month, "Lease Year" means a period of twelve (12) consecutive calendar months commencing on the first day of the month immediately following the Commencement Date, and the first Lease Year shall include such partial month.
- (cc) **PRIME RATE:** The rate of interest from time to time announced by Bank of America, or any successor to it, as its prime rate. If Bank of America or any successor to it ceases to announce its prime rate, Landlord will designate a substitute financial institution for purposes of determining the Prime Rate.
- (dd) **STRUCTURAL ALTERATIONS LIMIT:** Zero (0.00) (Section 11.3).

If any other provision of this Lease contradicts any definition set forth in this Article, the other provision will prevail for purposes of such provisions.

ARTICLE II GRANT AND TERM

Section 2.1 Premises. In consideration of the rents, covenants, and agreements herein reserved and contained on the part of Tenant to be performed, Landlord does hereby lease and demise unto Tenant the portion of the Building shown as the Premises. Said Building is a part of the Shopping Center. Landlord hereby reserves unto itself the roof and exterior walls of the Building of which the Premises are a part and the right to place in the Premises (in such manner as to reduce to a minimum the interference with Tenant's use of the Premises) utility lines, pipes, and the like to serve premises other than the Premises, and to replace, maintain, and repair such utility lines, pipes, and the like in, over, and upon the Premises. Tenant agrees that the floor area, the Minimum Rent and Tenant's Share, as those terms are defined herein, may be recalculated in the event that the Shopping Center, Landlord's Parcel and/or the Premises are remeasured at any time during the Lease Term, as hereafter defined, and it is determined that the total number of square feet of rentable floor area in improvements constructed on Landlord's Parcel and/or the floor area of the Premises differs from those set forth herein.

Section 2.2 Description and Development of the Shopping Center. Only a portion of the Shopping Center is or will be owned by Landlord (herein "Landlord's Parcel"). Landlord's Parcel is described on **Exhibit "B"**. The balance of the Shopping Center ("Other Parcel") is now or will hereafter be owned by a third party or parties. Landlord's Parcel and Other Parcel are described on **Exhibit "D"** attached hereto. Certain areas of the Shopping Center are to be designated for joint use by all tenants of the Shopping Center, their guests and invitees, pursuant to that certain Reciprocal Easement and Operating Agreement, and that certain Restriction and Agreement, as they may be amended from time to time, between Landlord (or Landlord's predecessor in interest) and the owner of the Other Parcel (the "Easement and Restriction Agreements"). Should Landlord subsequently sell a portion of Landlord's Parcel to third parties, those portions shall automatically become part of the Other Parcel and no longer be part of Landlord's Parcel. Landlord, for itself and the owners of the Other Parcel, expressly reserves the right at any time to grant such utility and other easements over, across, and under any portions of the Shopping Center and any improvement now or hereafter constructed therein including the Premises, so long as such easements will not materially impair Tenant's rights under this Lease. Landlord reserves the right to amend the Easement and Restriction Agreements from time to time, in its reasonable discretion. This Lease shall be subordinate to any such amendment.

Section 2.3 Term. If the Lease Term is extended (pursuant to an Option contained herein, if any, or otherwise), all references in this Lease to Lease Term shall automatically be construed to include any such extension. Tenant's obligation to pay rent hereunder shall commence upon the Commencement of Rent Date.

Notwithstanding the date set forth in Section 1.1(i) as the Delivery Date, if Landlord is to complete any work in the Premises and has not done so on or before said date, the date in 1.1(i) above shall be delayed by the number of days by which Landlord's Work (as that term is defined in Section 2.5 below)

was so delayed, and this Lease shall continue in full force and effect in accordance with its terms. The delay of said date shall be in full satisfaction of any claims Tenant might otherwise have as a result of such delay. If, however, for any reason other than reasons outside Landlord's reasonable control, the Commencement Date is delayed beyond the Outside Delivery Date, Tenant, at its sole option, shall have the right to terminate this Lease upon written notice to Landlord within five (5) days after Tenant is advised in writing of the delayed Commencement Date. Further, if the Commencement Date is delayed beyond the Mutual Outside Delivery Date for any reason other than reasons outside Landlord's control, either Landlord or Tenant shall have the right, at that time or at any time within ten (10) days after Tenant is advised in writing of the delayed Commencement Date, to terminate the Lease upon written notice to the other party. If either Landlord or Tenant exercises its right to terminate hereunder, effective on the date such notice is received, this Lease shall be null and void and of no further force and effect and Landlord shall promptly return to Tenant any security deposit then held by Landlord. If no party which has the right to do so timely exercises its right to terminate this Lease it shall continue in full force and effect and the Commencement Date shall be established as set forth in this Section. The Expiration Date shall be the last day of the Term, as may be modified by options or lease amendments, if any.

Section 2.4 Supplemental Agreement and Commencement Certificate. If, in accordance with the foregoing provisions, the Commencement Date would occur on other than the first day of a calendar month, the Commencement Date shall be delayed until the first day of the next calendar month and the Lease Term shall be measured from said date; provided, however, during any period prior to such delayed Commencement Date all terms and provisions set forth in this Lease, including, but not limited to, Tenant's obligations to pay all Minimum Rent, Additional Rent, and all other amounts required to be paid hereunder, shall commence as of such earlier date. Whether or not the Commencement Date occurs on the first of the month, in order to place in writing the exact Commencement Date and Termination Date, the parties shall, within ten (10) days of receipt, execute a Supplemental Agreement and Commencement Certificate in the form attached hereto as **Exhibit "E"**, and such other and further supplemental agreements as Landlord may reasonably require, to become a part hereof, setting forth the commencement and termination dates of the term of this Lease as determined under the provisions of this Article.

Section 2.5 Condition of the Premises and Tenant's Performance of Work and Installation of Fixtures in Advance of Term. Except as expressly provided in the Work Letter of even date herewith executed by Landlord and Tenant and attached hereto as **Exhibit "F"**, Tenant hereby accepts the Premises in their present "as is" condition. If Landlord is responsible for any work in the Premises it shall be set forth in the Work Letter. All work and materials specifically identified on **Exhibit "F"** as being at Landlord's sole cost and expense shall be referred to herein as "Landlord's Work." All finish work including installation of trade fixtures and furnishings, other than Landlord's Work, required to make the Premises suitable for Tenant's occupancy and operation of its business therein shall be referred to herein as "Tenant's Work," which term shall include those portions of Tenant's Work which Landlord's contractor has agreed to perform at Tenant's sole cost and expense. To expedite the opening of Tenant's business in the Premises, after first obtaining the written permission of Landlord, Tenant shall enter upon the Premises as soon as reasonably possible, and in no event later than substantial completion of Landlord's Work, for the purpose of performing Tenant's Work, and all such work shall be done in such manner as not to interfere with any other tenants in the Shopping Center and in compliance with this Lease. Prior to entering upon the Premises, Tenant shall first obtain Landlord's written approval of Tenant's plans and specifications, Tenant shall deposit with Landlord certificates of insurance as required pursuant to Section 12.1 and Tenant shall comply with other requirements which may be set forth on **Exhibit "F"**. Landlord's review of Tenant's plans and specifications are solely for Landlord's convenience, and Landlord's approval of such plans and specifications shall not constitute evidence of compliance of such plans with any applicable local or state governmental code or regulation governing the same or the adequacy thereof for Tenant's proposed use of the Premises. Landlord shall advise Tenant of the earliest date which Tenant can enter the Premises for commencement of Tenant's Work (the "Delivery Date"). If on the Delivery Date, Landlord's contractor has not fully completed Landlord's Work or portions of Tenant's Work which Landlord's contractor has agreed to perform at Tenant's sole cost and expense, Tenant shall coordinate completion of its work with the completion of Landlord's Work and such other work as Landlord may have agreed to have completed. Landlord agrees that as of the Delivery Date Landlord's Work will be completed to the point that Tenant can effectively commence Tenant's Work in the Premises. Commencing on the Delivery Date, Tenant agrees that all terms and provisions of this Lease shall be in effect, including but not limited to Tenant's obligation to provide insurance as set forth in this Lease, and to pay for the utilities (heat, gas, water, and electricity) which shall be furnished to the Premises. Tenant shall not be obligated to pay Minimum Rent or Percentage Rent, but shall pay Additional Rent during the period from the Delivery Date to the Commencement Date.

Section 2.6 Opening of Tenant's Store **"Section 2.6 Opening of Tenant's Store" ¶ 2 .** On the Delivery Date, Tenant shall promptly perform, at its own cost and expense, all of Tenant's Work, shall equip the Premises with trade fixtures and all personal property necessary or proper for the operation of Tenant's business, and shall open for business no later than the Premises Opening Date designated in Section 1.1(l). Prior to the Premises Opening Date, Tenant shall provide Landlord with a copy of the certificate of occupancy for the Premises, copies of all statements, invoices and similar documentation evidencing payment by Tenant of the costs of the improvements, copies of final executed lien waivers from all contractors, subcontractors, and suppliers providing labor or materials relative to the improvements to the Premises, and two (2) sets of as-built drawings.



ARTICLE III RENT

Section 3.1 Minimum Rent. Tenant agrees to pay to Landlord at the office of Landlord or at such other place as Landlord may designate in writing, in advance, without notice, setoff, offset, or deduction of any kind whatever, the monthly Minimum Rent. The amount due shall be payable in advance in monthly installments as set forth above on the first day of each and every calendar month during the term of this Lease. If the term shall commence upon a day other than the first calendar day of the month, then upon the Commencement Date, Tenant shall pay a pro rata portion of the monthly rent as above provided so that all future rental payments will be due on the first of every month. "Lease Year", as used in this Lease, shall be defined as set forth in Section 1.1(bb) herein.

- (a) ~~Percentage Rent: In addition to the Minimum Rent, Tenant shall pay to Landlord the Percentage Rent set forth in Section 1.1 to the extent that the Percentage Rent exceeds the Minimum Rent set forth in Section 1.1 for any calendar year or fraction thereof. Percentage Rent shall be paid annually, in arrears, within thirty (30) days following the end of any calendar year. Percentage Rent paid for the previous year or fraction thereof shall be added to and considered a part of Minimum Rent for the following Term of this Lease and any renewals thereof.~~

Section 3.2 Remeasurement. In the event that Landlord elects to remeasure the Premises as set forth in Section 2.1 herein, the Minimum Rent shall be recalculated on the basis of the annual per rentable square foot Minimum Rent then being paid by Tenant to be determined by multiplying the monthly Minimum Rent for that Lease Year as set forth in Section 3.1 above by twelve (12) and dividing the resulting number by the total number of square feet of the Premises prior to recalculation. The resulting number shall be multiplied by the remeasured square footage to get the remeasured annual Minimum Rent.

~~**Section 3.3 Reports by Tenant.** On or before the 20th day of each calendar month during the term hereof (including the 20th day of the month following the end of the term), Tenant shall deliver to Landlord at the places then fixed for the payment of rent a true copy of the sales tax reports filed by Tenant with the appropriate governmental agencies (City, County, and/or State) covering the immediately preceding calendar month or such other report as Landlord may reasonably require Tenant to submit indicating the Gross Revenue from all business conducted on the Premises. Any information obtained by Landlord shall be held in strict confidence except Landlord may inform the holder, or any potential holder, of any deed trust on the Shopping Center, or purchaser or potential purchaser, of the information contained said reports. Furthermore, upon reasonable notice to Tenant, Landlord or its representatives shall be entitled to audit at any time during Business Hours any of the aforementioned reports, at either the Premises or a mutually agreeable location. If such audit shows a deficiency in the payment of Percentage Rent, then such deficiency shall be deemed due and payable immediately, with interest as indicated in Section 3.5 from the date when such payment should have been made. Additionally, if Tenant's reports understate Gross Revenue by more than two percent (2%) and Landlord is entitled to additional Percentage Rent because of this understatement, then Tenant shall pay all of Landlord's costs and expenses regarding such audit as Additional Rent due hereunder.~~

Section 3.4 Additional Rent. Any other sums of money or charges to be paid by Tenant pursuant to the provisions of any other sections of this Lease shall be designated as "Additional Rent", and shall be payable without notice, setoff, offset, or deduction of any kind.

Section 3.5 Past Due Minimum Rent and Additional Rent. If Tenant shall fail to pay, when the same is due and payable, any Minimum Rent, or Additional Rent, such unpaid amounts shall bear interest from the date they are due (if not cured within the permitted five (5) day period set forth in Section 18.1(a) herein) to the date of payment at the greater of twelve percent (12%) or three percent (3%) above the "Prime Rate" as herein defined (hereafter the "Default Interest Rate") (but not to exceed the maximum amount allowed by law). Further, in the event any rents or other amounts owing hereunder are not paid within five (5) days after the same is due and payable, Landlord and Tenant agree that Landlord will incur additional administrative expenses, the amount of which will be difficult if not impossible to determine. Accordingly, Tenant shall pay the Landlord an additional, one-time late charge for any late payment in the amount of ten percent (10%) of the late payment, but not less than Twenty Dollars (\$20.00). Any amounts paid by Landlord to cure any defaults of Tenant hereunder, which Landlord shall have the right, but not the obligation to do, shall, if not repaid by Tenant within five (5) days of demand by Landlord, thereafter bear interest at the default interest rate set forth above.

Section 3.6 Adjustments to Rent. It is the intent of all parties that the return to Landlord under this Lease shall be absolutely "net", so that the share of all Shopping Center Operating Costs, except those Shopping Center Operating Costs set forth in this Lease as Landlord's costs, directly or indirectly attributable to the Premises, shall be the obligation of Tenant. Some Shopping Center Operating Costs under the Lease may apply to only certain areas of the Shopping Center (for example: in-suite janitorial services, retail marketing events, trash removal and fire alarm systems). Tenant's proportionate share of such costs, expenses and obligations shall be determined, in Landlord's sole discretion, by multiplying the cost or expense by a fraction, the numerator of which shall be the gross leaseable area of the Premises, and the denominator of which shall be the total gross leaseable area (including the Premises) to which the cost or expense applies.

ARTICLE IV TENANT'S WORK IN THE PREMISES

Section 4.1 Tenant's Obligations. All improvements for which Tenant is responsible, Tenant's Work, shall be performed in a good and workmanlike manner, in compliance with all applicable governmental laws, codes, rules and regulations, and free of any liens for labor and materials and subject to such reasonable requirements as Landlord may impose. Tenant agrees to indemnify Landlord and hold Landlord harmless against any loss, liability, or damage, cost or expense resulting from Tenant's Work.

ARTICLE V USE OF PREMISES

Section 5.1 Use of Premises. During the Lease Term, the Premises shall be used solely for the purpose of conducting the business of the Permitted Use. Tenant shall not use the Premises for any Prohibited Uses or any use prohibited by any recorded covenants affecting the Premises, or for any Exclusive Use granted to another Tenant. Tenant may not change the Permitted Use of the Premises except with the express prior written consent of Landlord. Any violation of these use restrictions, no matter how minor, shall be deemed a material default by Tenant under this Lease. Landlord shall be entitled to all remedies in law or equity, including those set forth in Article XVIII hereof and injunctive relief.

Section 5.2 Continued Use. Tenant covenants to, and it is the essence of this Lease that Tenant shall continuously operate its business with the designated Permitted Use in the Premises during the entire Lease Term. Said business will be conducted in a high grade manner during Business Hours. Furthermore, Tenant shall have its window displays, exterior signs and exterior advertising displays adequately illuminated continuously during the Business Hours, as well as during additional hours as required by Landlord. Failure of Tenant to strictly adhere to the provisions of this Article V shall give Landlord the right to terminate this Lease, or in lieu thereof Landlord shall be entitled to twice the amount of Monthly Rent in addition to any other remedies afforded by law.

Section 5.3 Compliance with Laws and Regulations. Tenant shall at all times maintain and conduct its business, insofar as the same relates to Tenant's use and occupancy of the Premises, in a lawful manner, and in strict compliance with any Easement and Restriction Agreements, Rules and Regulations, if any, all governmental laws, rules, regulations, and orders and recommendations of insurance underwriters applicable to the business of Tenant conducted in and upon the Premises including those with respect to storage, handling, discharge, and transport of any pollutant, contaminant or hazardous, toxic or dangerous substance.

Section 5.4 Standard of Operation. Tenant agrees that Tenant shall at all times during the Lease Term, operate and maintain the Premises with due diligence and efficiency so as to produce all the Gross Revenue which may be produced by such manner of operation. Tenant shall employ a full staff and carry at all times in the Premises a stock of merchandise of such size, character, and quality as shall be reasonably designed to produce the maximum return to Tenant. Tenant will use only such minor portions of the Premises as are reasonably required for storage, office, and other non-sales purposes. Tenant will conduct business in the Premises only in its present name or the Approved Trade Name, unless and until the use of some other name is approved in writing by Landlord.

Section 5.5 Competition. During the Lease Term, neither Tenant nor any person, firm, or corporation directly or indirectly controlling, controlled by, or under common control with Tenant shall directly or indirectly operate, manage, conduct, or have any interest in any commercial establishment which is operated for a purpose similar to that set forth in Section 5.1 hereof within a five (5) mile radius of the Premises. In the event of noncompliance with the above provision, Tenant shall be deemed to be in default under this Lease.

Section 5.6 Affirmative Covenants of Tenant Relative to Usage of Premises

Tenant hereby covenants and agrees:

- (a) That no auction, fire, bankruptcy, going out of business, or other distress sales may be conducted in the Premises without the previous written consent of Landlord, and Tenant shall warehouse, store, or stock in the Premises only such goods, wares, and merchandise as Tenant intends to offer for sale at retail at, in, from, or upon the Premises, and Tenant's necessary equipment and supplies.
- (b) Neither to permit nor to suffer any conduct, noise, or nuisance whatever about said Premises having a tendency to annoy or disturb any persons occupying adjacent premises.
- (c) To keep the sidewalks in front of and around said Premises free from debris, and said sidewalks, service, and/or loading areas for the Premises free from all litter, dirt, and obstructions, and not to display merchandise on sidewalks, mall, or other public areas without Landlord's prior written consent.



- (d) To keep said Premises at a comfortable temperature for customers, clean and in the sanitary condition as required by any ordinances, and the health, sanitary, and police regulations of any governmental unit having jurisdiction.
- (e) Neither to permit nor suffer said Premises, or the walls or floors thereof, to be endangered by overloading. Tenant specifically agrees not to stress in any manner the structural integrity of the Premises, or to do any act, which would increase the cost of or inhibit the insurability of the Premises.

Section 5.7 Exclusive Uses. Landlord agrees to use reasonable efforts to assure any Exclusive Use is not carried on, except incidentally, by any other tenant in the Shopping Center. Tenant acknowledges that Landlord only has the opportunity to control Uses on Landlord's Parcel. However, the following exceptions apply to the Exclusive Use, if any, set forth in this Lease:

- (a) The restriction shall not apply to any existing tenants in the Shopping Center, nor shall it apply to renewals or extension of leases which pre-date the date of this Lease, nor shall it apply to Landlord's consenting to assignments or sublettings relating to leases which pre-date the date of this Lease.
- (b) The restriction shall not apply to any land located outside the present boundaries of the Shopping Center.
- (c) If a court of competent jurisdiction or a governmental agency should determine the restriction to be illegal or unenforceable, or if Landlord and Tenant should agree that the restriction is illegal or unenforceable, the restriction shall automatically cease, and shall thereafter be of no further force or effect; moreover, Landlord and Tenant further agree that, in such event, the remainder of this Lease will continue in full force and effect.
- (d) Landlord's covenant to refrain from leasing space to a competing use will expire without further act of the parties by the date six (6) months prior to the expiration of the Lease Term or any extension thereof if Tenant has not by such date extended the Lease Term pursuant to an Option contained herein, if any.
- (e) The terms of this Section and any Exclusive Use will expire if Landlord terminates Tenant's right to possession of the Premises (with or without a termination of the Lease) or if Tenant ceases to continuously operate the Premises for a period in excess of ninety (90) days (excluding any closures due to casualty damage or permitted remodeling, redecorating or refurbishing), or if Tenant is in default in payment of rent and other charges or other obligations set forth in this Lease after the expiration of all applicable cure periods. Upon the failure of one or more of the conditions set forth in this Subparagraph (e), the restriction upon the Shopping Center shall, at Landlord's option, cease and shall thereafter be of no further force or effect after an additional ten (10) day written notice is given by Landlord to Tenant, and such conditions have not been met by the expiration of such 10-day period. Landlord's covenants and agreements under this Section will operate only to the extent such covenants and agreements are not contrary to public policy or contrary to law.
- (f) Tenant shall give Landlord written notice of any alleged violation of its Exclusive Use set forth herein, which notice shall include, in reasonable detail, a description of the violation and the remedial action requested on the part of Landlord.

ARTICLE VI MAINTENANCE AND REPAIRS

Section 6.1 By Landlord. Landlord agrees to keep in good order, condition, and repair the exterior, foundations, roof, and structural portions of the Building of which the Premises is a part (except doors, glass, and glass windows), including gutters, downspouts, all service pipes, lines, and mains leading to and from the Premises; provided, however, if the damage thereto was caused by any act or negligence of Tenant, its employees, agents, licensees, or contractors Tenant shall be solely responsible for the cost of such maintenance or repair. Landlord shall not be responsible for making any plumbing, electrical, HVAC or mechanical repairs or replacements or other improvements or repairs of any kind upon or within the Premises except as may be expressly set out in this Lease. Landlord shall be responsible for HVAC repairs or replacement for first term only. All expenses incurred by Landlord hereunder shall be considered as Shopping Center Operating Costs pursuant to Article IX. Tenant covenants and agrees to permit Landlord at any time to enter the Premises to examine and inspect the same or, if Landlord so elects, to perform any obligations of Tenant hereunder which Tenant shall fail to perform (in which event Landlord shall be entitled to charge Tenant the cost of such items plus fifteen percent (15%) for overhead due from Tenant upon presentation of a bill therefor) or to perform such cleaning, maintenance, janitorial services, repairs, additions, or alterations as Landlord may deem necessary or proper for the safety, improvement, or preservation of the Premises or of other portions of



the Shopping Center or as may be required by governmental authorities through any code, rule, regulation, ordinance and/or law. Any such reentry shall not constitute an eviction or entitle Tenant to abatement of rent.

Section 6.2 By Tenant. Tenant, from and after the Delivery Date and until the Expiration Date, agrees that it will be responsible at its sole cost and expense for all repairs, maintenance, and replacements (except HVAC) to the Premises other than those specifically required to be performed by Landlord in Section 6.1 and this Section 6.2, including but not limited to the interior and exterior portions of all doors, windows, plate glass, and show cases surrounding the Premises; the mechanical, plumbing, and electrical equipment and systems; partitions and all other fixtures, appliances, and facilities (including Tenant's signage) furnished or installed by Tenant or Landlord. All work in the Premises shall be performed by Tenant in a good and workmanlike manner in compliance with all applicable governmental laws, codes, rules, and regulations free of any liens for labor and materials, and subject to such reasonable requirements as Landlord may impose. Landlord shall have the right to post the Premises with a notice of a non-liability in connection with any such work performed by or on behalf of Tenant.

Section 6.3 Surrender of Premises. At the Expiration Date, Tenant shall surrender the Premises in the same condition as existed upon the completion of all Tenant's Work, ordinary wear and tear excepted, clear and free of all debris, and Tenant shall remove all of its furniture, trade fixtures, business equipment inventory trademarked items, signs, decorative soffit, counters, shelving, showcases, mirrors, walk-in coolers, hoods and exhaust systems, and other removable personal property installed in or on the Premises by Tenant ("Tenant's Property"). Prior to the end of the Term, Tenant shall repair all damage to the Premises caused by such removal. In the event Tenant fails to vacate the Premises on a timely basis as required, Tenant shall be responsible to Landlord for all costs incurred by Landlord as a result of such failure, including, but not limited to, any amounts required to be paid to third parties who were to have occupied the Premises. All furniture, trade fixtures and equipment not attached to the Premises, or other of Tenant's personal property, not so removed shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without notice to Tenant or any other person and without obligation to account therefor; and Tenant shall pay Landlord all expenses incurred in connection with such property, including, but not limited to, the cost of repairing any damage to the Premises caused by removal of such property and the costs of cleaning or debris removal. Tenant's obligation hereunder shall survive the expiration or other termination of this Lease.

ARTICLE VII TAXES

Section 7.1 Landlord's Responsibility Landlord shall be responsible for the timely payment of all general and special taxes and assessments and all other governmental charges levied, assessed or imposed on Landlord's Parcel, and all improvements constructed thereon (including Common Areas located thereon (as hereinafter defined)), the share of such taxes, assessments and charges attributable to any other Parcel which are allocated to Landlord's Parcel in accordance with the recorded Easement and Restriction Agreements, if any, all assessments for local improvements, if any, attributable to Landlord's Parcel or allocated thereto pursuant to the recorded Easement and Restriction Agreements, if any, and any new taxes which may be levied or assessed on Landlord or Landlord's Parcel based upon gross rentals in lieu of or in addition to the current real property taxes (for the purposes of determining such new tax; however, Landlord's Parcel shall be deemed to be Landlord's sole property) (hereafter collectively the "real estate taxes"). Landlord shall pay the real estate taxes before they become delinquent. However, if authorities having jurisdiction assess real estate taxes which Landlord deems excessive, Landlord may defer compliance therewith to the extent permitted by the laws of the State of California, so long as the validity or amount thereof is contested by Landlord in good faith and so long as Tenant's occupancy of the Premises is not disturbed or threatened.

Section 7.2 Tenant's Additional Rent. Tenant shall pay during each Lease Year during the Lease Term, and any extension thereof, as Additional Rent, Tenant's Share of all of the above-described real estate taxes. Tenant's Share of real estate taxes shall be computed by multiplying the total amount of such taxes by a fraction, the numerator of which shall be the number of square feet of floor area in the Premises and the denominator of which shall be the total number of square feet of rentable floor area in improvements constructed on Landlord's Parcel. Tenant shall pay such share in the manner set forth in Section 9.3 below.

Section 7.3 Other Taxes. Tenant shall pay, prior to their due date, all taxes assessed on its merchandise, trade fixtures, and equipment in or upon the Premises and also general license or franchise taxes and rent taxes, if any, which may be required for the conduct of Tenant's business.

ARTICLE VIII COMMON AREAS AND MAINTENANCE THEREOF

Section 8.1 Common Areas. Landlord hereby grants to Tenant the right to use the Common Areas, as hereinafter defined, subject to the conditions hereinafter stated and those set forth in any recorded Easement and Restriction Agreements. The conditions of Tenant's use of such Common Areas are as follows:

- (a) The Common Areas shall be used by Tenant, its agents, employees, customers, and invitees, in common with agents, employees, customers, and invitees of Landlord and the other owners, occupants, and tenants from time to time in the Shopping Center.
- (b) Tenant's right to use the Common Areas shall terminate upon the termination of this Lease by lapse of time or otherwise.
- (c) Tenant shall make no use of the Common Areas, which shall interfere in any way with the use of the Common Areas by others.
- (d) Subject to the provisions hereof, Landlord shall have the right from time to time to construct other temporary and permanent buildings or improvements in the Common Areas or elsewhere in the Shopping Center, to change the location or character of, to make alterations of or additions to the Common Areas, to repair and reconstruct the Common Areas, and to do any such other acts in and to the Common Areas as they may deem desirable to improve the convenience or usability thereof.
- (e) Use of all parking areas or other Common Areas shall be subject to the Rules and Regulations from time to time approved by Landlord.

The "Common Areas" as used herein shall mean and refer to all of the following to the extent they are located in the Shopping Center: patios, decks, parking areas; sidewalks; canopies; mall; streets; passenger vehicle roadways; truck roadways; loading platforms, and stairs not contained in stores; public and common washrooms; lounges and shelters; and any other facilities available for common use by all tenants and occupants of space in the Shopping Center and their employees, agents, customers, licensees, and invitees, as they may from time to time exist during the Lease Term. Landlord reserves the right for itself and the owners, from time to time, of the Other Parcel to prevent the acquisition of public rights in such areas, or to discourage noncustomer parking. Subject to the provisions of Section 6.1, and in accordance with any Easement and Restriction Agreements, the Common Areas shall be maintained and operated in good, clean, and orderly condition. The manner in which Common Areas shall be maintained and operated and the expenditures therefor shall be in the sole discretion of Landlord.

Section 8.2 Parking Area and Lighting. All of the parking areas existing in the Shopping Center, including the lighting thereof, shall be maintained in good repair and clean condition, reasonably clear of debris, at all times during the Lease Term and any extensions hereof, in accordance with any Easement and Restriction Agreements. Landlord agrees that Tenant may, during the Lease Term, with others, have the non-exclusive right to use all parking areas of the Shopping Center for the accommodation and parking of such automobiles of Tenant, its officers, agents, and employees, and customers while shopping in the Shopping Center; but it is understood and agreed that Landlord shall have the right, to be exercised reasonably, to designate from time to time and to change from time to time, the location and direction of such parking lanes and areas and to rearrange, restrict, and relocate parking areas so long as adequate parking for the Shopping Center is maintained. Adequate parking shall mean that ratio of parking spaces to store area required by applicable governmental authorities for the Shopping Center. Tenant agrees to cause its employees to park their cars only on such areas as Landlord may from time to time designate as employee parking areas. Such employee parking areas may be located outside the Shopping Center, provided the same are within a reasonable distance of the Premises.

ARTICLE IX SHOPPING CENTER OPERATING COSTS

Section 9.1 Shopping Center Operating Costs Defined. "Shopping Center Operating Costs" shall mean all costs and expenses of any kind or nature which are necessary, and are customarily incurred in operating and maintaining the Shopping Center in the manner set forth in any Easement and Restriction Agreements, including any prorata portion of any costs and expenses for Common Areas that are shared by all owners, or arise out of Landlord's obligation to maintain and repair under this Lease, or which are, as determined by Landlord, reasonable and appropriate for the best interests of the Shopping Center, including, without limitation, all costs and expenses of operating, maintaining, repairing, replacing, lighting, cleaning, painting, striping, and policing all Common Areas and all improvements thereto (including cost of uniforms, equipment, and all employment taxes); costs of utilities for the Common Areas; costs of all roof repair; costs of all supplies; insurance premiums for liability insurance for personal injury, death, and property damage; costs of workmen's compensation insurance covering personnel and fidelity bonds for personnel; costs of insurance against liability for defamation and claims of false arrest occurring in and about the Common Areas; the cost of capital replacements to the Shopping Center, including the Common Areas, amortized over their depreciable life as determined by Landlord's accountant; costs for removal of debris; monitoring of fire and security systems for Common Areas; costs for regulation of traffic; costs and expenses of replacement of paving, curbs, walkways, landscaping, drainage, and lighting facilities for the Common Areas; costs and expenses of planting, replanting, and replacing flowers and shrubbery and planters; all costs of labor, including wages and other payments including disability insurance, payroll taxes, welfare, and all legal fees and other costs or expenses



incurred in resolving any labor disputes. Shopping Center Operating Costs shall not include: costs of work performed exclusively for any other tenant in the Shopping Center other than work of a kind and scope which Landlord would be obligated to provide to all tenants; leasing commissions and other expenses attributable solely to leasing of space in the Shopping Center; costs of repairs or rebuilding necessitated by condemnation; costs of capital improvements, or depreciation on the Shopping Center, except as expressly provided above; or any such costs, the payment of which is an obligation of another owner pursuant to the Easement and Restriction Agreements.

Section 9.2 Tenant's Share of Shopping Center Operating Costs. During each Lease Year during the Lease Term and any extension thereof, including the first Lease Year, Tenant will pay Landlord as Additional Rent Tenant's Share of Shopping Center Operating Costs as hereafter provided. Tenant's Share of Shopping Center Operating Costs shall be computed by multiplying the total amount of such costs, by a fraction, the numerator of which shall be the number of square feet of floor area in the Premises, and the denominator of which shall be the total number of square feet of rentable floor area in improvements constructed on Landlord's Parcel. If a remeasurement by Landlord of the Shopping Center, Landlord's Parcel and/or the Premises results in a change in the number of square feet of floor area in the Premises or in the total number of square feet of rentable floor area in improvements constructed on Landlord's Parcel, then Tenant's Share shall be recomputed using the revised number of square feet in the above formula. At the option of Landlord, Tenant shall pay, in addition to Tenant's Share, the amount of any Shopping Center Operating Cost which is, in the reasonable discretion of Landlord, properly or fairly allocable to Tenant.

Section 9.3 Place and Manner of Payment of Tenant's Share of Shopping Center Operating Costs, Real Estate Taxes, and Insurance Premiums. Commencing with the Commencement Date, and each month thereafter during the Lease Term, Tenant shall pay one-twelfth (1/12) of its estimated pro rata share of real estate taxes, as described in Section 7.1 above (based upon the actual real estate taxes for the prior tax year, if any, or if none, based on Landlord's estimate thereof), one-twelfth (1/12) of its estimated pro rata share of Shopping Center Operating Costs as described in Section 9.1 above (based upon actual Shopping Center Operating Costs for the prior twelve (12) month period, if any, or if none, based on Landlord's estimate thereof), one-twelfth (1/12) of its estimated pro rata share of insurance premiums described in Section 13.1 below (based upon actual insurance premiums for the prior twelve (12) month period, if any, or if none, based on Landlord's estimate thereof) (hereafter collectively referred to as "Tenant's Aggregate Pro Rata Share") in advance in equal monthly installments. As soon as practicable following the end of each Lease Year during the Lease Term, including the first Lease Year, Landlord shall notify Tenant of the actual amount of Tenant's Aggregate Pro Rata Share and the difference between it and the estimated amount actually paid by Tenant during the Lease Year just completed, if any and the estimated Aggregate Pro Rata Share for the current Lease Year. If, at the end of any Lease Year Tenant's actual Aggregate Pro Rata Share exceeds, or is less than, the estimated amount paid by Tenant during the Lease Year just completed, Tenant shall pay to Landlord within thirty (30) days following Landlord's notice to Tenant, or Landlord shall pay to Tenant, as the case may be, such amounts as are necessary to correct the discrepancy. Tenant's estimated Aggregate Pro Rata Share shall be paid at the same time and place as the Minimum Rent; provided, however, that Tenant's first payment of its estimated Aggregate Pro Rata Share after receipt of notice from Landlord setting forth such amount shall also include one twelfth (1/12) of such amount for each month of the current Lease Year which has elapsed prior to the making of such first payment. For convenience, Tenant may include payment of its estimated Aggregate Pro Rata Share and any other charges, if any, payable under the terms of this Lease and the Minimum Rent in one check, provided all said charges and said rent are separately shown thereon. If the Lease Year is not concurrent with the calendar year, Landlord may, at any time during the Lease Term, or any extensions thereof, make all adjustment provided for in this Article IX on a calendar year basis with an appropriate proration for the Lease Year in which such conversion is made and in which the term ends and in that case, all references in this Article IX to "Lease Year" shall thereafter be deemed to refer to "Calendar Year".

ARTICLE X UTILITIES

Section 10.1 Charges. Tenant shall pay for all utility services, including gas, electricity, domestic water, sewer, and all other utility services furnished to Tenant for use in the Premises. Electricity and gas are separately metered to the Premises. If any such services are not separately metered, Tenant shall pay its proportionate share thereof, as reasonably determined by Landlord based upon the number of tenants who use such services and the type of business in which each such tenant is engaged. Tenant shall pay such amounts in the manner set forth in Section 9.3 above. There shall be no abatement or deduction from rent for any interruption of services, unless due to a grossly negligent or willful act of Landlord. Tenant shall be responsible for the payment of any security deposit required by any utility.

ARTICLE XI FIXTURES, SIGNS, AND ALTERATIONS

Section 11.1 Fixtures. All fixtures by Tenant shall be new unless otherwise approved by Landlord. Said fixtures shall include, but not be limited to, unless otherwise provided in the Work Letter, all lighting fixtures, floor coverings, and interior painting and decorating.



Section 11.2 Signs. Tenant shall not erect any exterior sign or any interior window or door signs without first obtaining the written consent of Landlord. All signage, which is visible from the exterior of the Premises, shall be subject to the sign criteria set forth in **Exhibit "G"**, attached hereto, made a part hereof, and incorporated herein by reference. Any other interior signs shall at all times be in good taste and be maintained in a good operating, neat and clean condition. In no event shall a roof sign be approved nor shall any electrical sign, which utilizes moving parts or flashing, oscillating, or moving lights or variable lighting intensities be approved. Further, all illuminated signs shall derive light from a concealed source (no exposed globes, tubing, e.).

Section 11.3 Alterations. Tenant may, from time to time, during the Lease Term make, at its own cost and expense, any reasonable nonstructural alterations or changes in the interior of the Premises provided the aggregate cost therefor in any one instance does not exceed the Structural Alterations Limit and provided further they are not visible from the exterior of the Premises. Any alteration or change which is: (a) visible from the exterior of the Premises (regardless of the cost thereof); (b) exceeds the Structural Alterations Limit in costs; or (c) involves a roof penetration, may be made only with Landlord's prior written consent. All alterations or changes which Tenant has the right to make hereunder or is permitted to make shall be performed in a good and workmanlike manner, in compliance with all applicable governmental laws, codes, rules and regulations, free of any liens for labor and materials and subject to reasonable requirements Landlord may impose, including but not limited to maintenance by Tenant of adequate liability and workmen's compensation insurance. It is understood that "nonstructural" shall include moving of stud partitions, minor plumbing and electrical work, and modification and rearrangement of fixtures. Landlord agrees to cooperate with Tenant for the purpose of securing necessary permits for any changes, alterations, or additions permitted under this Section 11.3 without expense to Landlord. Tenant will not alter the exterior of the Premises (including store front and signs) and shall have no right to make any change, alteration, or addition to the Premises which would impair the structural soundness or diminish or increase the size thereof, without the prior written consent of Landlord. All costs of any such work shall be paid promptly by Tenant so as to prevent the assertion of any liens for labor or materials. All alterations or changes Tenant may make in the Premises shall be the Tenant's responsibility to maintain, repair and insure in the manner set forth in this Lease. All alterations and permanent fixtures installed in the Premises, including, by way of illustration and not by limitation, all partitions, paneling, carpeting, drapes or other window coverings, and light fixtures (but not including movable furniture or fixtures not attached to the Premises), shall be deemed a part of the real estate and the property of the Landlord and shall remain upon and be surrendered with the Premises as a part thereof without molestation, disturbance or injury at the end of the Lease Term, or any extension thereof, whether by lapse of time or otherwise, unless Landlord, by notice given to Tenant shall elect to have Tenant remove all or any of the alterations, and in such event, Tenant shall promptly remove at Tenant's expense the alterations specified by Landlord and return the Premises to their condition prior to the making of the same, reasonable wear and tear excepted.

ARTICLE XII PUBLIC LIABILITY INSURANCE

Section 12.1 Tenant's Liability Insurance. Tenant shall procure and maintain, at its own cost at all times during the term of this Lease, a policy or policies of insurance causing Tenant's fixtures and contents to be insured under standard hazard, fire, and extended coverage, plate glass insurance, comprehensive general liability insurance, including coverage for bodily injury, property damage, personal injury (employee and contractual liability exclusions deleted), products and completed operations, contractual liability, owner's protective liability, host liquor legal liability, if applicable, and broad form property damage insurance, with a replacement coverage of not less than ninety percent (90%), and with regard to liability insurance, insuring both Landlord and Tenant against all claims, demands, or actions arising out of or in connection with Tenant's use or occupancy of the Premises, or by the condition of the Premises, with the following limits of liability: Two Million Dollars (\$2,000,000.00) each occurrence combined single limit. All such insurance shall be procured from responsible insurance companies authorized to do business in the State of California, maintaining during the policy term a "General Policyholders Rating" of at least A-VIII, as set forth in the current issue of "Best's Insurance Guide," and shall be otherwise satisfactory to Landlord. All such policies shall name Landlord and the property manager as additional insureds, and shall provide that the same may not be canceled or altered except upon thirty (30) days prior written notice to Landlord. All insurance maintained by Tenant shall be primary to any insurance provided by Landlord. If Tenant obtains any general liability insurance policy on a claims-made basis, Tenant shall provide continuous liability coverage for claims arising during the entire term of this Lease. Tenant shall provide copies of such policies, or duly executed certificate(s) of such insurance, to be Accord Form 27, along with all corresponding endorsements, to Landlord upon the Commencement Date of the Lease term and at least thirty (30) days prior to any annual renewal date thereof. Such Two Million Dollar (\$2,000,000.00) limit shall be increased from time to time in the reasonable discretion of Landlord. If Tenant should fail to comply with the foregoing requirement relating to insurance, Landlord may obtain such insurance and Tenant shall pay to Landlord on demand as Additional Rent hereunder the premium cost thereof plus interest at the rate set forth in Section 3.5 from the date of payment by Landlord until repaid by Tenant.

Each party agrees to use its best efforts to include in each of its policies insuring against loss, damage or destruction by fire or other casualty a waiver of the insurer's right of subrogation against the other party.

Each party hereby releases the other party with respect to any claim which it might otherwise have against the other party for loss, damage or destruction with respect to its property occurring during the term of this Lease to the extent to which it is insured under a policy containing a waiver of subrogation.

Section 12.2 Indemnification of Landlord. Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability, and expense, including, without limitation, reasonable attorneys' fees in connection with loss of life, personal injury, and/or damage to property arising from or out of any occurrence in, upon, or at the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, employees, contractors, sublessees, concessionaires, or licensees, except if caused by the act or neglect of Landlord, its agents or employees. This indemnity shall apply in connection with claims, causes of actions, or judgments arising out of the use of the Common Areas, in the event of the carelessness and neglect of Tenant, its agents, employees, contractors, sublessees, concessionaires, or licensees, and shall also apply to Tenant's occupancy of the Premises during construction and during the installation of its fixtures and equipment even though such occupancy may be prior to the Commencement Date.

Section 12.3 Indemnification of Tenant. Landlord will indemnify Tenant and save it harmless from and against any and all claims, actions, damages, liability, and expense in connection with loss of life or personal injury, arising from or out of any occurrence in, upon, or at the Common Areas which is occasioned wholly by any grossly negligent act or omission of Landlord, its agents, or employees.

ARTICLE XIII CASUALTY INSURANCE

Section 13.1 Insurance Coverage by Landlord. Subject to reimbursement as provided in Article IX and Section 13.2 below, Landlord shall keep all improvements which Landlord has the obligation to maintain and repair, above foundation walls, constructed on Landlord's Parcel from time to time, insured against loss or damage by fire, and maintain general insurance for Landlord's public parcel liability. Such insurance coverage shall be in such amounts from such companies and on such terms and conditions, including endorsements for all risks, vandalism and malicious mischief and loss of rent as Landlord deems appropriate, from time to time.

Section 13.2 Tenant's Additional Rent. Tenant shall pay during each Lease Year during the Lease Term and any extension thereof, as Additional Rent, Tenant's Share of all of the above-described insurance premiums, including deductibles on said insurance in the event of a loss. Tenant's Share of insurance premiums shall be computed by multiplying the total amount of such insurance premiums by a fraction, the numerator of which shall be the number of square feet of floor area in the Premises and the denominator of which shall be the total number of square feet of rentable floor area in improvements constructed on Landlord's Parcel. Tenant shall pay such share in the manner set forth in Section 9.3 above.

Section 13.3 Insurance Coverage by Tenant. Tenant agrees that it shall keep all of its furniture, fixtures, merchandise, equipment insured against loss or damage by fire with the all risk endorsements. It is understood and agreed that Tenant assumes all risk of damage to its own property arising from any cause whatsoever, including without limitation, loss by theft or otherwise.

Section 13.4 Protection from Subrogation. Anything in this Lease to the contrary notwithstanding, neither Landlord nor Tenant shall be liable to the other for any business interruption or any loss or damage to property occurring on the Premises or the adjoining properties, sidewalks, streets, or alleys or in any manner growing out of or connected with Tenant's use and occupation of the Premises, or the condition thereof, or of sidewalks, streets, or alleys adjoining, caused by the negligence or fault of Landlord or Tenant or of their respective agents, employees, subtenants, licensees, or assignees, to the extent that such business interruption or loss or damage to property is coverable by a standard all-risk or special form policy (including, at a minimum, fire and extended coverage insurance insuring against loss by fire, wind storm, riot, malicious mischief, vandalism, smoke, water damage, including damage caused by accidental discharge or leakage from sprinkler, plumbing, heating or air conditioning systems) or a business interruption policy (regardless of whether such insurance is carried or not, or if so carried, payable to or protects Landlord or Tenant or both) or for which such party is otherwise reimbursed; and Landlord and Tenant each hereby respectively waives all right of recovery against the other, its agents, employees, subtenants, licensees, and assignees, for any such loss or for damage to the property of the waiving party. Nothing contained in this Section shall be construed to impose any other or greater liability upon either Landlord or Tenant than would have existed in the absence of this Section 13.4.

Section 13.5 Additional Hazards. Tenant covenants and agrees that it will not do or permit anything to be done in or upon the Premises or bring in anything or keep anything therein which shall increase the rate of insurance on the Premises or on the other buildings located in the Shopping Center above the standard rate on said Premises and buildings with a store of the type described in Section 5.1 located on the Premises; and Tenant further agrees that in the event it shall do any of the foregoing, it will promptly pay to Landlord on demand any such increase resulting therefrom which shall be due and payable as Additional Rent hereunder.



ARTICLE XIV DAMAGE BY FIRE OR OTHER CASUALTY

Section 14.1 Notice Tenant shall give immediate written notice to Landlord of any damage caused to the Premises by fire or other casualty.

Section 14.2 Partial Damage. Subject to the last Paragraph of Section 14.3 below, in case during the Lease Term the Premises shall be partially damaged (as distinguished from "substantially damaged" as that term is hereinafter defined) by fire or other casualty the risk of which is covered by Landlord's insurance, Landlord shall promptly proceed to commence repair of such damage and restore the Premises to substantially its condition at the time of such damage to the extent Landlord is obligated to repair the Premises pursuant to this Lease and including only that portion of Landlord's Work to the extent insurance proceeds recovered by Landlord are directly attributable thereto. Subject to zoning laws and building codes then in existence, Landlord shall complete such repairs subject to any delay, which may result from any cause beyond Landlord's reasonable control. Tenant agrees that, promptly after completion of such work by Landlord, Tenant will proceed with reasonable diligence at its sole cost and expense to repair and restore those portions of the Premises which are Tenant's obligations to repair pursuant to this Lease and restore its fixtures and equipment and reinventory the Premises for reopening for business as soon as possible. This Lease shall continue in full force and effect during any such period of repair and restoration.

Section 14.3 Substantial Damage. In case during the Lease Term the Premises, Landlord's Parcel, or Shopping Center shall be substantially damaged or destroyed by fire or other casualty the risk of which is covered by Landlord's insurance, Landlord shall have the right, to be exercised by written notice to such effect delivered to Tenant within sixty (60) days after the occurrence of such event, to terminate this Lease. If Landlord fails to timely give such notice of its election to terminate, this Lease shall, except as hereinafter provided, remain in full force and effect, and Landlord shall proceed to commence repair or rebuilding of the Premises pursuant to this Lease (or if the damage relates to other portions of the Shopping Center on Landlord's Parcel, such portions thereof as Landlord reasonably determines are necessary to be repaired) to substantially their condition at the time of such damage or destruction (including as to the Premises, only that portion of Landlord's Work to the extent of insurance proceeds recovered by Landlord directly attributable thereto), subject to zoning laws and building codes then in existence, but Landlord shall not be responsible for any delay which may result from any cause beyond Landlord's reasonable control.

Further, in case of substantial or partial damage or destruction as a result of a risk which is not covered by Landlord's insurance, Landlord shall likewise be obligated to rebuild the Premises pursuant to this Lease and Shopping Center, as applicable, unless Landlord, within sixty (60) days after the occurrence of such event, gives notice to Tenant of Landlord's election to terminate this Lease. If the Lease is terminated pursuant to this Article XIV, all rent shall be prorated to the date of such termination and as of said date both Landlord and Tenant shall be relieved of all further rights and obligations hereunder.

Section 14.4 Damage During Last Two Years of Lease Term. Notwithstanding anything to the contrary set forth herein, if the Premises or Shopping Center shall be damaged to the extent of twenty percent (20%) or more of the then cost of replacement during the last two (2) years of the Lease Term, Landlord may elect, within sixty (60) days after the occurrence of such event, either to repair or rebuild the Premises to the extent Landlord is obligated to repair the Premises pursuant to this Lease or the Shopping Center, as the case may be, or to terminate this Lease, which termination shall be effective upon giving notice of termination to Tenant in writing within sixty (60) days after the happening of the event causing the damage. If Landlord fails to timely give such notice of termination, this Lease shall, except as hereinafter provided, remain in full force and effect, and Landlord shall proceed to commence repair or rebuilding in accordance with Sections 14.2 or 14.3 above.

Section 14.5 Abatement. Tenant agrees that during any period of reconstruction or repair of the Premises, it will continue the operation of its business within the Premises to the extent practicable. During the period from the occurrence of the casualty until Landlord's repairs are completed, provided that the damage or destruction is not the fault of Tenant, the Minimum Rent and all Additional Rent set forth herein shall abate during any period of repair and restoration but only to the extent of any recovery by Landlord under its rental insurance related to the Premises, in the same proportion that the portion of the Premises rendered untenable bears to the whole; however, there shall be no abatement of other charges provided for herein.

Section 14.6 Definition of Substantial Damage. The terms "substantially damaged" and "substantial damage," as used in this Article XIV, shall mean and refer to damage to the building(s) located on Landlord's Parcel of such a character as cannot reasonably be expected to be repaired or restored within one hundred fifty (150) days from the time that such repair or restoration work would be commenced, or damage caused by an event for which Landlord is not insured.

ARTICLE XV EMINENT DOMAIN

Section 15.1 Partial or Total Condemnation. If the whole or any part of the Premises or the structure encompassing same shall be taken by any public authority under the power of eminent domain, Tenant shall have no claim to nor shall it be entitled to any portion of any award for damages or otherwise. In the event only a portion of the Premises are taken, the Lease shall terminate as to the part taken and the Minimum Rent, Additional Rent, and other charges herein reserved, if any, shall be adjusted for the remainder of the Premises so that Tenant shall be required to pay for the balance of the Lease Term that portion of the rent and other amounts herein reserved which the value of the part of the Premises remaining after condemnation bears to the value of the part of the Premises remaining after condemnation bears to the value of the Premises immediately prior to the date of condemnation. The rental and other charges shall be apportioned as aforesaid by agreement between the parties or by arbitration or legal proceedings, but pending such determination, Tenant shall pay at the time and in the manner above provided the rental herein reserved, and all other charges herein required to be paid by Tenant, without deduction. Upon such determination, Tenant shall be entitled to credit for any excess rentals paid. If, however, by reason of the condemnation there is not sufficient space left in the Premises for Tenant to reasonably conduct business in substantially the manner in which it was being conducted immediately prior to such taking, or the taking of parking and Common Area is so substantial as to render the Premises unsuitable and unfit for which they were rented, then and in such event the Lease shall terminate. Although all damages in the event of condemnation belong to Landlord whether awarded as compensation for diminution in value of the leasehold or to the fee of the Premises, nothing herein shall be construed to prevent Tenant from claiming and recovering from the condemning authority such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right for its trade fixtures, moving expenses, or the taking of its personal property.

ARTICLE XVI ASSIGNMENT AND SUBLETTING

Section 16.1 Consent Required. Tenant may not assign this Lease and/or sublet the Premises, or any part thereof, without in each instance obtaining the prior written consent of Landlord which shall not be unreasonably withheld. Landlord shall be entitled to charge Tenant an administrative fee of Five Hundred and No/100 Dollars (\$500.00) for processing Tenant's request, as well as attorneys' fees and costs incurred by Landlord to process Tenant's request. The consent of Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. If any subtenant or assignee, pursuant to any subletting or assignment in accordance with the provisions hereof is obligated to pay any amount in excess of the Minimum Rent and all Additional Rent required to be paid hereunder by Tenant (hereafter "Excess Rent"), Landlord shall be entitled to receive all Excess Rent. Further, in the event any consented to assignee or subtenant intends to use the Premises for any purpose other than the Permitted Use, and Landlord consents to such use, Landlord reserves the right to charge, in addition to the Minimum Rent, a percentage rent based on a percentage of Gross Revenue from all business conducted upon or from the Premises on the terms and conditions and in such amounts as Landlord, in its sole discretion, requires to be paid by such subtenant or assignee. This prohibition against assigning or subletting shall be construed to include a prohibition against the transfer of all or a majority of the assets of Tenant, or any assignment or subletting by operation of law. If this Lease be assigned, or if the Premises or any part thereof be underlet or occupied by anybody other than Tenant, Landlord may collect rent from the assignee, undertenant, or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy, or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, undertenant, or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. Notwithstanding any assignment or sublease, Tenant and any Guarantor shall remain primarily liable on this Lease and shall not be released from performing any of the terms, covenants, and conditions of this Lease. Notwithstanding anything else provided herein, Landlord shall be entitled to withhold consent to: (i) a proposed assignee or sublessee whose proposed use is a Prohibited Use; (ii) a proposed assignee or sublessee whose proposed use is a primary use of another tenant in the Shopping Center at the time consent is required; (iii) a proposed assignee or sublessee whose proposed use is reasonably expected to require or use a disproportionate amount of vehicular parking or other amenities or services of the Shopping Center; (iv) a proposed assignee or sublessee whose reputation and character is not in keeping with the standards of the Shopping Center; (v) a proposed assignee or sublessee who is, in Landlord's sole judgment, financially incapable of performing the obligations under this Lease; or (vi) a proposed assignee or sublessee when the Lease rental rate is less than the rate Landlord is then offering for similar space in the Shopping Center.

Section 16.2 Franchiseeship of Tenant. If Tenant is a corporation, partnership or limited liability company, and if the control thereof changes at any time during the Lease Term, then Landlord at its option may by giving sixty (60) days' prior written notice to Tenant declare such change a breach in Article XVI hereof. Partnership, corporation, or company control shall be deemed to have changed if one-third (1/3) or more of the partners or Members have changed at any time during the Lease Term. If Tenant is a sole proprietorship, Landlord shall have the option to terminate this Lease in the event of Tenant's incapacity or death upon sixty (60) days' prior written notice to Tenant or his legal representative.



ARTICLE XVII ADDITIONAL CONSTRUCTION

Section 17.1 Additions and Changes to the Shopping Center. Landlord reserves the right, at any time, for itself and any owner or owners of the Other Parcel, from time to time, to make alterations, expansions, or additions to the Shopping Center and/or to build an additional story or stories on the Building or the portion of the Building in which the Premises are contained and to build buildings adjoining the same; provided, however, that such changes shall not materially alter the size of the Premises, deny reasonable ingress to and egress from the Premises or deny reasonable parking, as described in Section 8.2. In the event Landlord (or such owner or owners) exercises any of its rights hereunder, at the option of Landlord, such areas shall be treated as though they were originally a part of the Shopping Center and appropriate modifications of Tenant's Share and other shared expenses as set forth herein shall be made.

ARTICLE XVIII DEFAULT

Section 18.1 Tenant's Default. If any one or more of the following events herein referred to as an "event of default" shall happen then a default shall be considered to have occurred:

- (a) Any failure by Tenant to pay the Minimum Rent, Percentage, Additional Rent or any other monetary sums required to be paid hereunder from the date such sums are due; provided, however, Tenant may cure a default under this provision by paying such sums to Landlord prior to five (5) days after such sums are due;
- (b) Tenant shall vacate or abandon the Premises;
- (c) This Lease or the estate of Tenant hereunder shall be transferred to or shall pass to or devolve upon any other person or party except in the manner herein provided;
- (d) This Lease or the Premises or any part thereof shall be taken upon execution or by other process of law directed against Tenant, or shall be taken upon or subject to any attachment at the instance of any creditor or claimant against Tenant, and said taking or attachment shall not be discharged or disposed of within fifteen (15) days after the levy thereof;
- (e) Tenant shall file a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or shall voluntarily take advantage of any such law or act by answer or otherwise, or shall be dissolved or shall make an assignment for the benefit of creditors;
- (f) Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant shall be instituted against Tenant, or a receiver or trustee shall be appointed of all or substantially all of the property of Tenant, and such proceeding shall not be dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment;
- (g) Tenant, or any partners of Tenant if Tenant is a partnership, generally fails to pay its debts as they become due;
- (h) Tenant shall fail to take possession of the Premises on the Commencement Date;
- (i) Tenant shall fail to perform any of the other agreements, terms, covenants, or conditions hereof on Tenant's part to be performed, and such non-performance shall continue for a period of fifteen (15) days after written notice thereof is given by Landlord to Tenant, or if such performance cannot be reasonably had within such fifteen (15) day period, Tenant shall not in good faith have commenced such performance within such fifteen (15) day period and shall not diligently proceed therewith to completion;
- (j) Tenant shall fail to comply with the liquor license requirements set forth in Section 5.8 hereof, if applicable.

Landlord shall then have the right, at its election, then or at any time thereafter and while any such event of default shall continue, either:

- (1) To give Tenant written notice of intention to terminate this Lease on the date of such given notice or on any later date specified therein, and on the date specified in such notice, Tenant's right to possession of the Premises shall cease and this Lease shall thereupon be terminated, except as to Tenant's liability hereunder as hereinafter provided, as if the expiration of the term fixed in such notice were the Termination Date; or



- (2) Without demand or notice, except as required by California law, to reenter and take possession of the Premises or any part thereof, and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant, and remove the effects of both or either, using such force for such purposes as may be necessary, without being liable for prosecution thereof, without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of rent or preceding breach of covenants or conditions. Should Landlord elect to reenter as provided in this Subparagraph (2), or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may, from time to time, without terminating this Lease, relet the Premises or any part thereof, either alone or in conjunction with other portions of the building of which the Premises are a part, in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Lease Term) and on such conditions and upon such other terms (which may include concessions of free rent and alteration and repair of the Premises) as Landlord, in its sole discretion, may determine, and Landlord may collect and receive the rents therefor. Landlord shall in no way be responsible or liable for any failure to relet the Premises, or any part thereof, or for any failure to collect any rent due upon such reletting except as required by California law. No such reentry or taking possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention be given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right following any such reentry and/or reletting to exercise its right to terminate this Lease by giving Tenant such written notice, in which event the Lease will terminate as specified in said notice.

In the event that Landlord does not elect to terminate this Lease as permitted in Subparagraph (1) of Section 18.1, but, on the contrary, elects to take possession as provided in Subparagraph (2) thereof, Tenant shall pay to Landlord (i) the rent and other sums as herein provided, which would be payable hereunder if such repossession had not occurred, less (ii) the net proceeds, if any, of any reletting of the Premises after deducting all of Landlord's expenses incurred in connection with such reletting, including, but without limitation, any outstanding monetary obligations of Tenant hereunder, all repossession costs, brokerage commissions, legal expenses, reasonable attorneys' fees, expenses of employees, alteration and repair costs, and expenses of preparation for such reletting. If, in connection with any reletting, the new lease term extends beyond the existing Lease Term, or the Premises covered thereby include other Premises not part of the Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith as provided aforesaid will be made in determining the net proceeds from such reletting. In addition, in determining the net proceeds from such reletting, any rent concessions will be apportioned over the term of the new lease. Tenant shall pay such rent and other sums to Landlord monthly on the days on which the rent would have been payable hereunder if possession had not been retaken and Landlord shall be entitled to receive the same from Tenant on each such day.

In the event, however, this Lease is terminated (except as provided in the Articles on Damage by Fire or Other Casualty and Eminent Domain), Tenant shall remain liable to Landlord for damages in an amount equal to the rent and other sums which would have been owing by Tenant hereunder for the balance of the Lease Term, had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to such termination, after deducting all of Landlord's expenses incurred in connection with such reletting any outstanding monetary obligation of Tenant hereunder, including, but without limitation, the expenses enumerated above. Landlord shall be entitled to collect such damages from Tenant monthly on the days on which the rent and other amounts would have been payable hereunder if this Lease had not been terminated, and Landlord shall be entitled to receive the same from Tenant on each such day. Alternatively, at the option of Landlord, in the event this Lease is terminated, Landlord shall be entitled to recover forthwith against Tenant, as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination, represents the excess, if any, of the aggregate of the rent and all other sums payable by Tenant hereunder that would have accrued for the balance of the Lease Term over the aggregate rental value of the Premises (such rental value to be computed on the basis of a tenant paying not only a rent to Landlord for the use and occupation of the Premises, but also such other charges as are required to be paid by Tenant under the terms of this Lease) for the balance of the Lease Term, both discounted to present worth at the rate of six percent (6%) per annum.

Suit or suits for the recovery of the amounts and damages set forth hereinabove may be brought by Landlord, from time to time, at Landlords' election, and nothing herein shall be deemed to require Landlord to await the date whereon this Lease or the Lease Term would have expired had there been no such default by Tenant, or no such termination, as the case may be. Each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or



beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise. Landlord and Tenant agree that any action or proceeding arising out of this Lease Agreement shall be heard by a Court sitting without a jury, and waive all rights to trial by jury. All costs incurred by Landlord in connection with collecting any amounts and damages owing from Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by Landlord, shall also be recoverable by Landlord from Tenant.

Landlord and Tenant agree that the prevailing party in any action brought to enforce any of the terms and provisions of this Lease shall be awarded its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees.

No failure by Landlord to insist upon the strict performance of any agreement, term, covenant, or condition hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or such agreement, term, covenant, or condition. No agreement, term, covenant, or condition hereof to be performed or complied with by Tenant, and no breach thereof, shall be waived, altered, or modified except by written instruments executed by Landlord. No waiver of any breach shall affect or alter this Lease, but each and every agreement, term, covenant, and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. Notwithstanding any termination of this Lease or expiration of the Lease Term, any provisions hereof which require observance or performance of Landlord or Tenant subsequent to termination or expiration shall continue in force and effect and survive such expiration or termination.

Nothing contained in this Article shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization, or dissolution proceeding, an amount equal to the maximum allowed by any statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved, whether or not such amount be greater, equal to, or less than the amounts recoverable, either as damages or rent, referred to in any of the preceding provisions of this Article.

Notwithstanding anything contained hereinabove in this Article to the contrary, any such proceeding or action involving bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, or appointment of a receiver or trustee, as outlined in Subparagraphs (e) and (f) above, shall be considered to be an event of default only when such proceeding, action, or remedy shall be taken or brought by or against the then holder of the leasehold estate under this Lease.

Any rents or other amounts owing hereunder which are not paid within five (5) days after the date they are due, shall thereafter bear interest at the Default Interest Rate until paid. Similarly, any amounts paid by Landlord to cure any defaults of Tenant hereunder, which Landlord shall have the right, but not the obligation to do, shall, if not repaid by Tenant within five (5) days of demand by Landlord, thereafter bear interest at the above rate until paid.

Section 18.2 Landlord's Lien. Landlord shall have at all times a valid lien and security interest for all rentals and other sums of money becoming due hereunder from Tenant, upon and in all goods, wares, equipment, fixtures, furniture, and other personal property of Tenant situated on the Premises, and such property shall not be removed therefrom without the consent of Landlord; provided, however, the foregoing shall not preclude Tenant from selling its merchandise in the ordinary course of business. Upon the occurrence of an event of default by Tenant, Landlord may, in addition to any other remedies provided herein or by law, enter upon the Premises and take possession of any and all goods, wares, equipment, fixtures, furniture, and other personal property of Tenant situated on the Premises without liability for trespass or conversion, and sell the same with or without notice at public or private sale, with or without having such property at the sale, at which Landlord or his assigns may purchase, and apply the proceeds thereof less any and all expenses connected with the taking of possession and sale of the property, as a credit against any sums due by Tenant to Landlord. Any surplus shall be paid to Tenant, and Tenant agrees to pay any deficiency forthwith. Alternatively, the lien and security interest hereby granted may be foreclosed in the manner and form provided by law for foreclosure of security interests (and Landlord shall have all the rights of a secured party under California law), chattel mortgages or in any other form provided by law. The statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto. Tenant agrees to the filing of a National Financing Statement (UCC-1) in the form of **Exhibit "I"** attached hereto, and agrees to execute and deliver to Landlord such other documents as may be required to perfect Landlord's security interest hereunder. To evidence and perfect Landlord's security interest, this Lease shall be considered a security agreement. Anything herein to the contrary notwithstanding, purchase money financing of Tenant's removable trade fixtures, inventory and equipment shall not be a default under this Section 18.2

ARTICLE XIX SUBORDINATION OR SUPERIORITY OF LEASE

Section 19.1 Lease Subordination or Superior to Deed of Trust. At Landlord's option, the rights and interest of Tenant under this Lease shall be subject and subordinate to any financing affecting the Premises, and any other mortgages or deeds of trust that may hereafter be placed upon Landlord's Parcel, and to any and all advances to be made thereunder, and to the interest therein, and all renewals, modifications, replacements, and extensions thereof, if the mortgagee or trustee named in said mortgages or deeds of trust shall elect by written notice delivered to Tenant to subject and subordinate the rights and interest of Tenant under this Lease to the lien of its mortgage or deed of trust and shall agree to recognize this Lease and the rights of Tenant hereunder in the event of foreclosure if Tenant is not in default. Any mortgagee or trustee may elect to give the rights and interest of Tenant under this Lease priority over the lien of its mortgage or deed of trust. In the event of either such election, and upon notification by such mortgagee or trustee to Tenant to that effect, the rights and interest of Tenant under this Lease shall be deemed to be subordinate to, or to have priority over, as the case may be, the lien of said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. Tenant shall execute and deliver whatever instruments may be required for such purposes, and in the event Tenant fails so to do within ten (10) days after demand in writing, Tenant does hereby make, constitute, and irrevocably appoint Landlord as its attorney in fact and in its name, place, and stead so to do. Tenant hereby agrees to attorn to all successor owners of the Premises whether such ownership is acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

ARTICLE XX MISCELLANEOUS PROVISIONS

Section 20.1 Holding Over. In the event that Tenant shall continue to occupy the Premises after the Expiration Date and continues to pay rent, and in the event Landlord shall accept such rent without any express written agreement as to such holding over, then such holding over shall be deemed to be a tenancy from month to month at a rental equal to the greater of (i) one hundred fifty percent (150%) of the Minimum Rent herein specified, or the prevailing rent in the Shopping Center for similar space, as determined by Landlord, in Landlord's sole discretion, whichever is greater, or (ii) the Minimum Rent Landlord is then willing to lease the Premises to a third party plus Percentage Rent, if any, and all Additional Rent, and upon all of the other terms and conditions herein contained except where same are not applicable. Such month-to-month tenancy may be terminated by either party upon ten (10) days' notice prior to the end of any such monthly period. Nothing contained herein shall be construed as obligating Landlord to accept any rental tendered by Tenant after the Expiration Date hereof or as relieving Tenant of its liability to surrender the Premises as provided in this Lease. In addition to any amounts set forth herein, in the event such holdover is not consented to by Landlord, Tenant shall be liable to Landlord for any damages incurred by Landlord for such holdover, including, without limitation, the loss of any other business opportunity, and all damages related thereto.

Section 20.2 No Partnership. It is expressly understood that Landlord and Tenant are not partners, and Landlord has no right, title, or interest in and to the business of Tenant, and Landlord has no right to represent or bind Tenant in any respect whatsoever, and that nothing herein contained shall be deemed, held, or construed as making Landlord a partner or associate of Tenant, or as rendering Landlord liable for any debts, liabilities, or obligations incurred by Tenant, it being expressly understood that the relationship between the parties hereto is, and shall at all times remain, that of landlord and tenant.

Section 20.3 Covenant of Quiet Enjoyment. Tenant, subject to the terms and provisions of this Lease on payment of the rent and observing, keeping, and performing all of the terms and provisions of this Lease on its part to be observed, kept, and performed, shall lawfully, peaceably, and quietly have, occupy, and enjoy the Premises during the Lease Term without hindrance or ejection by any persons lawfully claiming under Landlord. It is further understood and agreed that with respect to any services to be furnished by Landlord to Tenant, Landlord shall in no event be liable for failure to furnish the same when prevented from so doing by strike, lockout, breakdown, accident, order, or regulation of or by any governmental authority, or failure of supply, or inability by the exercise of reasonable diligence to obtain supplies, parts, or employees necessary to furnish such services, or because of war or other emergency, or for any cause beyond Landlord's reasonable control, or for any cause due to any act or neglect of Tenant or its servants, agents, employees, licensees, or any person claiming by, through, or under Tenant or any termination for any reason of Landlord's occupancy of the space from which the service is being supplied by Landlord, and in no event shall Landlord ever be liable to Tenant for any indirect or consequential damage.

Section 20.4 Estoppel Certificate. Tenant further agrees at any time and from time to time, upon ten (10) days' prior written request by Landlord, to promptly execute, acknowledge, and deliver to Landlord a statement in writing, in the form attached hereto as **Exhibit "H"**, or a substantially similar form, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of all or any portion of Landlord's interest herein, or a holder of any mortgage or deed of trust encumbering the Landlord's Parcel. Tenant's failure to deliver such statement within such time shall be a default under this Lease and shall be conclusive upon Tenant that (i) this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) there are no uncured defaults in Landlord's performance; (iii) that not more than one (1) month's rent has been paid in advance; and (iv) that such other matters addressed therein are as represented by Landlord. Further, upon request



Tenant will supply to Landlord a corporate resolution certifying that the party signing said statement on behalf of Tenant is properly authorized to do so, and current financial statements and records for the past three (3) years' Gross Receipts.

Section 20.5 Notice to Mortgagee. After receiving written notice from any person, firm, or other entity that it holds a mortgage (which term shall include a deed of trust) which includes as part of the mortgaged premises, the Premises, so long as such mortgage is outstanding, Tenant shall be required to give to such holder the same notice as is required to be given to Landlord under the terms of this Lease, but such notice may be given by Tenant to Landlord and such holder concurrently. It is further agreed that such holder shall have the same opportunity to cure any default, and the same time within which to effect such curing as is available to Landlord; and, if necessary to cure such a default, such holder shall have reasonable access to the Premises.

Section 20.6 Assignment of Rents and Leases. With reference to any assignment by Landlord of Landlord's interest in this Lease or the rents payable hereunder, conditional in nature or otherwise, which assignment is made to the holder of the first mortgage or deed of trust on the Premises, Tenant agrees:

- (a) That the execution thereof by Landlord, and the acceptance thereof by such holder, shall never be deemed an assumption by such holder, of any of the obligations of Landlord hereunder unless such holder shall, by written notice sent to Tenant, specifically otherwise elect; and
- (b) That, except as aforesaid, such holder shall be treated as having assumed Landlord's obligations hereunder only upon foreclosure of such holder's mortgage or deed of trust or taking title in lieu thereof and the taking of possession of the Premises; and
- (c) To execute such instruments as may be required to assure such holder that without the written consent of such holder (i) no rent shall be prepaid hereunder other than for the current and next ensuing month; (ii) no modifications shall be made in the provisions of this Lease nor shall the Lease Term be extended or renewed, except as provided herein; (iii) this Lease shall not be terminated except as provided herein, nor shall Tenant tender or accept a surrender of the Lease except incident to a termination provided for herein; or (iv) this Lease shall not be subordinated to any lien subordinate to such first mortgage.

Section 20.7 Invalidation of Particular Provisions. If any term or provision of this Lease, or the application thereof to any person or circumstance shall be invalid, or unenforceable to any extent, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 20.8 Provisions Binding. Except as herein otherwise expressly provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Landlord and Tenant and Guarantor, if any. Each term and each provision of this Lease to be performed by Tenant shall be construed to be both a covenant and a condition and shall run with the land to the fullest extent permitted by law. The reference contained to successors and assigns by Tenant is not intended to constitute a consent to assignment by Tenant, but as a reference only to those instances in which Landlord may later give written consent to a particular assignment as required by the provisions of Section 16.1 hereof.

Section 20.9 Governing Law. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same may from time to time exist.

Section 20.10 Landlord's Default. In the event of any alleged default on the part of Landlord hereunder, Tenant shall give written notice to Landlord in the manner herein set forth and shall afford Landlord a reasonable opportunity to cure any such default. In addition, Tenant shall send notice of such default by certified or registered mail, postage prepaid, to the holder of any mortgages or deeds of trust covering Landlord's Parcel or any portion thereof, as described in Section 20.5 above. In no event will Landlord be responsible for any consequential damages incurred by Tenant including but not limited to lost profits or interruption of business as a result of any alleged default by Landlord hereunder.

Section 20.11 Garbage and Refuse Collection. All garbage and refuse shall be kept in the kind of containers designated by Landlord and shall be placed outside of the Premises prepared for collection in such manner and at such times and places specified by Landlord. The cost of such removal shall be borne by Tenant and should Landlord determine to provide a service for picking up said garbage and refuse, Tenant shall use and pay for same upon receipt of an invoice from Landlord, or, at Landlord's election, as part of Shopping Center Operating Costs.

Section 20.12 Landlord's Liability. Notwithstanding anything to the contrary contained herein, Landlord's liability under this Lease shall be limited to its equity in Landlord's Parcel.



Section 20.13 Rules and Regulations. It is further agreed that Tenant shall comply with all reasonable Rules and Regulations, attached hereto and made a part hereof as **Exhibit "D"**, which may be adopted from time to time by Landlord and Tenant agrees that, from time to time, Tenant's employees and agents, or any others permitted by Tenant to occupy or enter the Premises, will at all times abide by said Rules and Regulations. Tenant agrees that Landlord and such other owners may amend, modify, delete, or add new and additional Rules and Regulations with respect to the use and care of the Premises and the Shopping Center. Tenant agrees to comply with all such Rules and Regulations upon notice to Tenant from Landlord thereof. In the event of any breach of any Rules and Regulations so established, or any amendments, modifications, or additions thereto, Landlord shall have all remedies in this Lease provided for in the event of default by Tenant.

Section 20.14 Delivery of Goods. All deliveries of goods for usage in the Premises shall be done only at such times, in the areas, and through the entrances designated for such purpose by Landlord, in accordance with the terms and provisions of the Rules and Regulations, in the attached **Exhibit "D"**.

Section 20.15 Notices. Any notice which may be required to be given under this Lease shall be delivered in person or sent by registered or certified mail, postage prepaid, or delivered by a national overnight delivery service, and shall be addressed to the address set forth in Article I hereof, or to either party at such other address as shall be designated by written notice to the other party. All notices or demands required to be given to either party shall be in writing and shall be deemed duly served when delivered personally, or five (5) days following deposit in the U.S. mail, postage prepaid, certified or registered, return receipt requested, addressed to the party, or the day after delivery to an overnight delivery service, such as United Parcel Service or Federal Express.

Section 20.16 Paragraph Headings. The headings, section numbers, and article numbers appearing in this Lease are not intended in any manner to define, limit, or describe the scope of any such section or article and are solely inserted as a matter of convenience.

Section 20.17 Entire Agreement This Lease and any **Exhibit** s or riders made a part hereof constitute the entire agreement between the parties and supercedes any and all prior agreements between Landlord and Tenant regarding the Premises. Amendments to this Agreement are effective only if made in writing and executed by the parties hereto. The submission of this document for examination and review does not constitute an option, an offer to lease space in the Shopping Center, or an agreement to lease. This document shall have no binding effect on the parties unless and until executed by both Landlord and Tenant, and will be effective only upon Landlord's execution of the same.

Section 20.18 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.

Section 20.19 Bankrupy. Landlord and Tenant understand that notwithstanding certain provisions to the contrary contained herein, a trustee or debtor in possession under the Bankrupy Code of the United States (the "Bankrupy Code") may have certain rights to assume or assign this Lease. Landlord and Tenant agree and stipulate that this is a lease of real property in a shopping center within the meaning of Section 365(b)(3) of the Bankrupy Code or any successor provision. Landlord and Tenant further understand that in any event Landlord is entitled under the Bankrupy Code to adequate assurances of future performance of the terms and provisions of this Lease. For purposes of any such assumption or assignment, the parties hereto agree that the term "adequate assurance" shall include at least the following:

- (a) In order to assure Landlord that the proposed assignee will have the resources with which to pay the rent called for herein, the financial condition and operating performance of the proposed assignee and its guarantors, if any, shall be similar to the financial condition and operating performance of the Tenant and its guarantors, if any, as of the date of this Lease. Additionally, any proposed assignee must have as demonstrated to Landlord's satisfaction net worth (as defined in accordance with generally accepted accounting principles consistently applied) at least as great as the net worth of Tenant on the Commencement Date increased by seven percent (7%) for each year from the effective date of the Lease through the date of the proposed assignment. The financial condition and resources of Tenant were a material inducement to Landlord in entering this Lease.
- (b) Any proposed assignee must have been engaged in the Permitted Use for at least five (5) years prior to any such proposed assignment.
- (c) In entering into this Lease, Landlord considered extensively the Permitted Use and determined that such Permitted Use would add substantially to Landlord's tenant balance and that if it were not for Tenant's agreement to make only the Permitted Use of the Premises, Landlord would not have entered into this Lease. Landlord's overall operation will be substantially impaired if the trustee in Bankrupy or any assignee of this Lease makes any use of the Premises other than the Permitted Use. Therefore, the right of the Tenant, trustee, or assignee



to assume or assign this Lease shall be subject to all the provisions thereof, including, but not limited to, provisions such as radius, location, use, or exclusivity provision, and will not breach any such provision contained in this Lease or in any other lease, financing agreement, or master agreement relating to the Shopping Center. Nor shall any such assumption or assignment disrupt any tenant mix or balance then existing in the Shopping Center.

- (d) Any proposed assignee of this Lease must assume and agree to be personally bound by the terms, provisions, and covenants of this Lease.

Section 20.20 Authorization/Financial Information. Tenant and the party executing this Lease on behalf of Tenant represent to Landlord that such party is authorized to do so by requisite action of the board of directors or partners, as the case may be, and agree, upon request, to deliver to Landlord a resolution or similar document or opinion of counsel to that effect. Landlord has entered into this Lease based upon financial and other information supplied by Tenant. If it is determined at any time that such information is false or materially misleading, then Landlord shall have the option to declare this Lease Agreement null and void. If said Lease Agreement is determined by Landlord to be null and void, then Tenant's tenancy shall be at will and terminable by Landlord.

Section 20.21 Advertising and Promotion. In the event Landlord determines that it would be in the best interests of the Shopping Center to implement an advertising or promotional program for the Shopping Center, Landlord will contact Tenant to discuss the details of such program, including the proposed timing and cost. If such an advertising and promotional program is undertaken, and if Tenant elects to participate, Tenant shall pay its share of costs for such program in the amounts and at such times as agreed to prior to commencement of such program. In the event Tenant consents to be a part of such program but fails to pay the monetary sum required to be paid for such program on the date such sums are due, Tenant shall be in default under this Lease.

Section 20.22 Tenant's Advertising In all advertisements of any similar business activity of Tenant in the Arroyo Grande Metropolitan Area, Tenant shall include the address and identity of its business activities in the Premises. In all such advertisements, the Premises shall be identified as being located in Arroyo Grande or San Luis Obispo County.

Section 20.23 Substitution of Premises. In the event Landlord requires the Premises for use in conjunction with another space or for other reasons connected with the Shopping Center planning program, Landlord, upon notifying Tenant in writing, shall have the right to relocate Tenant to space in the Shopping Center of which the Premises forms a part, and the terms and conditions of the original lease shall remain in full force and effect, save and excepting that the Premises shall be in a new location. Landlord shall pay the reasonable out of pocket expenses that Tenant incurs with regard to such relocation, including the expense of moving and necessary stationary costs. In no event, however, shall Landlord be required to pay any amount in excess of two (2) months Minimum Rent.

Section 20.24 Liquor License. Tenant covenants and agrees not to protest any application by Landlord or any other Tenant for a liquor license for use within the Shopping Center.

Section 20.25 Other Tenants. Subject to Tenant's Exclusive Use as provided in Section 1.1(w), Landlord reserves the absolute right to affect such other tenancies in the Shopping Center as Landlord, in the exercise of its sole business judgment, determines shall best promote the interests of the Shopping Center. Tenant hereby acknowledges that this Lease shall not be deemed, interpreted, or construed to contain, by implication or otherwise, express or implied, any warranty, representation of agreement on the part of Landlord that any other merchant shall open or remain open for business or occupy or continue to occupy any premises in or adjoining the Shopping Center during all or any part of the Lease Term.

Section 20.26 Force Majeure Clause. Wherever there is provided in this Lease a time limitation for performance by Landlord of any obligation, such time shall be extended to the extent that delay in compliance with such limitation is due to any other factor beyond the reasonable control of Landlord.

Section 20.27 Hazardous Substances.

- (a) Tenant acknowledges that Tenant has examined the Premises, and that they are free of Hazardous Substances.
- (b) Tenant covenants with Landlord to generate and store Hazardous Substances at the Premises only in amounts as are incident to and necessary for the normal operation of Tenant as permitted by this Lease, to comply with all obligations imposed by applicable law, rules, regulations, or requirements of any governmental authority regarding such generation and storage of Hazardous Substances, to prohibit any generation, storage, or disposal of Hazardous Substances at the Premises except as permitted above, to deliver promptly to Landlord true and complete copies of all notices received by Tenant from any governmental authority with respect to the generation, storage or disposal by Tenant of Hazardous Substances, to promptly notify Landlord of any spills or

accidents involving a Hazardous Substance, and to permit reasonable entry onto the Premises by Landlord for verification of Tenant's compliance with this covenant. Tenant shall install and maintain a self-contained system for collecting, retaining and disposing of Hazardous Substances and shall not allow any Hazardous Substances to enter subsurface soils or to be discharged into any sanitary or storm sewer system. Tenant agrees to utilize only transporters approved by the Environmental Protection Agency and State of California to deliver and remove Hazardous Substances from the Premises. Tenant also agrees to indemnify and defend Landlord (with legal counsel reasonably acceptable to Landlord) from and against any costs, fees or expenses (including, without limitation, clean-up expenses, third party claims and environmental impairment expenses, and reasonable attorneys' fees and expenses) incurred by Landlord in connection with Tenant's generation, storage or disposal of Hazardous Substances. This indemnification by Tenant shall survive the termination or expiration of this Lease.

- (c) On or before ten (10) days before the expiration date of the Lease Term (as it may be extended), and if required by Landlord, in its sole discretion, Tenant shall, at its sole cost and expense, update the Environmental Report ("Environmental Report"), using the consultant who initially prepared the report or another licensed consultant reasonably acceptable to Landlord, to determine the environmental status of the Premises as of the date of that update. To the extent the update or any inspection by Landlord prior to Tenant's delivery of the Premises to Landlord reveals that Tenant has generated, stored or disposed of Hazardous Substances contrary to the provisions of this Lease, Tenant shall immediately, at its sole expense, commence and pursue to completion a remediation program as to such Hazardous Substances and shall, to Landlord's reasonable satisfaction, bring the Premises into an environmental condition equal or better than the condition disclosed under the initial Environmental Report described in Subparagraph (a) above. If Tenant fails to comply with the provisions of this Subparagraph or of any other provisions of this Section prior to the expiration or earlier termination of the Lease Term, or prior to Tenant's vacating the Premises, then Landlord, in addition to Landlord's right to utilize all or any portion of any security deposit to satisfy Tenant's obligations hereunder, shall have the option of either considering this Lease as having ended or treating Tenant as a holdover Tenant in possession of the Premises in which event in addition to complying with all requirements of this Section and the Lease, Tenant shall pay monthly to Landlord double the Minimum and Additional Monthly Rent which Tenant would otherwise pay under this Lease until such time as Tenant fulfills its obligations under this Section, and during such holdover period all of the terms of this Lease and Tenant's obligations hereunder shall remain in full force and effect.
- (d) "Hazardous Substances" shall mean (i) "hazardous substances" as defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended, (ii) "PCBs" as defined in 40 C.F.R. 761, et seq., or analogous regulations promulgated under the Toxic Substances Control Act, as amended, (iii) "asbestos" as defined in 29 C.F.R. 1910.1001, et seq., or analogous regulations promulgated under the Occupational Safety and Health Act of 1970, as amended, (iv) oil and petroleum based products, (v) radioactive material or waste, (vi) biological and other medical products and waste material, and (vii) "hazardous wastes" as defined in Resource Conservation and Recovery Act, as amended; as such acts may be amended from time to time, and as such terms may be amended or expanded by additional federal, state, or local legislation, statute, regulation, or ordinance.

Section 20.28 Arbitration. All claims, disputes and other matters in question arising out of, or relating to, this Lease or the performance thereof shall be submitted to, and determined by, arbitration if good faith negotiations among the parties do not resolve such claim, dispute or other matter within 60 days and the parties have not elected to submit such claim, dispute or other matter to mediation. Such arbitration shall proceed in accordance with the Commercial Arbitration Rules of the American Arbitration Association then pertaining (the "Rules"), insofar as such Rules are not inconsistent with the provisions expressly set forth in this Lease, unless the parties mutually agree otherwise, and pursuant to the following procedures:

- (a) Notice of the demand for arbitration shall be filed in writing with the other party to this Lease and with the American Arbitration Association. Each party shall appoint an arbitrator, and those party-appointed arbitrators shall appoint a third neutral arbitrator within ten (10) days. If the party-appointed arbitrators fail to appoint a third, neutral arbitrator within ten (10) days, such third, neutral arbitrator shall be appointed by the American Arbitration Association in accordance with the Rules. A determination by a majority of the panel shall be binding.



- (b) Reasonable discovery shall be allowed in arbitration.
- (c) All proceedings before the arbitrators shall be held in the metropolitan Santa Maria area. The governing law shall be the laws of the State of California.
- (d) The costs and fees of the arbitration, including attorneys' fees, shall be allocated by the arbitrators.
- (e) The award rendered by the arbitrators shall be final, binding, and non-appealable, and judgment may be entered in accordance with applicable law and in any court having jurisdiction thereof.

Section 20.29 Easement and Restriction Agreements. This Lease is in all respects subject to the terms and provisions of the Easement and Restriction Agreements, if any, and to all modifications, amendments, and revisions thereof, and Tenant agrees to comply with all of the terms and provisions of each such document and to execute such documents as may be necessary to evidence its consent to any such amendments, modifications, or revisions, if necessary.

ARTICLE XXI SECURITY DEPOSIT

Section 21.1 Security Deposit. It is agreed that Tenant concurrently with the execution of this Lease has deposited with Landlord, and will keep on deposit at all times during the Lease Term, and any extensions thereof, the sum set forth in Article I, the receipt of which is hereby acknowledged, as security for the payment by Tenant of the rent herein agreed to be paid and for the faithful performance of all the terms, conditions, and covenants of this Lease. If, at any time during the Lease Term, Tenant shall be in default in the performance of any provision of this Lease, Landlord shall have the right to use said Security Deposit, or so much thereof as necessary, in payment of any rent in default as aforesaid, in reimbursement of any expense incurred by Landlord, and in payment of any damages incurred by Landlord by reason of Tenant's default. In such event, Tenant shall, on written demand of Landlord, forthwith remit to Landlord a sufficient amount in cash to restore said deposit to its original amount. In the event Tenant pays Minimum Rent and Additional Rent due hereunder late three (3) or more times, or if Landlord uses Tenant's Security Deposit due to a default of Tenant two (2) or more times, Landlord may require Tenant, in Landlord's sole direction, to increase said Security Deposit to three (3) times the amount set forth in Section 1.1(r). If no amount of Security Deposit is set forth in Section 1.1(r), then three (3) times the amount of Minimum Rent shall be payable by Tenant at the time of Landlord's demand. In the event said deposit has not been utilized as aforesaid, upon full performance of this Lease by Tenant, said deposit, or as much thereof as has not been utilized for such purposes, shall be refunded to Tenant, without interest, within sixty (60) days after the later of (i) termination of the Lease or (ii) surrender and acceptance of the Premises; provided, however, Landlord may retain the same as security for payment of all Additional Rent attributable to the period prior to such termination until said amounts are calculated and paid in accordance with the provisions hereof. Landlord shall have the right to commingle said deposit with other funds of Landlord. Said deposit shall not bear interest. Landlord may deliver the funds deposited herein by Tenant to the purchaser of Landlord's interest in the Premises in the event such interest shall be sold, and thereupon Landlord shall be discharged from further liability with respect to such deposit. If claims of Landlord exceed said deposit, Tenant shall remain liable for the balance of such claims.

ARTICLE XXII BROKERS

Section 22.1 Brokers. Tenant represents and warrants that it has dealt only with Brokers in the negotiation of this Lease. Landlord shall make payment of the brokerage fee due to the Broker(s) pursuant to and in accordance with the Landlord's separate written agreement with the Broker(s). Tenant hereby agrees to indemnify and hold the Landlord harmless of and from any and all loss, costs, damages or expenses (including, without limitation, all attorneys' fees and disbursements) by reason of any claim or of liability to any other Broker or person claiming through Tenant. Additionally, Tenant acknowledges and agrees that Landlord shall have no obligation for payment of any brokerage fee or similar compensation to any person with whom Tenant has dealt or may in the future deal with respect to leasing of any additional or expansion space in the Shopping Center or renewals or extensions of this Lease. In the event any claim shall be made against Landlord by any other Broker who shall claim to have negotiated this Lease on behalf of Tenant or to have introduced Tenant to the Shopping Center or to Landlord, Tenant shall be liable for payment of all reasonable attorneys' fees, costs, expenses, and other charges of any kind incurred by Landlord in defending against the same.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

LANDLORD

Arroyo Town and Country Shopping Center, LLC

By: 

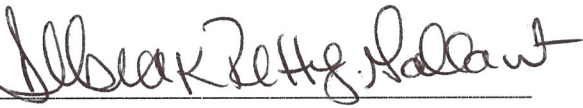
Name Printed: Gary Grossman

Title: Managing Member

Date: _____

TENANT

Debra Retting-Gallant

By: 

Name Printed: Debra Retting-Gallant

Title: Franchisee - HR Block

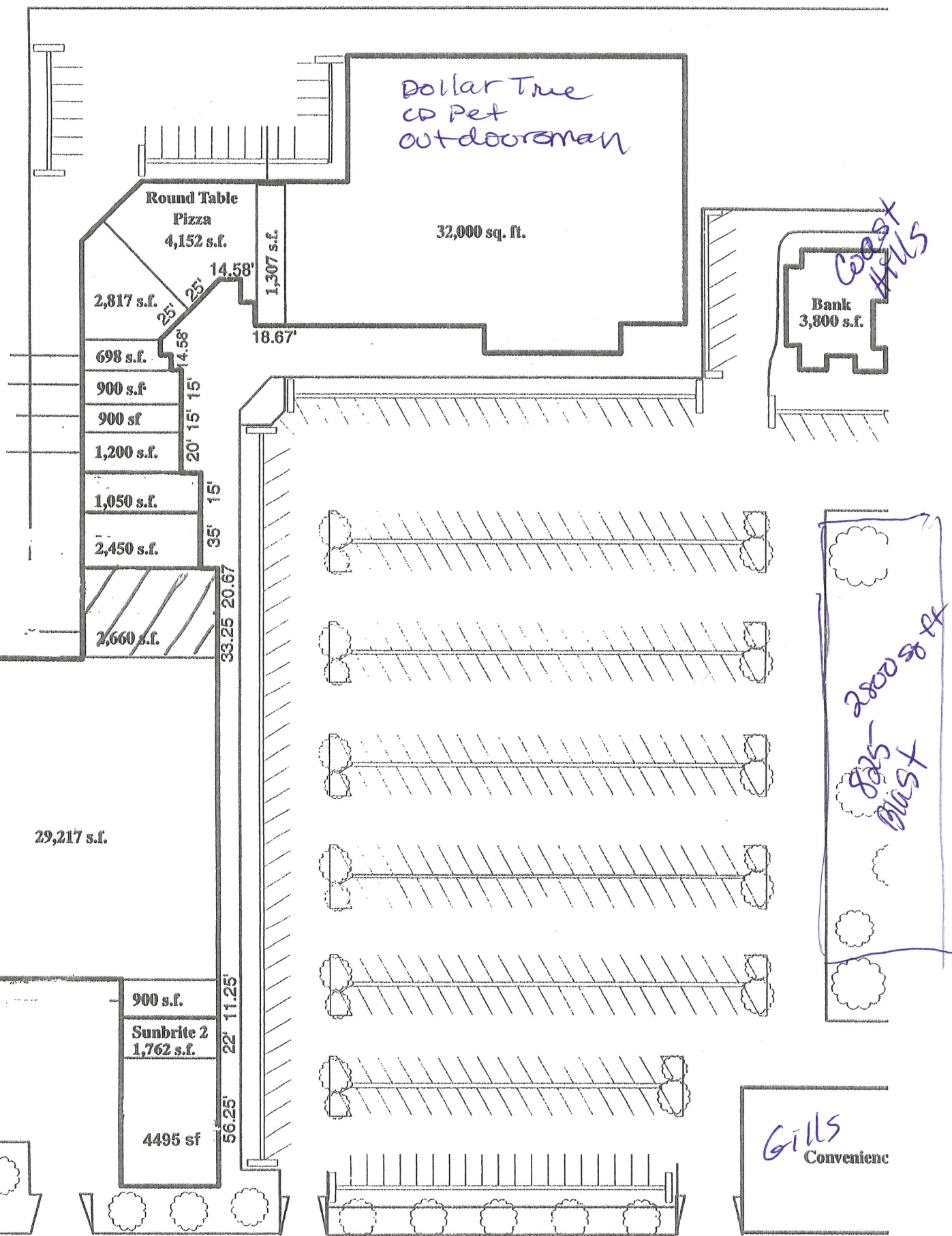
Date: _____





EXHIBIT "A"

PREMISES, BUILDING, AND SHOPPING CENTER



Jef

EXHIBIT "B"

LEGAL DESCRIPTION

PARCEL 1:

Parcels A and D of Map No. AG82-107, in the City of Arroyo Grande, County of San Luis Obispo, State of California, filed May 28, 1982 in Book 32 Page 21 of Parcel Maps in the Office of the County Recorder of said County

PARCEL 2:

The non-exclusive easements, rights and benefits created by that certain Declaration of Restrictions and Grant of Easements dated March 4, 1981 and recorded on March 10, 1981 as Document No. 10222 in the Official Records of the County Recorder of San Luis Obispo County pertaining to and over portions of the real property described as follows:

Parcel B and CC of Map No. AG-82-107, in the City of Arroyo Grande, County of San Luis Obispo, State of California, filed May 28, 1982, in Book 32 Page 21 of Parcel Maps in the Office of the County Recorder of said County



EXHIBIT "C"

OPTION TO EXTEND

As additional consideration for the covenants of Tenant under this Lease, Landlord grants to Tenant an option (the "Option") to extend the term of the Lease for One (1) additional term(s) of Five (5) years (the "Option Term(s)") upon the same terms and conditions contained in the Lease (but with no right to further extend the Lease Term other than as provided herein), except for the Minimum Rent, provided, as a condition of such extension: (i) Tenant has not been sent more than two (2) letters notifying Tenant of non-compliance with the terms and conditions of the Lease during Tenant's tenancy; (ii) is not in default in the payment of rent or performance of its other obligations under the Lease at the time of exercise of the Option or at the time of the commencement of the Option Term; and (iii) has not subleased more than 25% of the Premises or assigned its interest under the Lease at the time of exercise of the Option or at the time of the commencement of the Option Term.

A. The monthly Minimum Rent for each Lease Year of the Option Term shall be 3% (Three Percent) greater than the previous year:

B. If Tenant elects to exercise the Option hereunder, it shall do so by giving the Landlord written notice of such election not earlier than nine (9) months and not later than six (6) months prior to the expiration of the initial Lease Term, or the then current Option Term, as the case may be. If Tenant gives such notice, and provided the other conditions to the extension have been satisfied, the term of the Lease shall be automatically extended for the Option Term at the rental computed and payable as set forth herein without requiring further action by the parties. However, at the request of either party, the parties shall execute an amendment to the Lease to confirm the terms of the extension. Unless Landlord is timely notified by Tenant in accordance with this Paragraph, the Option shall terminate and the Lease shall expire in accordance with its terms, at the end of the initial Lease Term, or the then current Option Term, as the case may be.

C. Tenant shall commence paying the revised amount of Minimum Rent on the first day of the month the Option Term commences without notice from Landlord.

D. After exercise of the Option above described, there shall be no further rights on the part of Tenant to extend the term of the Lease. Proper exercise of any preceding Option shall be a condition to exercise of any subsequent Option.

E. The Option shall apply to all space under the Lease Agreement at the time the Option Term is due to commence, and Tenant may not elect to extend the term of the Lease as to only a portion of such space.

F. The Option(s) herein granted shall be personal to Tenant, and shall not survive any assignment of this Lease by Tenant.

IN WITNESS WHEREOF, the parties have executed this Option to Extend as of the _____ day of _____, 2011.

(Signatures appear on the following page)



IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

LANDLORD

Arroyo Town and Country Shopping Center, LLC

By: 

Name Printed: Gary Grossman

Title: Managing Member

Date: _____

TENANT

Debra Rettig-Gallant

By: 

Name Printed: Debra Rettig-Gallant

Title: Franchisee - HR Block

Date: 8/26/11



EXHIBIT "D"

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, stairways, and elevators (if any) of the Shopping Center will not be obstructed by Tenant or used by Tenant for any purpose other than ingress to and egress from the Premises. The halls, passages, exits, entrances, elevators, and stairways are not for the general public, and Landlord will in all cases retain the right to control and prevent access to them by all persons whose presence, in the judgment of Landlord, would be prejudicial to the safety, character, reputation, and interests of the Shopping Center and its tenants; however, such access will be permitted to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant will go upon the roof of the Shopping Center.
2. No portion of the common areas shall be used for the sale or display of merchandise, except with the prior approval of Landlord.
3. No portion of the Shopping Center may be used for any of the following purposes:
 - A. Automobile sales, leasing or display or repair facility;
 - B. Mortuary or sale of funerals or funeral-related products;
 - C. Bingo Parlor;
 - D. Any use for live entertainment purposes, without Landlord's written consent.
 - E. Any adult bookstore selling pornographic materials, adult movie theater, massage parlor, bar, dance hall or similar type establishments;
 - F. Any warehouse (except for storage of items to be sold on site by retail tenants);
 - G. Any dumping, disposal, incineration or reduction of garbage or refuse;
 - H. Any assembly, manufacturing, distilling, refining, smelting, agricultural or mining operation;
 - I. Any mobile home, trailer court, labor camp or pool, junk yard, stock yard, animal raising shop that boards animals or cleans animals;
 - J. The storage, display or sale of explosives or fireworks; and
 - K. Any fire or bankruptcy sale, or action house operation which exceed one month in length.
4. No part or portion of the Shopping Center shall be used in a manner, which would produce or cause the following:
 - A. Any obnoxious odor (odors originating from a wholly enclosed dry cleaning establishment shall not be considered obnoxious under this provision);
 - B. Any noxious, toxic, caustic or corrosive fuel or gas;
 - C. Any dust, dirt, or fly ash in excessive quantities; and
 - D. Any fire, explosive, chemical, or nuclear hazard.
 - E. Any conduct, noise, or nuisance whatever about said Premises having a tendency to annoy or disturb any persons occupying adjacent premises.
5. Except upon prior written consent of Landlord, Tenant shall not cause or permit any noxious, toxic, caustic or corrosive material or substance to be brought, kept or used in or about the Premises or the Shopping Center by Tenant, its agent, employees, contractors, or invitees.
6. No portion of the Premises may be used for any use other than specifically stated in the Lease.
7. No Common Areas or other unenclosed land areas within the Shopping Center shall be leased to or restricted on Monday through Thursday of any week, including (without limitation) such uses as a carnival or car wash or for seasonal sales such as Christmas trees, fertilizer, or potting or bedding plants.
8. In the case of invasion, mob, riot, public excitement, or other circumstances rendering such action advisable in Landlord's opinion, Landlord may prevent access to the Shopping Center by such action as Landlord may deem appropriate, including closing entrances to the Shopping Center.



9. The toilet rooms, toilets, urinals, wash bowls, and other apparatus will not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever will be thrown in them. The expense of any breakage, stoppage, or damage resulting from the violation of this rule will be borne by the tenant who, or whose employees or invitees, caused the breakage, stoppage, or damage.
10. Except with prior written consent of Landlord, Tenant will not sell, or permit the sale in the Premises, or use or permit the use of any common area for the sale of newspapers, magazines, periodicals, or theatre tickets.
11. Tenant will not use any advertising media that may be heard outside of the Premises, and Tenant will not place or permit the placement of any radio or television antenna, loudspeaker, sound amplifier, phonograph, searchlight, flashing light, or other device of any nature on the roof or outside of the boundaries of the Premises (except for Tenant's approved identification sign or signs) or at any place where they may be seen or heard outside of the Premises. With Landlord's prior written consent, Tenant may install temporary "Grand Opening" signs or banners on the leased Premises and use searchlights, provided such temporary use is limited to tenants having "anchor tenant" status in their respective building, lasts for a period not to exceed six (6) weeks duration and occurs no more than once per building every five (5) years.
12. All loading and unloading of merchandise, supplies, materials, garbage, and refuse will be made only through such entryways and elevators (if any) and at such times as Landlord will designate so as not to interfere with normal customer parking, with the exception of armored car deliveries which will be made in the manner required by the delivery company. In its use of the loading areas, Tenant will not obstruct or permit the obstruction of the loading area and at no time will park or allow its officers, agents, or employees to park vehicles in the loading areas except for loading and unloading.
13. Tenant will neither permit nor suffer said Premises, or the walls or floors thereof, to be endangered by overloading. Tenant specifically agrees not to stress in any manner the structural integrity of the Premises, or to do any act, which would increase the cost of or inhibit the insurability of the Premises. Landlord understands and agrees that the Premises shall be used for all of the Permitted Uses described in the Lease
14. Landlord will have the right, exercisable without notice and without liability to any tenant, to change the name and street address of the Shopping Center.
15. The directory of the Shopping Center (if any) will be provided for the display of the name and location of tenants, and Landlord reserves the right to exclude any other names from the directory. Any additional name that Tenant desires to place upon the directory must first be approved by Landlord, and, if so approved, a reasonable charge will be made for the additional name to offset the Landlord's expenses incurred.
16. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings, or decorations will be attached to, hung, or placed in, or used in connection with any window of the Shopping Center without the prior written consent of Landlord.
17. Tenant will assure that the doors of the Premises are closed and locked and that all water faucets, water apparatus, and utilities are shut off before Tenant or Tenant's employees leave the Premises, so as to prevent waste or damage. For any default or carelessness in this regard, Tenant will pay for all injuries sustained by other tenants or occupants of the Shopping Center or by Landlord.
18. Landlord may waive any one or more of these rules and regulations for the benefit of any particular tenant or tenants, provided such waivers are made in a non-discriminatory manner and without favoritism to any tenant. No waiver by Landlord will be construed as a waiver of those rules and regulations in favor of any other tenant or tenants, nor prevent Landlord from enforcing any those rules and regulations against any or all of the tenants of the Shopping Center.
19. Tenant, their agents, servants or employees, shall not (a) go on the roof of the buildings, (b) use any additional method of heating or air conditioning the leased Premises unless permitted in the Lease, (c) sweep or throw any dirt or other substance from the leased Premises into the parking area, common areas and any of the halls, corridors, elevators, or stairways of the Shopping Center, (d) bring in or keep in or about the leased Premises any vehicles ~~or animals of any kind~~, (e) install any radio or television antennae or any other device or item on the roof, exterior walls, windows or windowsills of the buildings except as permitted in the Lease, (f) place objects against glass partitions, doors or windows which would be unsightly from the interior or exterior of the buildings, (g) use any leased Premises (i) for lodging or sleeping, (ii) for cooking (except that the use of any tenant of laboratory-approved appliances for microwaving, brewing coffee, tea and similar beverages shall be permitted, provided that such use is in compliance with law) (restaurants excepted).



20. No canvassing, soliciting, distribution of hand bills or other written material, or peddling shall be permitted in the Shopping Center, and tenants shall cooperate with Landlord in prevention and elimination of same.
21. Tenant shall give Landlord prompt notice of all accidents to or defects in air conditioning equipment, plumbing, electrical facilities or any part or appurtenances of leased Premises.
22. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established Landlord or any governmental agency.
23. If any leased Premises become infested with vermin by acts of Tenant, the Tenant, at its sole cost and expense, shall cause its premises to be exterminated from time to time to the satisfaction of the Landlord and shall employ such exterminators as shall be approved by Landlord.
24. Wherever the word "Tenant" occurs, it is understood and agreed that it shall also mean tenant's associates, employees, agents and any other person entering the Shopping Center or the Premises under the express or implied invitation of Tenant. Tenant shall cooperate with Landlord to assure compliance by all such parties with rules and regulations.
25. Landlord will not be responsible for lost or stolen personal property, equipment, money or any article taken from the Premises, buildings or parking facilities regardless of how or when such loss occurs. In addition to its other insurance obligations under the Lease, Tenant shall obtain its own insurance coverage to the extent Tenant desires protection against such losses. Tenant acknowledges that Landlord shall have no obligation to provide guard service or security measures for the Premises or the Shopping Center.
26. Landlord will not be liable for loss of or damage to any contents of such vehicle or accessories to any such vehicle, or any property left in any of the Parking Areas, resulting from theft, fire, vandalism, accident, conduct of other users of the Parking Areas and other persons, or any other casualty or cause. Further, Tenant understands and agrees that: (a) Landlord will not be obligated to provide any traffic control, security protection or operator of the Parking Areas; (b) Tenant uses the Parking Areas at its own risk; and (c) Landlord will not be liable for personal injury or death, theft, loss of or damage to property. Tenant waives and releases Landlord from any and all liability arising out of the use of the Parking Areas by Tenant, its employees, agents, invitees, and visitors, whether brought by any such persons or any other person. Any vehicle left in the Parking Areas in excess of twenty-four (24) hours shall, in Landlord's sole discretion, be considered abandoned and may be removed by Landlord, at vehicle owner's expense, with no liability to Landlord or its agent.
27. At Tenant's sole cost and expense, Tenant shall install and maintain in the Premises an adequate, visibly marked, and properly operational fire extinguisher(s) next to any heat producing office, business or restaurant equipment.
28. Except as set forth in a tenant's Lease or any recorded Memorandum of Lease or Easement and Restriction Agreement, each tenant's right to use the Parking Areas will be in common with other tenants of the Shopping Center and with other parties permitted by Landlord to use the Parking Areas. Landlord reserves the right to assign and reassign, from time to time, particular parking spaces for use by persons selected by Landlord provided that Tenant's rights under the Lease are preserved. Tenant will not park in any numbered or spaces designated as: RESERVED, HANDICAPPED, VISITORS ONLY, or LIMITED TIME PARKING (or similar designations).
29. Smoking is prohibited at all times within the Premises. In addition, no smoking shall be permitted in the Shopping Center except in specifically designated outdoor areas ("Areas"). Within such Areas, all remnants of consumed cigarettes and related paraphernalia shall only be extinguished and/or deposited in designated ashtrays and/or waste receptacles.
30. These rules and regulations are in addition to and will not be construed to modify, alter, or amend, in whole or in part, any term, provision, right or condition of the Lease.
31. Landlord reserves the right to make such other and reasonable rules and regulations as its judgment may from time to time be needed for the safety, care, and cleanliness of the Shopping Center, and for the preservation of good order in it.

(Signatures appear on the following page)

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

LANDLORD

Arroyo Town and Country Shopping Center, LLC

By: 

Name Printed: Gary Grossman

Title: Managing Member

Date: _____

TENANT

Debra Rettig-Gallant

By: 

Name Printed: Debra Rettig-Gallant

Title: Franchisee - HR Block

Date: _____



EXHIBIT "E"

SUPPLEMENTAL AGREEMENT
AND COMMENCEMENT CERTIFICATE

THIS SUPPLEMENTAL AGREEMENT AND COMMENCEMENT CERTIFICATE ("Agreement") is executed this 22nd day of August, 2011, by Arroyo Grande Town & Country Square, LLC ("Landlord") and Debra Rettig-Gallant ("Tenant") and Debra Rettig-Gallant ("Guarantor") with respect to and forming a part of that certain LEASE AGREEMENT ("Lease") dated August 22, 2011, for the premises commonly known as Arroyo Town & Country, which is located at 1460 East Grand Ave, Arroyo Grande, CA 93420 ("Premises").

WITNESSETH

WHEREAS, Section 2.4, Supplemental Agreement and Commencement Certificate, of said Lease Agreement requires that a Supplemental Agreement and Commencement Certificate be entered into between the parties setting forth the commencement and termination dates of said Lease Agreement; and

WHEREAS, the parties desire to reaffirm and/or amend and certify to certain provisions of the Lease, and

WHEREAS, the parties desire that the matters set forth herein be conclusive and binding on the parties.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Lease Commencement Date is agreed to be the First (1st) day of September, 2011.
2. The Rent Commencement Date is agreed to be the First (1st) day of March 2012
3. The Lease Termination Date is agreed to be the Last day of April 2017 unless otherwise extended pursuant to **Exhibit C**.

4. Tenant's address is agreed to be 1460 East Grand Ave , Arroyo Grande, CA 93420

5. Tenant's useable area is agreed to be 2660 square feet, and Tenant's rentable area is agreed to be 2660 square feet.

6. By execution hereof, Tenant acknowledges and agrees that all improvements or other work required of Landlord has been satisfactorily performed, and Tenant hereby accepts the Premises in full compliance with the terms and conditions of the Lease.

7. Except as may be amended herein, all terms and conditions of the Lease shall continue in full force and effect, and are hereby republished and reaffirmed in their entirety.

8. This Agreement shall be binding upon and be relied upon by the parties hereto and their respective legal representatives, successors and assigns.

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

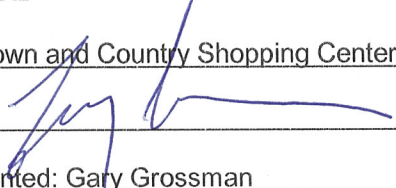
(Signatures appear on the following page)



IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

LANDLORD

Arroyo Town and Country Shopping Center, LLC

By: 

Name Printed: Gary Grossman

Title: Managing Member

Date: _____

TENANT

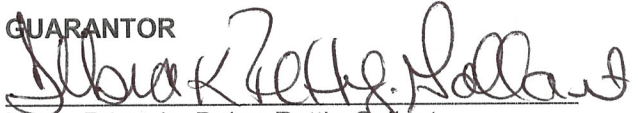
By: 

Name Printed: Debra Rettig-Gallant

Title: Franchisee - HR Block

Date: 8/26/11

GUARANTOR



Name Printed: Debra Rettig-Gallant

Title: Franchisee - HR Block

Date: 8/26/11

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
personally appeared _____, personally known to me or proved to
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or entity(ies) upon
behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public



EXHIBIT "F"

WORK LETTER

Landlord: Arroyo Town & Country Square, LLC

Tenant: Debra Rettig-Gallant

Premises: Arroyo Town & County Square

Address: 1460 East Grand Ave, Arroyo Grande, CA 93420

Concurrently herewith, Tenant and Landlord have executed a Lease (the "Lease") covering the Premises. This Work Letter is hereby attached to and made part of that Lease as **Exhibit "F"** and terms used herein shall have the same meaning as set forth in the Lease. In consideration of the execution of the Lease, Landlord and Tenant mutually agree as follows:

1. Landlord shall be responsible for the performance of tenant finish work described below and shall promptly proceed to cause the Landlord's contractor to complete the tenant finish work substantially in accordance with Paragraph 2 below.
2. Landlord shall complete, at Landlord's cost and expense, the following tenant finish work which shall be known as "Landlord's Work":
 - A. \$9160.00 Interior
3. All work, except as provided in Paragraph 2 above, that is necessary to permit Tenant to commence its business in the Premises, including installation of trade fixtures and furnishings shall be completed by Tenant at Tenant's cost and expense ("Tenant's Work"). All permanent fixtures installed in the Premises by Tenant shall be deemed part of the Premises upon installation and the property of the Landlord.
 - A. At Tenant's request, Landlord may supply Tenant with a list of architects/designers who may be able to assist Tenant in preparing its plans and specifications. Tenant may contract with any architect/designer of its choice, including those whose names have been supplied by the Landlord. Services requested by Tenant in connection with design and drawing preparation shall be at Tenant's sole cost and expense. Landlord makes no representation or guarantee with respect to fees, services, schedules or other items to be provided by the architect/designer and shall in no way be responsible for such architect/designer's work product. Tenant's architect/ designer shall prepare plans and specifications for Tenant's Work to be completed in the Premises (the "Plans and Specifications"). All Plans and Specifications shall be subject to review and approval by Landlord, Landlord's architect and Landlord's engineer prior to commencement of Tenant's Work. All costs of preparation, review and approval, including review and approval by Landlord, Landlord's architect, and/or Landlord's engineer, shall be borne by Tenant. Landlord shall, within thirty (30) working days after receipt of the Plans and Specifications by Landlord for its review and approval, submit to Tenant the Plans and Specifications with the required approvals noted thereon, or submit comments to Tenant setting forth changes to be made in the Plans and Specifications. If changes are required by Landlord, Tenant shall have the Plans and Specifications modified and resubmitted to Landlord for approval and such process shall be repeated until Landlord, Landlord's architect, and/or Landlord's engineer have approved the Plans and Specifications for the Premises (hereinafter referred to as "Approved Plans and Specifications"). Changes to the Approved Plans and Specifications shall be made only upon prior written approval of Landlord and shall be at Tenant's sole cost and expense.
 - B. Tenant shall contract directly for the Tenant's Work to be completed in accordance with the Approved Plans and Specifications. Tenant's contractor shall bill Tenant and Tenant shall be solely responsible for paying all costs for Tenant's Work as set forth on the Approved Plans and Specifications. Tenant and Tenant's contractor will be required to adhere to the requirements set forth in **Exhibit 1** attached hereto in connection with performance of Tenant's Work and the contract between Tenant and Tenant's contractor shall incorporate all of the provisions of **Exhibit 1**. All Tenant's Work shall (i) be performed pursuant to written contracts with workmen and mechanics, which shall be acceptable to Landlord; (ii) comply with all reasonable restrictions and requirements as Landlord may impose with respect to Tenant's Work; (iii) conform to the standards of the Shopping Center; (iv) be done in a safe and lawful manner in compliance with applicable laws, governmental regulations and requirements; and (v) be done so as not to interfere with any other tenants in the Shopping Center or Landlord's completion of the Landlord's Work in the Premises. Tenant shall cause such contractor to take all steps necessary to cooperate in the coordination of the performance of Tenant's Work with the work of Landlord or Landlord's contractors in the Premises or in the Shopping Center, including,

without limitation, exchanging information about and coordinating their respective schedules, attending coordination meetings, and cooperating in allowing and obtaining access to and availability of portions of the site for performance of Tenant's Work and the work of such other contractors.

- C. Prior to the execution by Tenant of the contract with Tenant's contractor for completion of Tenant's Work, Tenant shall submit to Landlord evidence of Tenant's ability to pay for Tenant's Work as Landlord, in its sole discretion, may require based upon the estimated cost of Tenant's Work, which requirement may be without limitation, a payment bond for the benefit of Landlord, a letter of credit or cash escrow. Tenant may not commence Tenant's Work without Landlord's approval of Tenant's financial arrangements for payment of the Tenant's Work.
 - D. Tenant and Tenant's contractor shall indemnify Landlord from any mechanic's or materialman's lien against Landlord's interest in the Shopping Center or Premises. If a lien is filed, Tenant or Tenant's contractor shall, at Landlord's option, remove the lien by paying it in full, furnish Landlord a bond sufficient to discharge the lien or deposit in an escrow approved by Landlord 150% of the amount of such lien. In the event Tenant or Tenant's contractor shall fail to remove the lien, provide a bond or cash escrow, Tenant shall immediately be in default under the Lease without the necessity of further notice from Landlord and Landlord shall be entitled to take such action at law, in equity or under the Lease as Landlord deems appropriate and Tenant shall be responsible for all monies Landlord may pay in discharging any lien including all costs and reasonable attorneys' fees incurred by Landlord in settling, defending against, appealing or in any manner dealing with lien.
4. The Lease Commencement Date, Tenant's rental obligations, and other obligations under the Lease will not be delayed or extended by any Tenant Delay, as defined below. The term "Tenant Delay" shall include but not be limited to delay: (i) in the finalization or approval of the Approved Plans and Specifications caused by Tenant, its agents or employees; (ii) caused by modifications, revisions, and changes to the Approved Plans and Specifications requested by Tenant, its agents or employees; (iii) in the delivery, installation, or completion of any items specified by Tenant to the extent that such items require ordering or work deadlines inconsistent with the scheduled Lease Commencement Date; or (iv) of any other kind or nature in completion of Tenant's Work caused by Tenant, its agents or employees.
5. All rights of Tenant accruing under the Lease are specifically subject to, and conditioned upon the completion to the satisfaction of the Landlord, of the Tenant Work on or before the date specified in Article I as the Premises Opening Date.
6. Landlord agrees to pay Tenant for completion of Tenant's Work up to a maximum amount of \$ N/A per square foot of floor area of the Premises (the "Tenant Improvement Allowance"). The Tenant Improvement Allowance shall be payable as follows:
- A. Prior to commencement of Tenant's Work by Tenant's contractor, Tenant shall provide Landlord with evidence satisfactory to Landlord that Tenant has made financial arrangements to fulfill its obligations to pay for Tenant's Work, and install its fixtures and furniture as described in Paragraph 3 above. The Tenant Improvement Allowance shall be paid to Tenant on the date Tenant's Work has been completed in accordance with the Approved Plans and Specifications and the provisions hereof and upon the commencement of the Premises Opening Date. Landlord's payment to Tenant of the Tenant Improvement Allowance shall not become due until Tenant submits to Landlord (i) an affidavit that all payrolls, bills for materials and any equipment and other indebtedness connected with Tenant's Work for which Landlord or its property might in any way be responsible, have been paid or otherwise satisfied; (ii) the certificate by Landlord's architect that the work is complete; (iii) all certificates necessary for occupancy of the Premises issued by the appropriate governmental authority permitting use of the Premises in accordance with the Approved Plans and Specifications; and (iv) other data establishing the final cost of Tenant's Work, payment or satisfaction of all Tenant's construction obligations such as receipts, releases and waivers of liens arising out of Tenant's Work to the extent and in such form as may be designated by Landlord.
 - B. Any cost of Tenant's Work in excess of the Tenant Improvement Allowance shall be paid by Tenant as and when due.
 - C. If Tenant elects to have Landlord's contractor perform all or any portion of the Tenant's Work, the Tenant Improvement Allowance shall be paid by Landlord to Landlord's contractor or others entitled to payment in accordance with Landlord's standard disbursement procedures upon receipt of documentation as Landlord may reasonably require including, without limitation, lien waivers and architect's certificates. To the extent that the cost of Tenants Work exceeds the Tenant Improvement Allowance, Tenant shall pay all such amounts within ten (10) calendar days after billing therefor from Landlord. Partial billing may be made periodically as the Tenant Work progresses.



- D. All costs attributable to design and construction of Tenant's Work including, but not limited to, services, fees and expenses of Landlord's architect or engineers, costs of permits and licenses required for completion of Tenant's Work, labor, material, fees, and expenses of Landlord's contractor in completing Tenant's Work shall be paid from the Tenant Improvement Allowance. To the extent that such costs exceed the Tenant Improvement Allowance, Tenant shall pay all such amounts within ten (10) calendar days after receipt of billing therefor from Landlord or as and when due if billed directly to Tenant. Partial billing may be made periodically as the Work progresses.

IN WITNESS WHEREOF, the parties have executed this Work Letter concurrently with the execution of the Lease.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

LANDLORD

Arroyo Town and Country Shopping Center, LLC

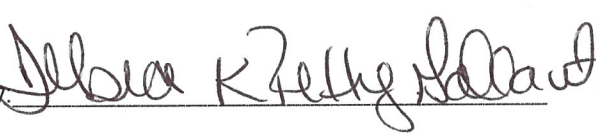
By: 

Name Printed: Gary Grossman

Title: Managing member

Date: _____

TENANT

By: 

Name Printed: Debra Rettig-Gallant

Title: Franchisee - HR Block

Date: 8/26/11



EXHIBIT "F"

WORK LETTER

Landlord: Arroyo Town & Country Square, LLC
Tenant: Debra Rettig-Gallant
Premises: Arroyo Town & County Square
Address: 1460 East Grand Ave, Arroyo Grande, CA 93420

Concurrently herewith, Tenant and Landlord have executed a Lease (the "Lease") covering the Premises. This Work Letter is hereby attached to and made part of that Lease as **Exhibit "F"** and terms used herein shall have the same meaning as set forth in the Lease. In consideration of the execution of the Lease, Landlord and Tenant mutually agree as follows:

1. Landlord shall be responsible for the performance of tenant finish work described below and shall promptly proceed to cause the Landlord's contractor to complete the tenant finish work substantially in accordance with Paragraph 2 below.

2. Landlord shall complete, at Landlord's cost and expense, the following tenant finish work which shall be known as "Landlord's Work":

A. N/A

3. All work, except as provided in Paragraph 2 above, that is necessary to permit Tenant to commence its business in the Premises, including installation of trade fixtures and furnishings shall be completed by Tenant at Tenant's cost and expense ("Tenant's Work"). All permanent fixtures installed in the Premises by Tenant shall be deemed part of the Premises upon installation and the property of the Landlord.

A. At Tenant's request, Landlord may supply Tenant with a list of architects/designers who may be able to assist Tenant in preparing its plans and specifications. Tenant may contract with any architect/designer of its choice, including those whose names have been supplied by the Landlord. Services requested by Tenant in connection with design and drawing preparation shall be at Tenant's sole cost and expense. Landlord makes no representation or guarantee with respect to fees, services, schedules or other items to be provided by the architect/designer and shall in no way be responsible for such architect/designer's work product. Tenant's architect/ designer shall prepare plans and specifications for Tenant's Work to be completed in the Premises (the "Plans and Specifications"). All Plans and Specifications shall be subject to review and approval by Landlord, Landlord's architect and Landlord's engineer prior to commencement of Tenant's Work. All costs of preparation, review and approval, including review and approval by Landlord, Landlord's architect, and/or Landlord's engineer, shall be borne by Tenant. Landlord shall, within thirty (30) working days after receipt of the Plans and Specifications by Landlord for its review and approval, submit to Tenant the Plans and Specifications with the required approvals noted thereon, or submit comments to Tenant setting forth changes to be made in the Plans and Specifications. If changes are required by Landlord, Tenant shall have the Plans and Specifications modified and resubmitted to Landlord for approval and such process shall be repeated until Landlord, Landlord's architect, and/or Landlord's engineer have approved the Plans and Specifications for the Premises (hereinafter referred to as "Approved Plans and Specifications"). Changes to the Approved Plans and Specifications shall be made only upon prior written approval of Landlord and shall be at Tenant's sole cost and expense.

- B. Tenant shall contract directly for the Tenant's Work to be completed in accordance with the Approved Plans and Specifications. Tenant's contractor shall bill Tenant and Tenant shall be solely responsible for paying all costs for Tenant's Work as set forth on the Approved Plans and Specifications. Tenant and Tenant's contractor will be required to adhere to the requirements set forth in **Exhibit 1** attached hereto in connection with performance of Tenant's Work and the contract between Tenant and Tenant's contractor shall incorporate all of the provisions of **Exhibit 1**. All Tenant's Work shall (i) be performed pursuant to written contracts with workmen and mechanics, which shall be acceptable to Landlord; (ii) comply with all reasonable restrictions and requirements as Landlord may impose with respect to Tenant's Work; (iii) conform to the standards of the Shopping Center; (iv) be done in a safe and lawful manner in compliance with applicable laws, governmental regulations and requirements; and (v) be done so as not to interfere with any other tenants in the Shopping Center or Landlord's completion of the Landlord's Work in the Premises. Tenant shall cause such contractor to take all steps necessary to cooperate in the coordination of the performance of Tenant's Work with the work of Landlord or Landlord's contractors in the Premises or in the Shopping Center, including,

[Handwritten signature]

EXHIBIT "G"
SIGN CRITERIA

TOWN AND COUNTRY SHOPPING PLAZA
SIGN CRITERIA

A. INTRODUCTION

The intent of this sign criteria is to provide the guidelines necessary to achieve a visually coordinated, balanced and appealing signage environment in this center and in accordance with the City of Arroyo Grande and its adopted sign requirements.

Performance of this sign criteria shall be rigorously enforced and any non-conforming signs shall be removed by the tenant or his sign contractor at their expense. Upon demand by owner or the City of Arroyo Grande Public Services Department.

Exceptions to these standards shall be reviewed by the owner. Accordingly, the owner will retain full rights of approval of any sign used in the center upon City of Arroyo Grande planning and building department approval.

B. GENERAL OWNER/TENANT REQUIREMENTS

1. Each tenant shall submit to the owner for written approval, three (3) copies of the detailed shop drawings of his proposed sign, indicating conformance with the sign criteria herein outlined. Send to:
Town and Country Shopping Plaza
Grand Ave.
Arroyo Grande, CA 93420
2. Under owner approval, the tenant shall submit sign drawings, detail and appropriate applications and fees to the City of Arroyo Grande Planning Department for approval and issuance of a sign permit prior to manufacture and installation of said sign(s).
3. The tenant shall pay for all signs, their installation (including final connection, transformers and all other labor and materials) and maintenance.
4. The tenant shall obtain all necessary permits from the City of Arroyo Grande Planning Department.
5. The tenant shall be responsible for fulfillment of all requirements of this sign criteria.
6. It is the responsibility of the tenant to verify all conduit and transformer locations and service prior to fabrication (for individually illuminated channelized signs).
7. The location of all signs shall be per the accompanying General Sign Specifications



8. One "Fascia signs space" shall be allowed for each tenant (except as otherwise approved in writing). The tenant shall verify his sign location and size with owner prior to fabrication.
9. All shop tenants are required to have under canopy tab sign (8' clearance) per the accompanying design criteria.
10. Special signs which vary from this sign criteria must first be approved by the owner and the City of Arroyo Grande Planning Department.
11. The maximum allocated sign area for the aggregate of all permanent signs shall be as allowed by the City of Arroyo Grande sign criteria.
12. In addition, there shall be one (1) monument sign identifying two major tenants and two minor tenants. Also, one monument sign identifying the anchor store, Spencers Market.

C. GENERAL SIGN SPECIFICATIONS

1. Tenant Signs:

Typical Individual letters signs:

- a) Shop signs shall be attached in designated areas only.
 - b) The "copy" (letter style), logos and their respective colors shall be submitted to the owner for written approval prior to fabrication.
 - c) All sign contractors must be licensed by the State of California, be a certified U.L. approved company, and have proof of insurance on file with the owner and the City of Arroyo Grande Planning Department.
 - d) Tenants shall display only their established trade name of their basic product name, example: "John's Jeans", or combination thereof. No brand names of products shall be displayed.
 - e) The face of the individual letters and logos shall be constructed of acrylic plastic (3/16" thick minimum), and fastened to the aluminum pan channel letter in 3/4" trimcap. All surrounds and trim in a single sign shall be a single color.
 - f) Internal illumination to be 30 milli-amp neon, installed and labeled in accordance with "Underwriters Laboratory Specifications".
2. All signs mounted on 6" deep x 10" high raceway to be permanently affixed to building fascia. Raceways must be painted to match mounting surface. Sign must be centered on tenants storefront or over front entrance where applicable.

3. All lettering shall be restricted to the "net sign area" not to exceed 70% of store width or 24" in height.
4. No projections above or below the "net sign area" will be permitted except as otherwise approved in writing.
5. No more than two rows of copy will be approved.
6. All signs and their installation must comply with all local building and if electric, bear a U.L. label placed in an inconspicuous location.
7. For purposes of store identification and hours of business, tenant will be permitted to place upon each entrance to its demised premises not more than 144 square inches of gold leaf or decal application lettering not to exceed two (2) inches in height. The number and letter type face shall be subject to architect's approval.
8. No exposed tubing lamps will be permitted without written permission from owner and City of Arroyo Grande Planning & Building Departments.
9. No exposed crossovers, conduits, conductor, transformers, etc. shall be permitted.

D. PROHIBITED SIGNS

1. **Signs Constituting a Traffic Hazard:**
No person shall install or maintain or cause to be installed or maintained any sign which simulates or imitates in size, color, lettering or design, any traffic sign or signal, or which makes use of the words, "Stop", "Look", "Danger" or any other words, phrases, symbols or characters in such a manner to interfere with, mislead or confuse traffic.
2. **Immoral or Unlawful Advertising:**
It shall be unlawful for any person to exhibit, post or display or cause to be exhibited, posted or displayed upon any sign, anything of an obscene, indecent or immoral nature or unlawful activity.
3. **Signs or Doors, Windows or Fire Escapes:**
No window signs will be permitted except as approved by owner. No sign shall be installed, relocated or maintained so as to prevent free ingress or egress from any door. No sign of any kind shall be attached to a stand pipe except those signs required by code or ordinance.
4. **Animated, Audible or Moving Signs:**
Signs, consisting of any moving, swinging, rotating, flashing, blinking, scintillating, fluctuating or otherwise animated light is prohibited, except for time and temperature displays.

5. Off-Premise Signs:
Any signs, other than a directional sign, installed for the purpose of advertising a project, event, person or subject not related to the premises upon which said sign is located, is prohibited.
 6. Vehicle Signs:
Signs on or affixed to trucks, automobiles, trailers or other vehicles which advertise, identify or provide direction to a use or activity are prohibited.
 7. Light Bulb Strings:
External displays, other than temporary decorative holiday lighting, which consists of unshielded light bulbs, and open, exposed neon or gaseous light tubing, are prohibited. An exception hereto may be granted by the architect when the display is an integral part of the design character of the activity to which it relates. Temporary decorative exterior lighting shall be approved by the City of Arroyo Grande Planning Department upon owner approval.
 8. Banners, Pennants, and Balloons Used for Advertising Purposes:
Flags, banners or pennants or a combination of same constituting an architectural feature which is an integral part of the design character of a project may be permitted subject to owner and city approval on a temporary basis. Two temporary sign permits of two weeks duration per year for the aforementioned shall be considered per the City of Arroyo Grande sign regulations.
 9. Signs in Proximity to Utility Lines:
Signs which have less horizontal or vertical clearance from authorized communication or energized electrical power lines than that prescribed by the laws of the State of California are prohibited. No signs shall extend beyond roof lines per City of Arroyo Grande sign regulations.
- E. To insure uniform quality standards in design, manufacture and installation, tenants are encouraged to contact:
- Steve Havens
Signtech The Sign of Quality, Inc.
111 E. Donovan Rd.
Santa Maria, CA 93454
(805)922-0722
- F. Any Modifications to this criteria shall be reviewed and approved by the Public Services Department upon owner approval.



Post-it® Fax Note 7671		Date
To	Jenae	
Co./Dept.	Investor	
Phone #	From: Keith McFarman	
Fax #	899-03178	
From	Co.	
Phone #	Fax #	

**CITY OF ARROYO GRANDE
ADMINISTRATIVE SIGN PERMIT
ADMINISTRATIVE SIGN PROGRAM
PLANNED SIGN PROGRAM
MURAL PERMIT/ PORTABLE SIGN PERMIT**

COMMUNITY DEVELOPMENT/ BUILDING APPLICATION FORM

The purpose of this form is to advise the City of the basic compounds of your proposal so that the City may review the project and determine if your proposal is in compliance with existing standards regulating signs (including the Uniform Sign Code). Providing accurate and complete information will assure prompt processing of this application. Use additional sheets wherever necessary. *Applications that are inconsistent with the City's General Plan or Development Code will not be accepted as complete.*

FOR STAFF USE ONLY			
Date Application Submitted:	Date Application Accepted as Complete:	Case No:	Permit No:
Community Development Dept. Comments:		Approved <input type="checkbox"/> Date: _____ By: _____	Denied <input type="checkbox"/> Date: _____ By: _____
Building Dept. Comments:		Approved <input type="checkbox"/> Date: _____ By: _____	Denied <input type="checkbox"/> Date: _____ By: _____
APPLICANTS PLEASE NOTE THE FOLLOWING INFORMATION REGARDING FEE CALCULATION: Contact the Community Development Department and Building Department for calculation of total fees required for approval of sign permits. After paying the total sign permit fee at the City Finance Department, submit the completed application with a copy of your receipt to the Community Development Department for processing. After approval by the Community Development Director or Planning Commission, your application will be forwarded to the Building Department. Signs may only be erected after Community Development approval and issuance of a building permit.		Valuation: \$ _____ COMMUNITY DEVELOPMENT DEPT. FEES: (Administrative Sign Permit or Planned Sign Program) \$ _____ BUILDING DEPT. FEES: Permit Fee \$ _____ Plan Check \$ _____ Electrical \$ _____ S.M.I.P. \$ _____ TOTAL SIGN PERMIT FEES \$ _____ * If required	
Completion of this form is necessary for the following types of applications. Please indicate the type of application(s) you are requesting:			
<input type="checkbox"/> Administrative Sign Permit		<input type="checkbox"/> Planned Sign Program <input type="checkbox"/> Amendment	
<input type="checkbox"/> Administrative Sign Program <input type="checkbox"/> Amendment		<input type="checkbox"/> Mural Permit	
<input type="checkbox"/> Portable Sign Permit			

☐ Check here if this is an application for a development permit.

Information to be submitted with this application	
A. Refer to the project checklist (available from the Community Development Department) for those items required to be submitted.	B. Attach color photographs or slides of the sites and of the vicinity. Indicate the location of each photograph or slide and the date taken. Keying the photographs or slide to the site plan is helpful.

I. GENERAL INFORMATION

Applicant:	Day Phone:
Applicant's Address:	
Representative (if any):	Day Phone:
Representative's Address:	
Property Owner (if other than applicant):	Day Phone:
Owner's Address:	
Sign Contractor:	Day Phone:
Sign Contractor's Address:	
Contractor's License Number:	Expiration Date:

Please indicate if all correspondence should be sent to:			
Applicant	Representative	Property owner	Sign Contractor

II. PROPERTY DESCRIPTION

General Plan Land Use Designation:	Zoning:
Assessor Parcel No.:	Parcel Size:
Project Address:	

III. SIGN INFORMATION

A. GENERAL INFORMATION

1. Total area of all signs: Existing		Proposed	
2. Width of building front(s), in feet:			
Tenant Name	Building Width	Tenant Name	Building Width
3. Method of sign illumination:			
4. Hours of operation -- Business:		Signs:	

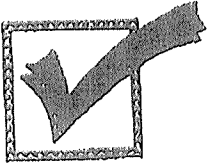
B. DETAILED DESCRIPTION OF SIGNS

	Ground	Pole	Projecting	Wall	Window	Canopy
Number of Signs						
Number of faces per sign						
Area per sign face (square feet)						
Sign dimensions (Height x Width)						
Maximum height of sign above ground						
Vertical clearance below each sign (in feet)						
Amount of projection from building (in feet)						
Type of illumination						
Wording on sign						

<p>APPLICANT REPRESENTATIVE: I certify under penalty of perjury that the foregoing statements answers herein made and all data, information and evidence herewith submitted are in all respects, to the best of my knowledge and belief, true and correct. I understand that the submittal of incorrect or false information is grounds for invalidation of application completeness determination or approval. I understand that the City might not approve what I am applying for, or might set conditions of approval. I agree to comply with all City ordinances and state laws regulating work governed by this permit.</p>	<p>PROPERTY OWNER/AUTHORIZED AGENT: I certify under penalty of perjury that I am the owner of the property that is the subject of this application and that I have read this completed application and consent to its filing. (If signed by the authorized agent, a letter from the property owner must be provided indicating that the agent is authorized to act on his/her behalf.)</p>
Signed _____ Date _____	Signed _____ Date _____
<p>CONTRACTOR: I agree to comply with all City ordinances and state laws regulating work governed by this permit.</p> <p>Check the appropriate statement:</p> <p>I hereby certify that I am properly registered and/or licensed as required by Arroyo Grande and the State of California.</p> <p>I hereby certify that I am exempt from the contractors license laws of the State of California under Section 7031.5 of the Business and Professional Code.</p>	
Signed _____ Date _____	

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CITY OF ARROYO GRANDE

APPLICATION CHECKLIST
FOR

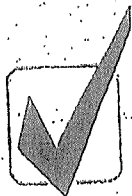
ADMINISTRATIVE SIGN PERMITS

The following list includes all of the items you must submit for a complete application. Some specific types of information may not apply to your particular project and, as noted, some items may only be required in certain circumstances. If you are not sure if a specific requirement applies to your project, please ask the Community Development staff. A copy of this list will be used to check your application for completeness after it is submitted. If your application is not complete, a copy of the list will be returned to you with additional requirements noted.

FOR STAFF USE ONLY		
Project Number:	Date Submitted:	Checked By and Date:

Applications for an Administrative Sign Permit shall contain the following:

- ☐ 1. Completed application form.
- ☐ 2. Payment in full of applicable fees for processing the application.
- ☐ 3. Five (5) copies of a plot plan, drawn to a standard engineer's scale (approval necessary for use of scale smaller than 1:30, i.e., 1:40 or 1:50) and with a north arrow, showing:
 - ☐ a. Location, exterior boundaries and dimensions of the entire property that is the subject of the application.
 - ☐ b. Public and/or private adjacent streets, rights-of-way, and easements.
 - ☐ c. Site access, circulation and off-street parking facilities.
 - ☐ d. Existing and proposed buildings and structures.
 - ☐ e. Wall, fences, exterior lighting structures and planted areas.
 - ☐ f. Location of freestanding signs.
- ☐ 4. Five (5) copies of a sign plan showing:
 - ☐ a. Dimensions and areas of all signs.
 - ☐ b. Dimensions and areas of building walls on which signs are to be located.
 - ☐ c. Heights of all signs.



CITY OF ARROYO GRANDE

APPLICATION CHECKLIST

FOR

ADMINISTRATIVE SIGN PROGRAM

The following includes all of the items you must submit for a complete application. Some specific types of information may not apply to your particular project and, as noted, some items may only be required in certain circumstances. If you are not sure if a specific requirement applies to your project, please ask the Community Development staff. A copy of this list will be used to check your application for completeness after it is submitted. If your application is not complete, a copy of this list will be returned to you with additional requirements noted.

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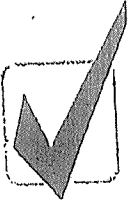
APPLICATIONS FOR A SIGN PROGRAM SHALL CONTAIN THE FOLLOWING:

- ☐ 1. Completed application form.
- ☐ 2. Payment in full of applicable fees for processing the application.
- ☐ 3. Seven (7) copies of a plot plan, drawn to a standard engineer's scale (approval necessary for use of scale smaller than 1:30, i.e., 1:40 or 1:50) and with a north arrow, showing:
 - ☐ a. Location, exterior boundaries and dimensions of the entire property that is the subject of the application.
 - ☐ b. Public and/or private adjacent streets, right-of-way, and easements.
 - ☐ c. Site access, circulation, and off-street parking facilities
 - ☐ d. Existing and proposed buildings and structures
 - ☐ e. Wall, fences, exterior lighting structures, and planted areas
 - ☐ f. Location of freestanding signs.

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- ☐ 4. Seven (7) copies of a sign plan showing:
- ☐ a. Dimensions and areas of all signs.
 - ☐ b. Dimensions and areas of building walls on which the signs are to be located.
 - ☐ c. Heights of all signs.
 - ☐ d. Means of lighting, if any.
 - ☐ e. Message that will appear on each sign.
 - ☐ f. Description of materials and colors for letters and background.
 - ☐ g. Scaled drawing of each sign showing typeface and design details.
 - ☐ h. Relationship of sign appearance and design to existing or proposed buildings.
 - ☐ -i. Method of attachment to any structure and details of all connections, supporting members, and footings.
5. Other information the Community Development Director may reasonably require to secure compliance with the Chapter 9-13 of the Title 9 of the Municipal Code and all applicable design guidelines.





CITY OF ARROYO GRANDE

APPLICATION CHECKLIST
FOR

PLANNED SIGN PROGRAMS

The following includes all of the items you must submit for a complete application. Some specific types of information may not apply to your particular project and, as noted, some items may only be required in certain circumstances. If you are not sure if a specific requirement applies to your project, please ask the Community Development staff. A copy of this list will be used to check your application for completeness after it is submitted. If your application is not complete, a copy of this list will be returned to you with additional requirements noted.

FOR STAFF USE ONLY		
Project Number:	Date Submitted:	Checked By and Date:

Applications for a Planned Sign Program shall contain the following:

- ☐ 1. Completed planning application form.
- ☐ 2. Payment in full of applicable fees for processing the application.
- ☐ 3. Two (2) sets of typed, gummed labels on 8-1/2" X 11" sheets listing the names, addresses, and assessor's parcel number of all property owners within a radius of 300 feet of the exterior boundaries of the subject property, along with copies of the applicable assessor's parcel map book pages.
- ☐ 4. Seventeen (17) copies of a plot plan, drawn to standard engineer's scale (approval necessary for use of smaller than 1:30, i.e., 1:40 or 1:50) and with a north arrow, showing:
 - ☐ a. Location, exterior boundaries and dimensions of the entire property that is the subject of the application.
 - ☐ b. Public and/or private adjacent streets, rights-of-way, and easements.
 - ☐ c. Site access, circulation and off-street parking facilities.
 - ☐ d. Existing and proposed buildings and structures.
 - ☐ e. Walls, fences, exterior lighting structures and planted areas.
 - ☐ f. Location of freestanding signs.

- ☐ 5. Seventeen (17) copies of a sign plan showing:
 - ☐ a. Dimensions and areas of all signs.
 - ☐ b. Dimensions and areas of building walls on which signs are to be located.
 - ☐ c. Height of all signs.
 - ☐ d. Means of lighting, if any.
 - ☐ e. Message that will appear on each sign.
 - ☐ f. Description of materials and colors for letters and background.
 - ☐ g. Scaled drawing of each sign showing typeface and design details.
 - ☐ h. Relationship of sign appearance and design to existing or proposed buildings.
 - ☐ i. Method of attachment to any structure and details of all connections, supporting members, guylines and footings.
- ☐ 6. A statistics table drawn on the sign plan showing:
 - ☐ a. A calculation of the total allowable and proposed square footage of signs.
 - ☐ b. A calculation of the total number of signs allowed and proposed.
 - ☐ c. Square footage of proposed signs listed by sign type.
 - ☐ d. Square footage of existing signs listed by sign type. Signs to remain and to be removed must be clearly indicated.
- ☐ 7. Other information that the Planning Director may reasonably require to secure compliance with the Chapter 9-13 of Title 9 of the Municipal Code.



- ☐ 5. Seventeen (17) copies of a sign plan showing:
 - ☐ a. Dimensions and areas of all signs.
 - ☐ b. Dimensions and areas of building walls on which signs are to be located.
 - ☐ c. Height of all signs.
 - ☐ d. Means of lighting, if any.
 - ☐ e. Message that will appear on each sign.
 - ☐ f. Description of materials and colors for letters and background.
 - ☐ g. Scaled drawing of each sign showing typeface and design details.
 - ☐ h. Relationship of sign appearance and design to existing or proposed buildings.
 - ☐ i. Method of attachment to any structure and details of all connections, supporting members, guylines and footings.
- ☐ 6. A statistics table drawn on the sign plan showing:
 - ☐ a. A calculation of the total allowable and proposed square footage of signs.
 - ☐ b. A calculation of the total number of signs allowed and proposed.
 - ☐ c. Square footage of proposed signs listed by sign type.
 - ☐ d. Square footage of existing signs listed by sign type. Signs to remain and to be removed must be clearly indicated.
- ☐ 7. Other information that the Planning Director may reasonably require to secure compliance with the Chapter 9-13 of Title 9 of the Municipal Code.



EXHIBIT "H"

TENANT'S ESTOPPEL CERTIFICATE

The undersigned, Debra Rettig-Gallant is the tenant(s) ("Tenant") under a lease ("Lease") dated August 22, 2011, between the Tenant and Arroyo Town & Country Square, LLC ("Landlord") of certain real property at 1460 E Grand Ave, Arroyo Grande located in the City of Arroyo Grande, County of San Luis Obispo, State of California, as described in attached **Exhibit "A"** (the "Property"). Tenant hereby represents and certifies as follows:

1. The Lease, a true correct complete copy of which is attached hereto as **Exhibit "B"**, is in full force and effect and has not been modified, supplemented, cancelled or amended in any respect.

2. There are no offsets, defenses or counterclaims with respect to the payment of rent reserved under said Lease or in the performance of the other terms, covenants and conditions of the Lease on the part of Tenant to be performed.

3. No default of the Lease has been declared by Landlord or Tenant except _____

4. The term of the Lease commenced on September 1, 2011, and continues through at least April 30, 2017 (the "Term"), and the Tenant is currently obligated to pay rent during the Term in monthly installments each in an amount not less than \$1975.00, which rent obligation is continuing and is not past due or delinquent in any respect. No installment of rent has been or will be prepaid more than one (1) month in advance.

5. All information, notices or requests provided for or permitted to be given or made pursuant to this certificate shall be deemed to have been properly made or given by depositing the same in the United States Mail, postage prepaid and registered or certified return receipt requested and addressed to the addresses set forth below, or to such other addresses as may from time to time be specified in writing by Tenant or Purchaser to the other:

If to Tenant: Debra Rettig-Gallant
1460 E. Grand Ave
Arroyo Grande, CA 93420 *4801 El Camino Real*
ATASCADERO, CA
93428

With a copy to: _____

If to Landlord Arroyo Town & County Shopping Center, LLC
PO Box 429
Santa Maria, CA, 93456

With a copy to: Belsher, Becker and Roberts
412 Marsh
San Luis Obispo, CA 93401

All requests or notices shall be effective upon being deposited in the United States Mail; however, the time period in which any response to any notice or request must be made shall commence from the date of receipt of the request or notice by the addressee.

6. This Certificate and the representations made herein shall be governed by the laws of the State of California, and are binding upon and inure to the benefit of Lender and its respective successors and assigns and to no other persons or entities.

(Signatures appear on the following page)

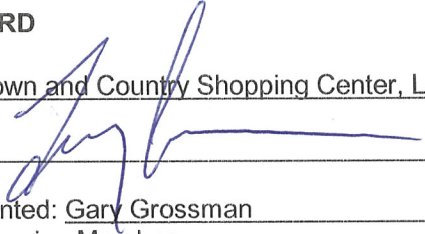


IN WITNESS WHEREOF, this Certificate has been duly executed and delivered by the authorized officers of the undersigned as of _____, 2011.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

LANDLORD

Arroyo Town and Country Shopping Center, LLC

By: 

Name Printed: Gary Grossman

Title: Managing Member

Date: _____

TENANT

Debra Rettig-Gallant

By: 

Name Printed: Debra Rettig-Gallant

Title: Franchisee - HR Block

Date: 8/20/11



EXHIBIT "J"

GUARANTY OF LEASE

This Guaranty of Lease ("Guaranty") dated as of August 22, 2011 is executed by Debra Rettig-Gallant ("Guarantor") in favor of Arroyo Town & Country Square, LLC ("Landlord").

Recitals

A. Landlord and Debra Rettig-Gallant ("Tenant") have entered into a lease on August 22, 2011 ("Lease"), whereby Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord the premises located at 1460 East Grand Ave, Arroyo Grande, CA 93420 ("Premises").

B. As a condition to entering into the Lease, Landlord has required that Guarantor execute and deliver to Landlord this Guaranty.

In consideration of Landlord entering into the Lease of the Premises to Tenant, Guarantor covenants and agrees as follows:

Agreement

1. **Recitals.** The Recitals above are incorporated herein as if fully set forth herein.

2. **Guaranty.** Guarantor absolutely and unconditionally guarantees to Landlord the timely payment of all amounts that Tenant may at any time owe under the Lease, or any extensions, renewals, or modifications of the Lease. Guarantor further guarantees to Landlord the full, faithful, and timely performance by Tenant of the Lease, or any extensions, renewals, or modifications of the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs, or charges, or in the performance of any covenant or obligation under the Lease, then Guarantor, at Guarantor's expense, shall on demand by Landlord fully and promptly pay all rent, sums, costs, and charges to be paid and perform all other covenants and obligations to be performed by Tenant pursuant to the Lease. In addition, Guarantor shall on demand by Landlord pay to Landlord all sums due to Landlord, including, without limitation, all interest on past due obligations of Tenant, costs advanced by Landlord, damages, and all expenses (including, without limitation, court costs and reasonable attorney fees) that may arise in consequence of Tenant's default.

3. **Waivers.** Guarantor authorizes Landlord, without notice or demand and without affecting Guarantor's liability under this Guaranty, to:

(a) consent to any extensions, accelerations, or other changes in the time for any payment provided for in the Lease, or consent to any other alteration of any covenant, term, or condition of the Lease in any respect, and to consent to any assignment, subletting, or reassignment of the Lease;

(b) take and hold security for any payment provided for in the Lease or for the performance of any covenant, term, or condition of the Lease, or exchange, waive, or release any security; and

(c) apply this security and direct the order or manner of its sale as Landlord may determine. Notwithstanding any termination, renewal, extension or holding over of the Lease, this Guaranty of Lease shall continue until all of the covenants and obligations on the part of Tenant to be performed have been fully and completely performed by Tenant and Guarantor shall not be released of any obligation or liability under this Guaranty so long as there is any claim against Tenant arising out of the Lease that has not been settled or discharged in full.

4. **Independent Obligations.** The obligations of Guarantor under this Guaranty are independent of, and may exceed, the obligations of Tenant. A separate action may, at Landlord's option, be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease. Guarantor waives any right to

(a) require Landlord to proceed against Tenant or any other person or entity or pursue any other remedy in Landlord's power;

(b) complain of delay in the enforcement of Landlord's rights under the Lease; and



(c) require Landlord to proceed against or exhaust any security held from Tenant or Guarantor. Guarantor waives any defense arising by reason of any disability or other defense of Tenant or by reason of the cessation from any cause of the liability of Tenant. Guarantor waives all demands upon and notices to Tenant and to Guarantor, including, without limitation, demands for performance, notices of nonperformance, notices of non-payment, and notices of acceptance of this Guaranty of Lease.

5. Definition of Tenant. For purposes of this Guaranty of Lease and the obligations and liabilities of Guarantor, the term Tenant shall be deemed to include any and all concessionaires, licensees, franchisees, department operators, assignees, subtenants, or others directly or indirectly leasing or occupying the Premises leased under the Lease or operating or conducting a business in or from these Premises.

6. No Reporting Duty. Guarantor assumes full responsibility for keeping fully informed of the financial condition of Tenant and all other circumstances affecting Tenant's ability to perform Tenant's obligations under the Lease, and agrees that Landlord will have no duty to report to Guarantor any information that Landlord receives about Tenant's financial condition or any circumstances bearing on Tenant's ability to perform such obligations.

7. Continuing Guaranty. This Guaranty shall remain in full force notwithstanding the appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief act or statute, whether now existing or later amended or enacted, or the disaffirmance of the Lease in any action or otherwise.

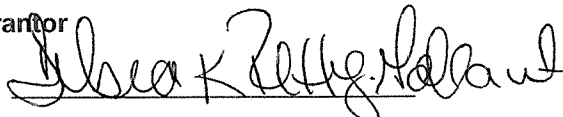
8. Joint and Several Obligations. If this Guaranty of Lease is signed, or if the obligations of Tenant are otherwise guaranteed, by more than one party, their obligations shall be joint and several, and the release or limitation of liability of any one or more of the guarantors shall not release or limit the liability of any other guarantors.

9. Successors and Assigns. This Guaranty of Lease shall be binding upon Guarantor and Guarantor's heirs, administrators, personal and legal representatives, successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign this Guaranty of Lease, the Lease, or the rents and other sums payable under the Lease, in whole or in part.

10. Guaranty of Costs and Fees. In addition to the amounts guaranteed, Guarantor agrees to pay reasonable attorney fees and all other costs and expenses incurred by Landlord in enforcing this Guaranty of Lease or in any action or proceeding arising out of, or relating to, this Guaranty of Lease.

11. Governing Law. This Guaranty of Lease shall be deemed to be made under and shall be governed by California law in all respects, including matters of construction, validity, and performance, and the terms and provisions of this Guaranty may not be waived, altered, modified, or amended except in a writing signed by an authorized officer of Landlord and by Guarantor.

12. Severance. If any of the provisions of this Guaranty of Lease shall contravene or be held invalid under the laws of any jurisdiction, this Guaranty of Lease shall be construed as if it did not contain those provisions, and the rights and obligations of the parties shall be construed and enforced accordingly.

Guarantor
By: 
Name Printed: Debra Rettig-Gallant
Title: Franchisee
Date: 8/26/11