

LEASE

THIS LEASE, made and entered into this _____ day of _____ 20____, by _____ and _____ between _____, hereinafter referred to as Lessor, and _____, hereinafter referred to as Lessee.

WITNESSETH

The parties agree to the following recitals, to wit:

(a) Lessor is the owner of that certain real property situated at _____.

(b) Lessor is leasing to Lessee the above described real property and the commercial building(s) and improvements now or hereafter located thereon.

NOW, THEREFORE, IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN THE PARTIES HERETO, AS FOLLOWS, TO WIT:

1. The Lessor demises and lets unto the Lessee, and the Lessee leases and takes from the Lessor, for the term and upon the terms and conditions set forth in this lease, all of the land described above, together with the commercial building(s) and improvements now or hereafter located thereon, hereafter referred to as the "premises".

2. The premises shall be used only for the purposes allowed by applicable zoning and other laws.

3. Any changes, additions and modifications to the premises shall not affect, change or invalidate this lease.

4. The term of this lease shall be for a term of twenty-one (21) years commencing on _____, 20____.

5. The rental lease payments must be no more than is necessary to amortize debt plus pay expenses related to holding the property and are payable in advance on the first day of each and every month during the term hereof; that said rental shall commence and be payable on the date the term of this lease shall commence as hereinabove provided that said payments of rental shall be made to Lessor at:

or to such person, agent or corporation and at such other place as shall be designated by Lessor in writing at least ten (10) days prior to the last ensuing rent payment date.

6. All construction or other work done in or on the premises by either the Lessor or the Lessee shall be done in a good and workmanlike manner and shall, in all respects, fully conform to all applicable laws, regulations, rules and other building codes of the state, county, municipality, or other competent public authority having jurisdiction in the premises.

7. Lessee shall pay all city and county taxes, association dues or assessments, and other assessments on the land and building leased herein, and shall pay all personal property taxes levied or assessed against any personal property situated on the premises, at least ten (10) days before any of the same become delinquent. Lessee shall also pay throughout the term of this lease all license fees and taxes covering the businesses conducted on the premises.

8. The Lessee, during the term hereof, shall, except as herein limited, at its own cost and expense, keep and maintain the premises and every part thereof in good and sanitary order, condition and repair, including the outside

walls and roof of the commercial building, hereby waiving all right to make repairs at the expense of the Lessor as provided in Section 1942 of the Civil Code of the State of California, and all rights provided by section 1941 of said Civil Code. It is the intention of this paragraph, and the same shall be so construed, that Lessor is under no obligation to repair or maintain the premises during the term hereof, and the sole responsibility therefore is imposed upon the Lessee.

The Lessee shall be responsible for any repairs or replacements to the premises, trade fixtures, or any equipment, resulting from structural and mechanical defects of the commercial building or equipment that existed at the time of the finalization of the loan process.

9. Lessee, will, at its sole cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force or which may hereafter be in force, pertaining to, or occasioned by or affecting the use of the premises, and will faithfully observe in the use of the premises all municipal ordinances and state and federal statutes now or which may be hereafter in force. The court abatements of any unlawful use of the premises by Lessee shall, at Lessor's option, be deemed a breach of this lease. Violations, if any, of laws such as those governing prices, advertising, monopoly, or restraint of trade shall not be deemed a breach of this lease.

10. The Lessee shall have the right to install trade fixtures and equipment on the premises so long as the same do not damage or injure the premises. All personal property installed on the premises by Lessee which can be removed without permanent injury to the premises shall constitute trade fixtures, the title to which shall remain in Lessee.

Provided Lessee is not in default under any of the terms and provisions of this lease, Lessee may at any time prior to the expiration or termination of this lease, or upon termination or expiration of this lease, or any renewal thereof, remove trade fixtures and equipment installed on the premises, provided that Lessee properly repair all damage done to the premises in removing the same and restore the premises to the condition in which it existed at the time Lessee entered possession thereof, reasonable wear and tear thereof excepted.

11. If at any time during the term of this lease or any renewals or extensions of the term of this lease, Lessee fails to maintain the leased premises or make any repairs or replacements as required by this lease, Lessor may, at Lessor's option, enter the leased premises and perform maintenance or make repairs or replacements for the account of Lessee. Any sums expended by Lessor in so doing, together with interest thereon at the highest legal rate from the date expended by Lessor until the date repaid by Lessee, shall be due and payable by Lessee to Lessor with the next due payment of rent under this lease.

12. Lessee shall promptly pay all charges against the premises for water, lights, sewage, heat, power, gas, electricity, or other utilities and services furnished to the premises during the term of this lease, Lessee shall likewise, upon demand and bill being presented, reimburse the Lessor to the extent of any sums which the Lessor might be required by reason of Lessee's default to pay in connection with the furnishing of such utility or service from and after the commencement of this lease. Lessee shall likewise pay the cost and expense of all changes in the location of the utilities performed at the request of

the Lessee and for the Lessee's benefit during the term of this lease.

13. Lessee agrees that Lessor and its agents may enter into and upon the premises at all reasonable times upon reasonable notice to inspect the same and to post notices of nonresponsibility for alterations, additions, and repairs to the premises.

14. The Lessee shall not assign, mortgage, pledge or encumber this lease, or any interest therein, and shall not lease or underlet the premises, or any part thereof, or any right or privilege appurtenant thereto, without the written consent to any subsequent assignment or subletting. It is hereby mutually covenanted and agreed that unless such written consent thereto has been so had and obtained, any assignment, mortgage, pledge or other encumbrance of this lease, or underletting, either by voluntary or involuntary act of the Lessee, or by operation of law or otherwise, shall, at the option of the Lessor, terminate this lease; and any such purported assignment, mortgage, pledge, encumbrance or underletting without such consent shall be null and void.

15. The Lessee, as a material part of the consideration to be rendered the Lessor under this lease, hereby waives all claims for damages to goods, trade fixtures, equipment, wares and merchandise, in, upon or about the premises, and for injuries to persons in or about the premises from any cause; and the Lessee agrees to indemnify, defend and hold the Lessor harmless and exempt against, from and on account of, any damage or injury to any person or the property of any person, arising from the use of the premises by the Lessee or arising from the failure of the Lessee to keep the premises in good

condition and repair, as elsewhere provided in this lease. At all times Lessee shall keep in effect All Risk policies in which Lessor is jointly named with Lessee in the minimum sum equal to replacement cost of building, furnishing to Lessor certificates of insurance, with provisions that such insurance cannot be modified, canceled or altered without giving to Lessor ten days written notice thereof.

16. Lessor shall not be liable to Lessee, and Lessee hereby waives all claims against Lessor, for any injury or damage to any person or property on or about the leased premises by or from any cause whatsoever, excepting injury or damage to Lessee resulting from the acts or omissions of Lessor or Lessor's authorized agents. Lessee agrees to hold Lessor harmless from and defend Lessor against any and all claims or liability for any injury or damage to any person or property occurring in, on, or about the leased premises or any part of the leased premises, excepting any damage or injury caused in part or in whole by the act or omission of any duty by Lessor or Lessor's agents or employees.

17. Lessee shall have the right to make alterations and improvements to the leased premises, subject to the following terms and conditions:

(a) No alterations or improvements made by Lessee shall in any way impair the structural stability of any building or improvement on the leased premises or diminish the value of the leased premises.

(b) All alterations or improvements requiring expenditure greater than \$2,000.00 shall be first approved in writing by Lessor.

(c) Lessee shall keep the leased premises and every part of the leased premises free and clear of any mechanics' lien or materialmen's lien arising out of the

construction of any such alterations, improvements, or repairs.

(d) All alterations and improvements made to the leased premises shall become the property of Lessor and shall remain on and be surrendered with the leased premises at the expiration or earlier termination of this lease or any renewal or extension of this lease, in good repair and in a good, safe, and clean condition, reasonable wear and tear excepted.

(e) All alterations and improvements shall comply with all applicable laws, ordinances, and regulations of any governmental authority with jurisdiction over the leased premises.

18. By entry hereunder, the Lessee acknowledges that the premises, and every part thereof, and all window glass or other glazing, electric and gas globes, plumbing, heating and lighting fixtures, locks, heating system and other fixtures in and about the premises, are, at the date of such entry, complete and in good order, condition and repair, and that on the last day of said term, or other sooner termination of this lease, the Lessee shall peaceably and quietly leave, surrender and yield up to the Lessor, with the said appurtenances and fixtures in good order, condition and repair, reasonable use and wear thereof and damage by acts of God or by the elements excepted.

19. Lessor shall not be liable for any destruction of or injury to any goods, wares, merchandise, trade fixtures, equipment, furniture, property or effects on or upon the premises by reason of damage caused by any defect of the premises, gas, sewage, defective electric wires, gas pipes, water pipes, refrigeration pipes, tanks, drains or fire;

excepting however, any such destruction or injury resulting from positive acts of negligence of the Lessor, its agents or employees.

20. In the event an execution is levied on the interest of the Lessee in the premises herein, this lease, shall, at the option of the Lessor, be forthwith terminated.

21. If the Lessee shall be adjudged bankrupt, either by voluntary or involuntary proceedings, or if the Lessee should be the subject of any proceedings to stay the enforcement of obligations against him in the form or reorganization or otherwise under or pursuant to any existing or future laws of the Congress of the United States, including any proceedings under Chapters 7 and/or 11 of the Bankruptcy laws, or if the Lessee should discontinue business or fail in business, or abandon or vacate the premises or make an assignment for the benefit of creditors, or if the premises should come into possession and control of any trustee in bankruptcy, or if any receiver should be appointed in any action or proceeding with power to take charge, possession, control or care of said demised property, the Lessor shall have the option to forthwith terminate this lease to re-enter the premises and take possession thereof. In no event shall this lease be deemed an asset of the Lessee after adjudication in bankruptcy.

22. In the event the Lessee occupies the premises from and after the term of this lease, such occupancy shall be deemed a month to month tenancy and on the same terms and conditions as herein set forth.

23. In the event of the filing of any action for unlawful detainer because of the failure of the Lessee to

perform any of the terms of this lease, the court in which said action is pending may appoint a receiver to take possession of the premises and operate the same pending the disposition of such action.

24. Lessee agrees to pay rent to Lessor at the times and in the manner herein provided, without any deduction therefrom whatsoever, and free and clear of any and all claims and demands against Lessor of any kind or character.

25. In order that the business of the Lessee and the gross sales of Lessee may continue with as little interruption as possible, Lessee shall maintain at Lessee's own cost and expense an insurance policy insuring for their full insurable value all fixtures and equipment, and to the extent possible, all merchandise that is, at any time during the terms of this lease, in or on the premises against damage or destruction by fire, theft, vandalism, malicious mischief and the elements.

26. Lessee shall maintain on the premises and other improvements that are a part of the premises, a policy of standard fire, casualty and extended coverage insurance, with vandalism and malicious mischief endorsements, for the full replacement value of the premises and improvements.

The insurance policy shall be issued from a company approved by Lessor in the names of Lessor, Lessee and the holders of any deeds of trust or mortgages against said property, as their interest may appear.

27. In the event the premises and/or any improvements are at any time damaged or destroyed by fire, casualty or other cause, then Lessee at the Lessee's own cost and expense, shall promptly commence the work of repairing, restoring, rebuilding, and replacing the premises to their prior condition. The amount of any insurance proceeds

payable under any policy of fire and casualty insurance shall be available to Lessee for the above purposes.

During all such period of damage, destruction, repair, rebuilding, restoring and replacing, the lease and rents due thereunder shall remain in full force effect.

In the event Lessee shall fail to commence or complete repairs, restoration, rebuilding, and replacements of the premises, Lessor may at its sole option proceed to undertake the same. The amount of any insurance proceeds payable under any policy of fire and casualty insurance shall be available to Lessor for such purpose.

28. The Lessor will not commit or allow any waste or nuisance upon the premises.

29. Lessee shall not encumber, assign, or otherwise transfer this lease, any right or interest in this lease, or any right or interest in said premises or any of the improvements that may now or hereafter be constructed or installed on said premises without the express written consent of Lessor first had and obtained. Neither shall Lessee sublet said premises or any part thereof or allow any other person, other than Lessee's agents, servants, and employees, to occupy said premises or any part thereof without the prior written consent of Lessor. A consent by Lessor to one assignment, one subletting, or one occupation of said premises by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or occupation of said premises by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this lease. The consent of Lessor to any assignment of Lessee's

interest in this lease or the subletting by Lessee of said premises or parts of said premises shall not be unreasonably withheld.

Should Lessee breach this lease and/or abandon said premise prior to the natural expiration of the term of this lease, Lessor may:

(a) Continue this lease in effect by not terminating Lessee's right to possession of said premises, in which event Lessor shall be entitled to enforce all his rights and remedies under this lease, including the right to recover the rent specified in this lease as it becomes due under this lease; or

(b) Terminate this lease and recover from Lessee:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination of the lease;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term of this lease after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and

(4) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform his obligations under this lease.

Should Lessee default in the performance of any of the covenants, conditions, or agreements contained in this lease, Lessee shall have breached the lease and Lessor may,

in addition to any other remedy provided herein, re-enter and regain possession of said premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

30. Unless the Lessee shall abandon or vacate the premises, the Lessor will not terminate this lease for any breach of the Lessee or exercise the right of re-entry as provided in this lease, until after five days' written notice in the case of rent default and twenty days written notice in the case of other defaults has been given by the Lessor to the Lessee specifying the nature of the Lessee's default; and, during said five or twenty day period, as the case may be, the Lessee may cure said default and if so cured, then the Lessor shall not be entitled to terminate this lease or exercise its right or re-entry by reason of the breach for which such notice was given.

31. All notices required by law, or by this lease, to be given to either party may be given personally or by depositing the same in the United States mail, certified, with postage prepaid, and addressed as follows:

TO THE LESSOR AT: _____

TO THE LESEE AT: _____

Such addresses may be changed from time to time by either party by serving notices as above provided.

32. In case suit shall be brought for unlawful detainer of the premises, or for the recovery of any rent due under the provisions of this lease, or because of the breach of any other covenant herein contained on the part of the Lessee or on the part of the Lessor to be kept and performed, the Lessee or Lessor will pay to the successful party reasonable attorney's fees.

33. The Lessor agrees that the Lessee upon paying the rent and performing the covenants of this lease may quietly have, hold and enjoy the premises during the term hereof of any extensions thereof.

34. Except as it is otherwise expressly provided in this lease, time is of the essence of this lease and all of the terms and covenants hereof are to be construed as conditions and upon the breach by the Lessee of any of the same, the Lessor may, at Lessor's option, terminate this lease.

35. The waiver by the Lessor of any breach of any term, covenant or condition herein contained, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

36. Any holding over after the expiration of the term of this lease, with the consent of the Lessor, shall be construed to be a tenancy from month to month, and shall otherwise be on the terms and conditions herein specified as far as possible.

37. This lease supersedes any and all prior leases and negotiations and embodies all of the understandings and stipulations between the parties hereto and supersedes all prior preliminary agreements, and it is mutually understood that no statement, promise or inducement made by either parties, their employees, agents, or salesmen which is not specifically set forth herein shall be binding upon the parties, and this lease and said plans and specifications may not be enlarged, modified or altered, except in writing subscribed by the parties hereto.

38. Subject to the restrictions as to assignment, this lease and all of the provisions hereof, shall bind and shall inure to the benefit of the parties hereto and their

respective heirs, legal representatives, successors and assigns.

39. Lessor hereby assigns to Lessee, Lessor's interest as Lessor in any lease by a third party of a lease or leases of any portion of the Premises.

The Lessor and Lessee have duly executed this lease on the day and year first above written.

LESSOR:

LESSEE:

