

PERRIS STATION

SUBLEASE AGREEMENT

By and Between

**THE COMMUNITY ECONOMIC DEVELOPMENT CORPORAITON
OF THE CITY OF PERRIS**

and

Odir Smahi Silva and Abigail Silva a married couple. DBA LA GARE CAFE

[24 South 'D' Street, Suite 108 and 110]

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (hereinafter "Sublease") is entered into as of March ___1st___, 2016, between Odir Smahi Silva and Abigail Silva a married couple. DBA LA GARE CAFÉ ("Tenant") and the Community Economic Development Corporation of the City of Perris ("Landlord").

RECITALS

- A. Landlord is the lessee under a Master Lease signed between the Landlord and HCHP Affordable Multi-Family, LLC, a California Limited Liability Company, ("Master Lessor"), of the ground floor of the real property located at 24 South D Street in the City of Perris ("Master Lease Premises").
- B. Tenant desires to sublease from Landlord and Landlord desires to sublease to Tenant a portion of the Master Lease Premises, specifically described as Suites 108 and 110 ("Premises") and as shown on the Site Plan attached as Exhibit A.
- C. Tenant acknowledges that this Sublease is subject to the terms of the Master Lease; that Tenant has no rights under this Sublease greater than Landlord possesses under the Master Lease; and that in the event of any conflict between this Sublease and the Master Lease, the terms of the Master Lease are controlling.

NOW THEREFORE, for good and valuable consideration the receipt and adequacy of which are acknowledged, the parties agree as follows:

Section 1. Sublease of Premises

(a) Sublease

Landlord subleases to Tenant and Tenant subleases from Landlord the Premises on the terms and conditions set forth in this Sublease. Tenant agrees that it accepts the Premises "As-Is" and "Where-is" without any representations or warranties of any nature or kind whatsoever from Landlord.

(b) Sublease Subject to Master Lease

Tenant, for the benefit of the Landlord and the Master Lessor, hereby agrees that the Master Lease is incorporated herein by reference, and Tenant agrees further to be bound by all of the terms, covenants and conditions on the part of the Landlord to be done, performed and observed under the Master Lease with respect to the Premises. Tenant shall not do or permit anything to be done which would cause the Master Lease to be breached, terminated or forfeited, and the Tenant shall indemnify and hold the Landlord harmless from and against all claims of any kind whatsoever by reason of any action, breach or default on its part. Tenant acknowledges and agrees that

notwithstanding anything to the contrary in this Sublease, this Sublease may terminate immediately upon the termination or expiration of the Master Lease.

A violation of the Master Lease by the Tenant shall constitute a violation of this Sublease and constitute an Event of Default under Section 21(a) and cause for termination pursuant to the terms of the Master Lease and this Sublease. Tenant represents and warrants that it has reviewed the Master Lease and is familiar with its terms; that Tenant has had an opportunity to consult with an attorney of Tenant's choosing regarding the Master Lease; and that Tenant accepts the terms of the Master Lease in their entirety.

(c) Floor Area

For purposes of calculations based upon square footage in this Sublease, the Premises contain approximately 3667 square feet of floor area. Tenant agrees that it has been given an opportunity to verify the square footage of the Premises and Tenant is in agreement with the square footage provided in this Sublease for the Premises.

Section 2. Use

Tenant agrees to use the Premises for the purpose of operating LA Gare Café and Coffee Roasters and for no other use. The use may be further described in Exhibit B.

Section 3. Term

The term of this Sublease ("Term") shall commence on March 1st, 2016 ("Commencement Date"), and shall terminate on February 28, 2026, unless terminated sooner in accordance with this Sublease ("Term"). Should the Term commence on a date other than the first day of a calendar month, the Term shall be extended by this fractional month. Tenant will have continuous five year options as long as the original parties are still in operation.

Section 4. Rent

Tenant shall pay to Landlord during the Term of this Sublease as monthly rental for the Premises the sum of \$0 per month, which shall be paid in advance on the first day of each calendar month ("Monthly Rent"). All Monthly Rent to be paid by Tenant to Landlord shall be paid in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand at the address designated in Section 28. This is an absolute net sublease to Landlord with Tenant paying their pro rata share of all expenses, including but not limited to taxes, utilities, and common area maintenance ("CAM") expenses as provided in this Sublease and in the Master Lease. Further provisions for Monthly Rent may be included in Exhibit C.

Section 5. Real Property Taxes

(a) Real Property Taxes Defined

As used in this Sublease, the term "Real Property Taxes" shall include any form of tax or assessment, license fee, license tax, possessory interest tax, tax or excise on rental or gross receipts, or any other levy, charge, expense or imposition imposed by any Federal, state, county or city authority having jurisdiction, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district on any interest of Landlord or Tenant (including any legal or equitable interest of Landlord) in the Premises or the Landlord's Premises.

(b) Tenant Responsible for Real Property Taxes

Separate from Tenant's other responsibilities in this Sublease, Tenant is responsible for all Real Property Taxes on the Premises and shall cause and/or work with the Landlord as necessary to cause the Premises to be separately assessed and billed from the Landlord's Premises and/or the Master Lease Premises. If the Tenant is separately billed for Real Property Taxes on the Premises, Tenant shall pay all Real Property Taxes prior to delinquency.

If the Tenant is not separately billed for Real Property Taxes, the Tenant shall pay to Landlord Tenant's pro rata share of the annual Real Property Taxes, and taxes in lieu of real property taxes. This amount shall be payable within ten (10) days after receipt of a semi-annual statement to be sent by Landlord to Tenant setting forth the amount of the Real Property Taxes based upon the actual tax bill received by Landlord; or Landlord at Landlord's option shall have the right to estimate the amount of taxes next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated tax obligation, as set forth in Subsection 30(i).

(c) Tenant Acknowledgement of Notice on Tax Treatment

Tenant understands that this Sublease may create a taxable possessory interest and that it may be liable to pay that tax, and Tenant acknowledges that the City has recommended that Tenant review any tax implications with a qualified attorney or tax specialist. Tenant acknowledges that the City has made no representation concerning Tenant's ability to avoid creation of a taxable interest under this Sublease.

Section 6. Personal Property Taxes

During the Term, Tenant shall pay all taxes assessed against and levied upon fixtures, furnishings, equipment, and all other personal property of Tenant contained in the Premises prior to delinquency, and when possible Tenant shall cause these fixtures, furnishings, equipment, and other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's fixtures, furnishings, equipment, and other personal property is assessed and taxed with Landlord's real property, Tenant shall pay to Landlord Tenant's share of the taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of the taxes applicable to Tenant's property.

Section 7. Parking and Common Areas

(a) Tenant's Right to Common Areas and Parking Spaces

Landlord agrees that the Common Areas of the Master Leased Premises and the Parking Spaces shall be available for the nonexclusive use of Tenant during the full Term of this Sublease and any extension of the Term, subject to the Master Lease. This Sublease shall be subordinate to the Master Lease or any subsequently placed agreement upon the Master Lease Premises.

(b) Tenant's Responsibility for Common Area Costs

Tenant shall be responsible for a pro rata share of the Common Area Costs assessed to the Landlord under the Master Lease. The Tenant shall be charged and prorated in the manner set forth in Section 7(c).

(c) Tenant's Pro Rata Share Calculation

Landlord shall send Tenant an itemized statement, setting forth in reasonable detail the computation of Tenant's pro rata share of the Common Area Costs on a monthly basis, and Tenant agrees to pay Landlord Tenant's pro rata share of these costs within ten (10) days after receipt of the statement. Tenant's pro rata share shall be determined by the ratio that the gross floor area of the Premises bears to the gross square feet of floor area of Master Leased Premises multiplied by the Common Area Costs assessed to the Landlord under the Master Lease. Any expenses for the year in which this Sublease commences or ends shall be apportioned and adjusted based upon the number of months or portions of months in which Tenant occupies the Premises. Landlord may, at Landlord's option, estimate the amount of the Common Area Costs next due and collect and impound from Tenant, on a monthly or quarterly basis, the amount of Tenant's pro rata share.

(d) Rules and Regulations

Tenant, in the use of the Common Areas and Parking Spaces, agrees to comply with the Master Lease, and all reasonable rules and regulations as Landlord and/or the Master Lessor may adopt from time to time for the orderly and proper operation of the Common Area and Parking Spaces.

Section 8. Uses Prohibited

Tenant shall not use, nor permit the Premises, nor any part of the Premises, to be used for any purpose other than the purpose set forth in Section 2. No use shall be made or permitted to be made of the Premises, nor acts done, that will increase the existing rate of insurance upon the Property (once this rate is established), or cause a cancellation of any insurance policy covering the Property or any part of the Property, nor shall Tenant sell or permit to be kept, used, or sold in or about the Premises any article that may be prohibited by standard form of fire insurance policies. Tenant shall, at Tenant's sole cost, comply with all requirements pertaining to the use of the Premises, of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance, covering the building and appurtenances.

Section 9. Alterations

(a) Landlord Consent Required for Alterations

Tenant shall not make or suffer to be made, any alterations of the Premises, or any part of the Premises, without the prior written consent of Landlord.

(b) Improvements Become Property of Landlord

Any additions to, alterations, or improvements to the Premises by Tenant including, but not limited to, light fixtures, floor coverings and partitions and other items, but excluding trade fixtures and signs, shall be deemed to be the property of Landlord upon installation.

(c) Requirements

Tenant, at its cost, shall obtain all required governmental permits and approvals for all alterations, copies of which shall be delivered to Landlord prior to the commencement of the applicable alterations, and all such alterations (structural and non-structural) shall be performed strictly in accordance with all applicable laws, ordinances, rules or regulations of any public authority. All alterations shall be performed in a good and workmanlike manner. All alterations shall be diligently prosecuted to completion. Construction work in connection with any alterations shall be performed in such manner as not to obstruct the access to the Landlord's Premises or otherwise interfere with the operation of business or occupancy by any other occupant of the Landlord's Premises and the Master Lease Premises.

Section 10. Maintenance and Repair

(a) Landlord's Maintenance Responsibilities

Unless otherwise expressly provided in this Sublease, and to the extent required by the Master Lease, Landlord shall maintain in good order, condition and repair the structural components and foundations, and exterior surfaces of the exterior walls of the Premises, including the storefronts and storefront awnings of the Premises and all Common Areas; provided, however, if any repairs or replacements are necessitated by the negligence or willful acts of Tenant or anyone claiming under Tenant or by reason of Tenant's failure to observe or perform any conditions or agreements contained in this Sublease, or caused by alterations, additions or improvements made by Tenant or anyone claiming under Tenant, the cost of same shall be the sole responsibility of Tenant. Notwithstanding the above, Tenant shall be responsible for cleaning the exterior surfaces of the doors, door-frames, door checks, windows, and window frames of the Premises. It is acknowledged by Tenant that the cost of Landlord's maintenance obligations referenced in the preceding sentence shall be included in the Common Area Costs and assessed to the Tenant pursuant to Section 7(c).

(b) Tenant's Maintenance Responsibilities

Tenant, at its sole cost and expense, shall keep the Premises and all utility facilities and systems exclusively serving the Premises ("Tenant Utility Facilities") in first class order, condition and repair and shall make replacements necessary to keep the Premises and Tenant Utility Facilities in such condition. All replacements shall be of a quality equal to or exceeding that of the original. Tenant acknowledges that Tenant is leasing the Premises on an "as is" basis. By entering into the Premises, Tenant shall be deemed to have accepted the Premises as being in good and sanitary order, condition, and repair, and Tenant agrees on the last day of the Term or on sooner termination of this Sublease to surrender the Premises with appurtenances, in the same condition as when received, reasonable use and wear and damage by fire, act of God, or by the elements excepted. Tenant shall regularly sweep and clean the sidewalks adjacent to the Premises, as needed, and shall be responsible for keeping the Premises' trash enclosure free of debris.

(c) Tenant's Special Maintenance Obligations

Tenant's Special Maintenance Obligations, if any, are described below in Section 10 (d).

(d) Special Maintenance Obligations

If the use of all or any part of the Premises includes operation of a restaurant or a food service facility pursuant to this Lease, Tenant shall, at its sole cost and expense, in addition to the maintenance obligations set forth in Section 10 (b) be responsible for maintenance and repair of any grease-trap, roof exhaust or similar device serving the Premises (including, without limitation, pumping out of waste product therefrom) on at least a quarterly basis (or more frequently as reasonably required) and, upon Landlord's request, provide Landlord with reasonable evidence of Tenant's compliance with the requirements hereof by maintenance of a service contract therefor or otherwise; (b) be responsible for maintenance and repair of any ventilation and/or exhaust system serving the Premises on at least a quarterly basis (or more frequently as reasonably required); provided however, Landlord may, at its option, elect to provide or contract for such service itself, bill Tenant for the cost of same and the sum so billed to Tenant shall become immediately due to Landlord as Additional Rent; (c) be responsible for promptly cleaning any spills or waste in the Project occasioned by off-premises consumption of food items, if any, that are sold by Tenant or any of the Tenant Parties; (d) if found by Landlord to be necessary and related to the use of the Premises by Tenant or any of the Tenant Parties, steam clean all sidewalk areas on the Premises and within ten (10) feet of the Premises as necessary, but not less than once each month, to remove all food particles, grease and residue; and within fifteen (15) days after the Commencement Date, Tenant shall give Landlord written notice of Tenant's steam cleaning schedule and shall promptly notify Landlord in writing of any changes to such schedule; provided however, Landlord may, at its option, elect to provide or contract for such service itself, bill Tenant for the cost of same and the sum so billed to Tenant shall become immediately due to Landlord as Additional Rent; (e) scrub and wash all tables, chairs, dividers, fixtures and furnishings used by it with an approved detergent-disinfectant type of solvent to prevent build-up from food spills, dusts, dirt and other substances; (f) if found by Landlord to be necessary, install and operate mechanical, chemical or electrical insect traps, approved by Landlord in writing as to location and type, to

eliminate all insects, gnats and flies from the Premises; (g) cause the trash containers located within the Premises to be emptied on a regular basis, prior to their overflowing, substitute a replacement container during the time period when the containers are being emptied and keep and maintain all containers in a clean and attractive condition and appearance at all times; (h) utilize dumpsters or other disposal facilities for the disposal of garbage and waste products; (i) cause signs (approved in advance by Landlord in writing) to be posted requesting patrons, invitees and employees of Tenant to deposit waste in trash containers; and (j) cause its exterior trash containers and dumpsters to be emptied daily, unless Tenant, at its expense, provides refrigerated storage of trash. In addition, if the Premises includes, or Landlord otherwise permits Tenant's use of, any exterior areas, Tenant may (at Tenant's sole risk and cost) provide for and arrange in such exterior area tables, chairs, umbrellas, waste receptacles and other customary items, the number, design, color and location of which shall be subject to the prior approval of Landlord, provided that such exterior area use shall in no event adversely affect pedestrian or vehicular traffic in other portions of the Common Area. If such exterior area is a part of the Premises, such exterior area shall be maintained and repaired by Tenant as a part of the Premises. If such exterior area is a part of the Common Area, so long as Tenant shall so use such exterior area, Landlord shall not be responsible for the maintenance or repair of such exterior area (notwithstanding that such exterior area is a part of the Common Area), and Tenant shall maintain such exterior area in a clean and attractive manner at its sole cost, including, without limitation, the following: (i) Tenant shall daily clean and wash the exterior area and the furnishings in the exterior area with a detergent-disinfectant type of solvent to maintain the same in neat and clean condition, free from build up from food spills, dusts, dirt and other substances; (ii) Tenant shall cause trash containers serving the exterior area to be emptied on a daily basis, (iii) Tenant shall cause professionally prepared signs (approved in advance by Landlord) to be posted requesting patrons, invitees and employees of Tenant to deposit waste in trash containers serving the exterior area, (iv) Tenant shall cause tables in the exterior area to be continuously used and wiped clean of spills during Tenant's hours of operation, and (v) Tenant shall maintain the Common Area in the immediate vicinity of the exterior area free of any debris from the use of the exterior area.

Rooftop Equipment.

Subject to the provisions of this Section and the other provisions of this Lease respecting Alterations by Tenant, but at no additional rental cost to Tenant, Tenant shall have the non-exclusive right during the Term, at Tenant's sole cost and expense, to install within an area on the roof of the Building reasonably designated by Landlord, HVAC and related equipment and exhaust venting systems to service the Premises (collectively, the "Rooftop Equipment"), which Rooftop Equipment shall include, without limitation, the related vertical and horizontal utility lines and conduits ("Rooftop Equipment Lines") from the Building roof to the Premises, which are compatible with the Building structure and/or mechanical and utility systems, which Rooftop Equipment shall be of such size, weight and quantity, and at such location as is reasonably approved by Landlord and Landlord's structural engineer. Tenant shall reimburse Landlord for the reasonable fees of Landlord's structural engineer incurred in evaluating Tenant's plans for installation of the Rooftop Equipment and any modifications thereto, within thirty (30) days following submission by Landlord to Tenant of invoices therefor. Tenant's Rooftop Equipment shall not take up more than a pro rata amount of the roof space available for rooftop equipment, based upon the proportion of area within the Building leased by Tenant, unless otherwise approved by Landlord.

The installation, maintenance, repair, operation and removal (as hereinafter provided) of such Rooftop Equipment shall be completed in a good and workmanlike manner so as not void any existing roof warranty and in conformity with (i) plans and specifications therefor (the "Rooftop Equipment Plans") showing matters including, without limitation, equipment size, location, weight and composition, and Tenant's plan for assembly, installation, maintenance and removal of such equipment, which Rooftop Equipment Plans shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld or delayed, and (ii) all applicable laws, including, without limitation, Tenant's obtaining and keeping in force any necessary governmental permits or approvals for the operation of such Rooftop Equipment. At Landlord's option, all work of installation, maintenance, repair and other work affecting the roof in connection with the Rooftop Equipment shall be performed, at Tenant's sole cost and expense, by Landlord or by Landlord's designated roof contractor. Tenant shall, at its sole cost and expense, install screening of such Rooftop Equipment to prevent visibility from the street level, as Landlord may reasonably require, and any other screening of such Rooftop Equipment as may be required by applicable laws. Tenant shall not be permitted to access the roof except when previously scheduled with Landlord or upon receipt of prior written approval from Landlord (which approval shall not be unreasonably withheld or delayed).

Tenant shall be solely responsible for any liability, cost, claim, expense (including, without limitation, attorneys' fees) and/or damage to the Building and/or the Project resulting from Tenant's installation, maintenance, operation, use, presence or removal of such Rooftop Equipment. Tenant shall, at all times during the Term, pay to Landlord within thirty (30) days following demand therefor accompanied by reasonable evidence of such charges, all increased insurance premiums or other charges which may be incurred by or charged to Landlord as a result of the installation, operation, maintenance and/or removal of the Rooftop Equipment. Tenant shall pay all costs and expenses of operation of the Rooftop Equipment, including, without limitation, any necessary utility services therefor. Tenant shall be entirely responsible for all maintenance of and repairs to the Rooftop Equipment so that at all times the Rooftop Equipment is in good condition and repair. Tenant shall maintain such insurance upon the Rooftop Equipment as Tenant is obligated to maintain with respect to the Premises pursuant to this Lease. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold harmless Landlord from any and all claims, demands, liabilities, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Landlord may suffer or incur arising out of or related to the installation, use, operation, maintenance, replacement and/or removal of the Rooftop Equipment or any portion thereof. Subject to the provisions of Section 14.6 below, Landlord shall be responsible for any damage to the Rooftop Equipment caused by Landlord, or any agent, contractor or employee of Landlord.

(e) Repairs

Landlord shall not be required to make any repairs as required by this Sublease unless Tenant has notified Landlord in writing of the need for repairs and Landlord shall have had a reasonable period of time to commence and complete the repairs and/or seek a repair by the Master Lessor. Tenant shall reimburse Landlord for Landlord's pro rata share of the replacement costs, repairs, and maintenance incurred by Landlord, the pro rata share to be determined according to the floor area of the Premises as it relates to the floor area of the Landlord's Premises. Tenant waives all right to

make repairs at the expense of Landlord, and Tenant waives all rights provided for by Civil Code § 1941 to make these repairs. Tenant is responsible for the Tenant's pro rata share of any repair costs assessed to the Landlord by the Master Lessor under the Master Lease. Tenant agrees to pay Landlord Tenant's pro rata share of any repair expenses within ten (10) days after receipt of a statement of repairs delivered by the Landlord to the Tenant.

(f) Tenant Repairs

If Tenant fails to commence a repair within the Tenant's responsibilities under subsection 10(b), above, within (10) days after written notice from Landlord of the need for such work (or if more than ten (10) days shall be required because of the nature of the work, if Tenant shall fail to diligently proceed to commence to perform after written notice), the Landlord may perform work to prevent waste or deterioration in connection with the Premises. If Landlord makes any repairs after notice is given provided in this subsection, Tenant shall pay the cost of such repairs to Landlord, within ten (10) days of receipt of a bill from Landlord.

Section 11. Compliance with Law

Tenant shall, at Tenant's sole cost, comply with all of the requirements of all municipal, state, and federal authorities now in force or that may later be in force pertaining to the use of the Premises, and shall faithfully observe in this use all municipal ordinances and state and federal statutes now in force or that shall later be in force. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing that may disturb the quiet enjoyment of any other Tenant in the Master Leased Premises or the Landlord's Premises.

Section 12. Tenant Improvements

In addition to any other requirements in this Sublease, including, but not limited to Section 9 related to alterations, within twenty (20) business days after the execution of this Sublease, Tenant shall provide Landlord with a set of plans showing Tenant's proposed improvements to the Premises. Within five (5) business days after receipt of Tenant's plans, Landlord shall provide Tenant with written approval or disapproval of the improvements. Landlord shall post and record a notice of non-responsibility prior to the start of any improvements. Prior to the commencement of improvements by Tenant, Tenant shall either obtain a Performance and Completion Bond or obtain Unconditional Lien Releases from all persons performing labor or providing materials on or to the Premises. A copy of the bonds or lien releases, dated and with original signatures, shall be provided to Landlord prior to commencement of work.

Landlord will provide a Tenant Improvement allowance of one hundred thousand dollars (\$100,000). Twenty five thousand dollars (\$25,000) within 30 days of lease signing. The remaining balance will be paid in twenty five thousand (\$25,000) increments as tenant provides proof of twenty five thousand (\$25,000) in tenant improvement related expenditures.

Section 13. Tenant's Insurance; Indemnification of Landlord

(a) Tenant's Insurance Requirements

Tenant, at its sole cost and expense, commencing on the earlier of the date of Substantial Completion of the Premises, or the date Tenant is given earlier access to the Premises, and continuing during the Term, shall procure, pay for and keep in full force and effect the following types of insurance, in at least the amounts and in the forms specified below:

(1) Commercial general liability insurance with coverage limits of not less than One Million Dollars (\$2,000,000.00) combined single limit per occurrence and Two Million Dollars (\$4,000,000.00) aggregate for bodily injury, personal injury, death and property damage liability or the limit carried by Tenant, whichever is greater, insuring against any and all liability of the insureds with respect to the Premises or arising out of the maintenance, use or occupancy of the Premises or related to the exercise of any rights of Tenant pursuant to this Lease, subject to increases, not more frequently than once every five (5) years, in amount as Landlord may reasonably require from time to time to insure that the insurance maintained by Tenant hereunder is in amounts consistent with prudent practice in the comparable shopping center industry. All such liability insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property set forth in Section 14.6 to the extent of customary contractual liability coverage (but Tenant's indemnity obligations under this Lease shall not be limited by the extent of insurance coverage). Further, all such liability insurance shall include, but not be limited to, personal injury, blanket contractual, cross-liability and severability of interest clauses, broad form property damage, independent contractors, owned, non-owned and hired vehicles and, if alcoholic beverages are served, sold, consumed or obtained in the Premises, liquor law liability.

(2) Worker's compensation coverage in an amount adequate to comply with law, and employer's liability coverage with a limit of not less than One Million Dollars (\$1,000,000.00).

(3) Plate glass insurance covering all plate glass on the Premises at full replacement value. Tenant shall have the option either to insure this risk or to self-insure.

(4) Insurance covering all of Tenant's Work, Tenant's leasehold improvements and Alterations and the Rooftop Equipment, in an amount not less than their full replacement value from time to time (subject to commercially reasonable deductible or self-insured amounts), including replacement cost endorsement, providing protection against any peril included within the classification Fire and Extended Coverage, sprinkler damage, vandalism, malicious mischief, and such other additional perils as covered in an "all risks" standard insurance policy and, at Landlord's option earthquake insurance coverage. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate.

(b) Policy Form

All policies of insurance required of Tenant shall meet all of the requirements of Section 14.2 of the Master Lease, including as those requirements may be modified from time to time by the parties to the Master Lease. Without limitation to any requirement provided above, the Tenant shall provide the Landlord with certificates of insurance and a copy of the endorsements evidencing the required coverage and the naming of the Landlord, the Master Lessor, the "Master Lessor" as identified in the Master Lease, and all other required parties as additional insureds as required by Section 14.2 of the Master Lease. Additionally, the Tenant, upon reasonable notice of the Landlord, shall make available for inspection by the Landlord at the Premises copies of said insurance policies.

(c) Reimbursement of Insurance Premiums by Tenant

Tenant agrees to pay Tenant's pro rata share of any insurance premium cost or insurance deductibles or self-insurance retentions assessed to Landlord by the Master Lessor pursuant to Section 14.4 of the Master Lease. The cost of such insurance for any partial year of the Term shall be prorated. Tenant's pro rata share shall be determined based upon the ratio of the floor area of the Premises over the gross square footage of floor area of the Landlord's Premises multiplied against the total insurance cost or assessment issued to the Landlord. The tenant shall pay its costs within fifteen (15) days of notice of its pro rata share. Landlord may, at Landlord's option, estimate the amount of Tenant's pro rata share of insurance premiums and assessments next due and collect and impound from Tenant, on a monthly or quarterly basis, the amount of Tenant's pro rata share.

(d) Indemnity

"Landlord" for the purposes of this Section 13 shall mean and include Landlord and Landlord's officers, employees, agents, contractors, and licensees. To the fullest extent permitted by law, Tenant covenants with Landlord that Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damage to equipment or other personal property, trade fixtures and leasehold improvements of Tenant or any other person occurring from and after Tenant takes possession from any cause whatsoever related to the use, occupancy or enjoyment of the Premises by Tenant or any person thereon or holding under Tenant including, but not limited to, damages resulting from any labor dispute.

Tenant shall pay for, defend (with an attorney approved by Landlord), indemnify, and hold Landlord harmless against and from any real or alleged damage or injury and from all actions, suits, claims, judgments, damages, liabilities, costs, losses, penalties, obligations, errors, omissions or liabilities and expenses, including attorney's fees and costs, arising out of or connected with the use of the Premises and its facilities, or any repairs, alterations or improvements, which may be made or caused to be made upon the Premises by Tenant, any subtenant of Tenant or any of their respective employees, agents, contractors, invitees or visitors (collectively, the "**Tenant Parties**"), any breach of this Sublease by Tenant and any loss or interruption of business or loss of rental income resulting from any of the foregoing. The obligations to indemnify set forth in this Section shall include all attorneys' fees, litigation costs, investigation costs and court costs and all other

costs, expenses and liabilities incurred by the indemnified party from the first notice that any claim or demand is to be made or may be made. All indemnity obligations under this Section shall survive the expiration or termination of this Lease. Tenant shall promptly pay any judgment rendered against the Landlord for any such claim or liability.

(e) Waiver of Subrogation

Landlord and Tenant each waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Premises or its contents, or to other portions of the Landlord's Premises or the Master Lease Premises arising from any liability, loss, damage or injury caused by fire or other casualty for which property insurance is carried or required to be carried pursuant to this Lease. The insurance policies obtained by Landlord and Tenant pursuant to this Lease shall contain endorsements waiving any right of subrogation, which the insurer may otherwise have against the noninsuring party. The Landlord's waiver of subrogation is only effective to the extent the Tenant maintains insurance pursuant to this Section 13.

(f) Failure by Tenant to Maintain Insurance

If Tenant refuses or neglects to secure and maintain insurance policies complying with the provisions of this Section 13, or to provide copies of policies or certificates or copies of renewal policies or certificates within the time provided in Subsection 13(b) and the same is not cured within five (5) days following Tenant's receipt of written notice thereof from Landlord, then Landlord may, after providing written notice to Tenant of its intention to do so, secure the appropriate insurance policies and Tenant shall pay, upon thirty (30) days following demand, the cost of the insurance policies to the Landlord.

Section 14. Free From Liens

Tenant shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work or improvement, for any labor done, services performed, or materials, appliances, transportation, or power used or furnished, however it may arise, to stand against the Premises or any improvement thereon. If any such lien shall be filed or arise against the Premises or improvements, Tenant (i) shall immediately notify the Landlord in writing, and (ii) shall cause the same to be discharged within forty-five (45) days after such filing, by payment, deposit, or bond and shall save and hold the Landlord and the Premises and the Landlord's Premises free and harmless from any and all such claims, liens, or suits. If an action to foreclose such lien has been filed before Tenant discharges in full such lien, and a lis pendens or, similar encumbrance on the Premises has been recorded in connection with such action, Tenant shall, at the time it discharges such lien, take all measures necessary to procure the removal of such encumbrance from the record title of the Premises. If Tenant shall fail to discharge any such lien, the Landlord may, but shall not be obligated to, discharge the same and any amount so paid or deposited by the Landlord and any expenses so incurred by the Landlord, including reasonable attorney's fees, shall become immediately due and payable by Tenant to Landlord together with interest as provided hereunder. Tenant may in good faith and at Tenant's own expense contest the validity of any such asserted lien, claim or demand, provided Tenant has furnished a required bond, any amendment thereof or any law of similar import hereafter enacted providing for a bond freeing a premise from such lien

claim. Tenant shall give Landlord at least ten (10) days' written notice of the date of commencement of any construction, alteration, addition, or improvement or repair costing in excess of Ten Thousand Dollars (\$10,000.00) so that Agency may post appropriate Notices of Non-responsibility. Authorized agents of the Landlord shall at all times have the right to go upon the Premises to post, and keep posted thereon, Notices of Non-responsibility provided by Section 8222 of the California Civil Code. No mechanic's or materialman's liens or mortgages, deeds of trust, or other liens of any character whatsoever created or suffered by Tenant shall in any way or to any extent affect the interests or rights of Landlord or Master Lessor in the improvements on the Premises or attach to or affect Landlord's or Master Lessor's rights in the Premises.

Section 15. Abandonment

Tenant shall not vacate or abandon the Premises at any time during the Term; and if Tenant shall abandon, vacate, or surrender the Premises or be dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the Premises shall, at the option of Landlord, be deemed abandoned.

Section 16. Signs

Tenant shall not allow to be affixed upon the exterior of the Premises any sign, advertising placard, name, insignia, trademark, descriptive material or other like item (collectively, the "Exterior Signs"), unless the Exterior Signs (i) comply with all governmental requirements, and (ii) are approved by Landlord. All of the Exterior Signs shall be erected by Tenant at its sole cost and expense, and Tenant shall maintain all of its Exterior Signs in good condition and repair during the Term. Tenant shall not allow any signage or advertising placard except those which shall have been approved in writing, in advance by Landlord, to be affixed or maintained upon the glass panes or supports of the show windows or doors. All signage shall be professionally prepared and maintained in a neat manner, shall comply with all applicable laws, ordinances and regulations.

Section 17. Utilities

Tenant shall pay before delinquency all charges for water, gas, heat, electricity, power, telephone service, and all other services of utilities used in, upon, or about the Leased Premises by Tenant or any of Tenant's subtenants, licensees, or concessionaires during the Term. If any utility is not separately metered, Tenant shall reimburse Landlord for Tenant's pro rata share of the cost of the utility determined according to the floor area of the Premises as it relates to the total gross leasable floor area of the Landlord's Premises. If the Landlord is assessed utility costs pursuant to Article 9 of the Master Lease, the Tenant shall pay a pro rata share of that assessment. The Tenant's pro rata share of utilities for any partial year of the Term shall be prorated. The tenant shall pay its costs within fifteen (15) days of notice of its pro rata share. Landlord may, at Landlord's option, estimate the amount of Tenant's pro rata share of utility costs and assessments next due and collect and impound from Tenant, on a monthly or quarterly basis, the amount of Tenant's pro rata share as set forth in Subsection 30(i).

Section 18. Entry

Subject to reasonable prior notice to Tenant, Tenant shall permit Landlord and Landlord's agents and the Master Lessor and the Master Lessor's agents to enter into and upon the Premises at all reasonable times to inspect them or to maintain the building in which the Premises are situated, or for making repairs, alterations, or additions to any other portion of the building, including the erection and maintenance of scaffolding, canopy, fences, and props as may be required, or for posting notices of nonliability for alterations, additions, or repairs, or for placing any usual or ordinary "For Sale" or "For Lease" signs upon the property in which the premises are located. Landlord and the Master Lessor shall be permitted to do any of these actions without any rebate of rent and without any liability to Tenant for any loss of occupation or quiet enjoyment of the Premises they might cause. Tenant shall permit Landlord, at any time within thirty (30) days prior to the expiration of this Lease, to place upon the Premises any usual or ordinary "For Lease" signs, and during the thirty (30) day period Landlord or Landlord's agents may, during normal business hours, enter upon the Premises and exhibit them to prospective Tenants.

Section 19. Damage and Destruction

(a) Master Lessor Elects to Repair

In the event of partial or complete damage and destruction of the Premises, the Landlord's Premises or the Master Leased Premises, wherein the Master Lessor has elected to repair and restore the damaged or destroyed premises and the Landlord has not otherwise elected to terminate the Lease pursuant to Article 15 of the Master Lease, the Tenant shall be required to repair and restore any damage to Tenant's improvements as soon as the premises are made available.

(b) Termination of Master Lease

If either the Landlord or the Master Lessor has elected to terminate the Lease pursuant to Article 15 of the Master Lease, the Sublease shall be terminated effective upon the effective termination date of the Master Lease and the parties shall have no further obligations hereunder, except for those accrued but unpaid as of the termination date, and for insurance and indemnity obligations, or any other requirement that expressly survives termination of the Sublease.

(c) Abatement of Rent

Rent will be abated to the extent that Tenant is prevented from occupying the Premises, unless the damage or destruction was caused by the Tenant and/or the Tenant's agents, employees, or contractors and the Landlord is not otherwise receiving any loss of rental income insurance.

(d) No Liability for Loss of Use

Other than rent abatement provided in subsection (c), Tenant shall not be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises, the Landlord's Premises or the Master Leased Premises, Tenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

Section 20. Assignment and Subletting

Tenant shall not assign this Sublease, or any interest in this Sublease, and shall not sublet the Premises or any part of them, or any right or privilege appurtenant to them, or permit any other person other than the agents and servants of Tenant to occupy or use the Premises without the prior written consent of the Landlord.

An assignment as used in this section shall include any sale, transfer, lease, assignment, hypothecation or encumbrance of the Premises and the transfer to any person or group of persons acting in concert of more than fifty percent (50%) of the present ownership and/or control of Tenant in the aggregate, taking all transfers into account on a cumulative basis. In the event the Tenant or its successor is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of the Tenant, or the beneficial interests of such trust; in the event that Tenant is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

Section 21. Tenant's Default

(a) Event of Default

Each of the following shall constitute an event of default ("Event of Default") under this Lease:

- (i) if Tenant fails to make any payment required by the provisions of this Lease, when due;
- (ii) if Tenant fails within thirty (30) days after written notice to correct any breach or default of the other covenants, terms, or conditions of this Lease;
- (iii) if Tenant abandons the Premises before the end of the Term. Abandonment will be deemed to occur fourteen (14) days after the Landlord gives notice required in Civil Code § 1951.3;
- (iv) if Tenant makes any assignment or sublet of the Premises without the consent of the Landlord, including for the benefit of creditors to avoid bankruptcy;
- (v) if the Tenant files a voluntary petition in bankruptcy or the adjudication of the Tenant as a bankrupt;
- (vi) if a receiver is appointed to take possession of all or substantially all of the assets of the Tenant located at the Premises or of the Tenant's leasehold interest in the Premises;

- (vii) the filing of any creditor of the Tenant of an involuntary petition in bankruptcy which is not dismissed within sixty (60) days after filing;
- (viii) the attachment, execution or other judicial seizure of all or substantially all of the assets of the Tenant or the Tenant's leasehold interest where such an attachment, execution or seizure is not discharged within sixty (60) days.

(b) Landlord's Rights Upon Default

Upon the occurrence of an Event of Default, Landlord shall have the right at any time afterwards to elect to terminate the Sublease and Tenant's right to possession under the Lease. Upon this termination, Landlord shall have the right to recover against Tenant:

- (i) The worth at the time of award of the unpaid rent that had been earned at the time of termination;
- (ii) The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination until the time of award exceeds the amount of this rental loss that Tenant proves could have been reasonably avoided;
- (iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of this rental loss that Tenant proves could be reasonably avoided; and
- (iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under the Sublease or that in the ordinary course of things would be likely to result.

The "worth at the time of award" of the amounts referred to in the previous subsections shall be computed by allowing interest at ten percent (10%) per annum.

(c) Landlord's Mitigation is Not Waiver

Any actions or efforts the Landlord may make to mitigate the damages caused by Tenant's breach of this Sublease shall not constitute a waiver of Landlord's right to recover damages against Tenant, nor shall anything contained in this Sublease affect Landlord's right to indemnification against Tenant for any liability arising prior to the termination of this Sublease for personal injuries or property damage, and Tenant agrees to indemnify and hold Landlord harmless from any injuries and damages, including all reasonable attorney's fees and costs incurred by Landlord in defending any action brought against Landlord for any recovery, and in enforcing the terms and provisions of this indemnification against Tenant.

(d) Assignment of Profits; Right to Enter and Take Possession

As security for the performance by Tenant of all duties and obligations under the Sublease, Tenant assigns to Landlord the right, power, and authority, during the continuance of this Sublease, to collect the rents, issues, and profits of the Premises, reserving to Tenant the right, prior to any breach or default by Tenant under this Sublease, to collect and retain the rents, (solely in the case of a sublease previously approved by Landlord) issues, and profits, from the operation of Tenant's approved business use, as they become due and payable, and so long as payments to Landlord are also kept current.

Upon any breach or default, Landlord shall have the right at any time afterward, without notice except as provided for previously, either in person, by agent, or by a receiver to be appointed by a court, enter and take possession of the Premises and collect rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any secured indebtedness, and in an order as Landlord may determine.

(e) Landlord's Acts of Maintenance/Preservation Not Termination

The parties agree that acts of maintenance or preservation or efforts to resublease the premises, or the appointment of a receiver upon the initiative of Landlord to protect interests under this Sublease shall not constitute a termination of Tenant's right of possession for the purposes of this section unless accompanied by a written notice from Landlord to Tenant of Landlord's election to so terminate.

(f) Default for Untrue or Inaccurate Statements of Tenant's Financial Condition.

Tenant acknowledges that Landlord has executed this Sublease in reliance on the financial information furnished by Tenant to Landlord as to Tenant's financial condition. If it is determined at any time subsequent to the date of this Sublease that any of the financial information furnished by Tenant is substantially untrue or inaccurate, Tenant shall be deemed to be in default under this Lease, which default shall not be subject to cure, and which shall entitle Landlord to exercise all remedies reserved to Landlord under this Sublease or otherwise available to Landlord at law.

Section 22. Operations; Landlord's Right to Recapture if Tenant Goes Dark

Subject to the provisions of Sections 19, 22 and 31, Tenant shall continuously during the entire Term conduct Tenant's business in the Premises and shall keep the Premises open for business and cause Tenant's business to be conducted during the usual business hours of each business day as is customary for businesses of similar character in the city in which the Premises are located to be open for business; provided, however, that this provision shall not apply if the Premises should be closed and the business of Tenant temporarily discontinued for causes beyond the reasonable control of Tenant, or closed for not more than three (3) days out of respect to the memory of any deceased officer or employee of Tenant, or a deceased relative. Tenant shall keep the Premises

adequately stocked with merchandise, and with sufficient sales personnel to care for the patronage, and to conduct the business in accordance with sound business practices.

Notwithstanding the foregoing, if Tenant fails to continuously conduct and carry on its business in the entire Premises at any time before the expiration of the Term for more than 10 consecutive business days or 15 business days in any month (except for a Permitted Discontinuance, as defined below) then in any such event the Landlord may, at its option exercised by thirty (30) days written notice to Tenant, terminate the Sublease, and upon the termination date specified in the Landlord's notice, this Sublease shall terminate, Tenant shall vacate the Premises and surrender possession thereof to Landlord in the condition required under this Lease, and the parties shall have no further obligations hereunder, except for those accrued but unpaid as of the termination date, and for insurance and indemnity obligations, or any other requirement that expressly survives termination of the Sublease.

Permitted Discontinuances means any discontinuance occasioned by an event of force majeure, a temporary discontinuance as a result of permitted alterations, casualty damage, condemnation, or interruption of services as otherwise provided in this Sublease.

Section 23. Tenant's Performance

If Tenant shall fail within any time limits that may be provided in this Sublease to complete any work or perform any other requirements to be performed by Tenant prior to the commencement of the Term, or if Tenant shall cause a delay in the completion of any work, Landlord may send Tenant written notice of this default and if this default is not corrected within ten (10) days afterwards, Landlord may, by written notice prior to the curing of this default, terminate this Sublease. Landlord shall be entitled to retain as liquidated damages all deposits made under this Sublease and those improvements as Tenant may have annexed to the realty that cannot be removed without damage.

Section 24. Landlord Transfer of Leasehold Interest

If the Landlord effectively transfers their leasehold interest under the Master Lease, the Landlord shall be and is entirely relieved of all liability under this Sublease, and of all the covenants and obligations contained in or derived from this Sublease arising out of any act, occurrence, or omission occurring after the consummation of the sale; and the transferee of the Landlord's leasehold interest, shall be deemed to have assumed and agreed to carry out any of the covenants and obligations of the Landlord under this Sublease.

Section 25. Security Deposit [Reserved]

Section 26. Holding Over

Any holding over after the expiration of the Term, with the consent of Landlord, shall be construed to be a tenancy from month-to-month, cancellable upon thirty (30) days' written notice, and a rental and upon terms and conditions as existing during the last year of the Term. Any holding over after

the expiration of the Term, without the consent of Landlord, shall be construed to be a tenancy-at-will at a Monthly Rent of two hundred percent (200%) of the Monthly Rent as existing during the last year of the Term, but otherwise on the terms and conditions in this Sublease.

Section 27. Subordination; Termination of Master Lease

(a) Subordination.

Upon written request of Landlord or Master Lessor, or their mortgagee, beneficiary of a deed of trust or a lessor (each, a "Lienholder"), Tenant will subordinate its rights pursuant to this Sublease in writing to the lien of any mortgage, deed of trust or the interest of any lease in which Landlord or the Master Lessor is the lessee (or, at Landlord's or Master Lessor's option, cause the lien of said mortgage, deed of trust or the interest of any lease in which Landlord or Master Lessor is the lessee to be subordinated to this Sublease) and to all advances made or hereafter to be made upon the security thereof.

(b) Attornment.

In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord encumbering the Premises, or should a lease in which Landlord or Master Lessor is the lessee be terminated, Tenant shall attorn to the purchaser or lessor under such lease upon any foreclosure, sale or lease termination and recognize the purchaser or lessor as Landlord or Master Lessor under this Sublease. subject to the terms of the Master Lease, include.

(c) Termination of Master Lease.

This Sublease is subject to the rights of the Master Lessor under the Master Lease. In the event the Master Lease is terminated pursuant to Article 17 of the Master Lease, this Sublease may be terminated by the Master Lessor, and Landlord shall have no liability to Tenant for any damages resulting from such termination.

Section 28. Condemnation

If a condemnation or a transfer in lieu thereof occurs on all or any portion of the Premises, Landlord or Tenant may, upon written notice given within thirty (30) days after the taking or transfer in lieu thereof, terminate this Sublease. Tenant shall not be entitled to share in any portion of the award, and Tenant expressly waives any right or claim to any part of the award. Tenant shall, however, have the right to claim and recover, only from the condemning authority, any amounts necessary to reimburse Tenant for the cost of removing stock and fixtures.

Section 29. Hazardous Materials

Section 22.3 of the Master Lease is incorporated herein in full and the parties expressly agree to its terms. Additionally, Tenant agrees in addition to all other provision in this Sublease to all of the following:

(a) Hazardous Substances

Tenant represents and warrants that there exists no "Hazardous Materials" (as such term is herein defined) nor oil wells, underground storage tanks, or pipelines in, on, under, or about the Premises or Master Leased Premises. Tenant understands and agrees that in the event Tenant incurs any loss or liability concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines whether attributable to events occurring prior to or following the date this Sublease is executed, Tenant may look to the prior owners of the Premises or Master Leased Premises, but under no circumstances shall Tenant look to the Landlord for any liability or indemnification regarding Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines. Further, Tenant shall have the sole responsibility for complying with all Environmental Laws during the term of this Sublease.

(b) Waiver of Environmental Cleanup Liability

Tenant hereby waives, releases, acquits and forever discharges the Landlord and its officers, officials, employees, and agents, and their respective heirs, successors, personal representatives and assigns, of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Premises or the Master Leased Premises, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after the date this Sublease was executed. It is the intention of the parties pursuant to this release that any and all responsibilities and obligations of the Landlord, and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of the Tenant, its successors, assigns or any affiliated entity of Tenant, arising by virtue of the physical or environmental condition of the Premises or Master Leased Premises, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, whether existing prior to, at or after the date this Sublease was executed, are by this release provision declared null and void and of no present or future force and effect as to the parties. In connection therewith, Tenant and each of the entities constituting Tenant, expressly agree to waive any and all rights which said party may have under Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Tenant Initials OS/AS

(c) Indemnity.

Tenant and each of the entities constituting Tenant, shall, defend, indemnify and hold harmless Landlord, and its respective officers, directors, employees, agents and representatives (collectively, the "Indemnified Parties") from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting at any time from the physical and/or environmental conditions of the Premises or Master Leased Premises whether before or after the date this Sublease was executed or from the existence of any Hazardous Materials or the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on or under the Premises or Master Leased Premises occurring at any time whether before or after the date this Sublease was executed, including but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, including any and all attorneys' fees and environmental consultant fees and investigation costs and expenses, directly or indirectly arising therefrom, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Tenant further agrees that in the event Tenant obtains, from former or present owners of the Premises or Master Leased Premises or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this Section, Tenant shall use its diligent efforts to obtain for Landlord the same releases, indemnities, and other comparable provisions.

(d) Definitions.

For purposes of this Section, the following terms shall have the following meanings:

"Environmental Claim" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third party, including, without limitation, any governmental entity, relating to the Premises or its operations and arising or alleged to arise under any Environmental Law.

"Environmental Cleanup Liability" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on or under all or any part of the Premises, including the ground water thereunder, including, without limitation, (i) any direct costs or expenses for investigation, study, assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (ii) any cost, expense, loss or damage incurred with respect to the Premises or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

"Environmental Compliance Cost" means any cost or expense of any nature whatsoever necessary to enable the Premises to comply with all applicable Environmental Laws in effect.

"Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Premises is capable of such compliance.

“Environmental Law” means any federal, state or local statute, ordinance, rule, regulation, order, consent decree, judgment or common-law doctrine, and provisions and conditions of permits, licenses and other operating authorizations relating to (i) pollution or protection of the environment, including natural resources, (ii) exposure of persons, including employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (iii) protection of the public health or welfare from the effects of byproducts, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

“Hazardous Material” is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government. The term “Hazardous Material” includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivative product or by-product thereof; (ii) defined as a “hazardous waste,” “extremely hazardous waste” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (iii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iv) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Sections 25501(j) and (k) and 25501.1 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (v) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (vi) “used oil” as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 1 of Title 22 of the California Code of Regulations, Division 4, Chapter 30; (ix) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a “toxic pollutant” pursuant to the Federal Water Pollution Control Act, 33 U.S.C. § 1317; (xi) defined as a “hazardous waste” pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. S 6901 et seq. (42 U.S.C. § 6903); (xii) defined as a “hazardous substance” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601); (xiii) defined as “Hazardous Material” pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; or (xiv) defined as such or regulated by any “Superfund” or “Superlien” law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines, as now, or at any time hereafter, in effect.

Notwithstanding any other provision of this Sublease, Tenant’s release and indemnification as set forth in the provisions of this Section, as well as all provisions of this Section shall survive the termination of this Sublease and shall continue in perpetuity.

Section 30. Miscellaneous

(a) Attorney Fees

If either Landlord or Tenant shall commence any legal proceedings against the other with respect to any of the terms and conditions of this Sublease the nonprevailing party shall pay to the other all expenses of the litigation, including reasonable attorney's fees as may be fixed by the court having jurisdiction over the matter.

(b) Notices

Formal notices, demands, and communications between Landlord and Tenant shall be sufficiently given if: (i) personally delivered; (ii) delivered by overnight courier (acknowledged by receipt); or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below:

Agency: City of Perris CEDC
 101 N. D Street
 Perris, CA 92570
 Attention: Michael McDermott, COO

A copy to: Aleshire & Wynder, LLP
 3880 Lemon Street, Suite 520
 Riverside, CA 92501
 Attn: Eric L. Dunn

Tenant: Odir Smahi Silva and Abigail Silva DBA LA GARE CAFE
 1375 Deprad St
 Perris CA 92570

All notices shall be deemed to be received as of the earlier of actual receipt by the addressee thereof or the expiration of forty-eight (48) hours after depositing in the United States Postal System in the manner described in this Section.

(c) Successors in Interest

The covenants in this Sublease shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators, and assigns of all the parties to this Sublease; and all of the parties to this Sublease shall be jointly and severally liable.

(d) Force Majeure

If either party shall be delayed or prevented from the performance of any act required under this Sublease by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials,

restrictive governmental laws or regulations, or other cause without fault and beyond the control of the party obligated, performance of this act shall be excused for the period of the deal and the period for the performance of any act shall be extended for a period equivalent to the period of the delay; provided, however, nothing in this Section shall excuse Tenant from the prompt payment of any rental or other charge required of Tenant except as may be provided elsewhere in this Lease.

(e) Partial Invalidity

If any term, covenant, condition, or provision of this Sublease is held by a court of competent jurisdiction to be void or unenforceable, the remainder of the provisions of this Sublease shall remain in full force and shall in no way be affected, impaired, or invalidated.

(f) Captions

The various headings and numbers in this Sublease and the grouping of the provisions of this Sublease into separate sections and paragraphs are for the purpose of convenience only and shall not be considered a part of this Sublease.

(g) Time

Time is of the essence in this Sublease.

(h) No Oral Agreements

This Sublease includes in full each agreement of every kind between the parties concerning the Premises, and all preliminary negotiations and agreements of any kind or nature are merged in this Sublease, and there are no oral agreements or implied covenants made in connection with this Sublease.

(i) Governing Law; Venue

This Sublease shall be governed by and construed in accordance with the laws of the State of California. In the event of a dispute between the parties arising out of or related to this Sublease, legal actions shall be instituted in the Superior Court of the County of Riverside, State of California, in any other appropriate court in that county, or in the United States District Court for the Central District of California. Tenant agrees to submit to the personal jurisdiction of such court.

(j) Non Discrimination.

Tenants agrees by and for itself, its successors, assigns and for all persons claiming under or through it that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises nor shall the Tenant or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location,

number use or occupancy of invitees, employees, tenants, sublessees, subtenants, or vendees in, on or upon the Premises. Tenant acknowledges that this Sublease was made and accepted upon and subject to the provisions of this Section.

(k) Due Execution.

The person(s) executing this Sublease on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Sublease on behalf of said party, (iii) by so executing this Sublease, such party is formally bound to the provisions of this Sublease, and (iv) the entering into this Sublease does not violate any provision of any other agreement to which said party is bound.

(l) Counterparts

This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Sublease on the day and year first above written.

LANDLORD: The Community Economic Development Corporation of the City of Perris,

By: 

Name: Nancy J. McSpencer

Its: COO

TENANT: Odir Smahi Silva and Abigail Silva a married couple;
DBA LA GARE CAFÉ,

By: 

Name: Odir Silva

Its: _____

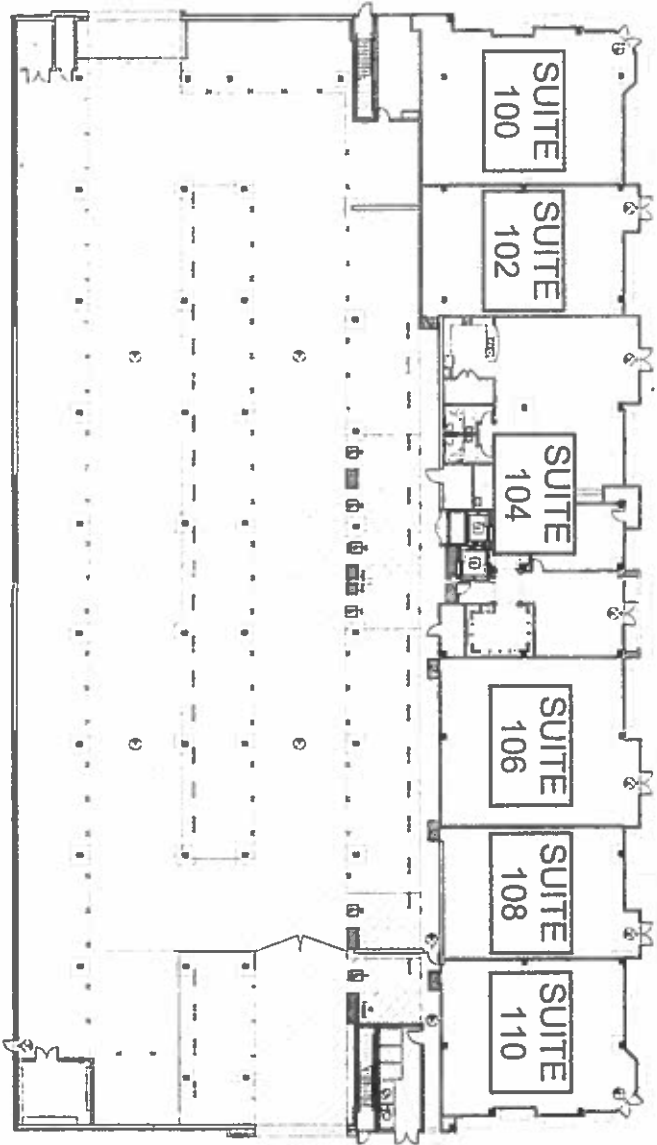
By: 

Name: Abigail Silva

Its: _____

EXHIBIT "A"

SITE PLAN



1ST FLOOR

CITY OF PERRIS
BUILDINGS & SAFETY
APPROVED
[Signature]
24 Sonja D.S.