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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **RIVERSIDE DIVISION**

11 In re:) Chapter 11
12)
13) Case No: 6:16-bk-14859-MW
14)
15 Desert Springs Financial, LLC) **NOTICE OF MOTION AND MOTION**
16) **FOR AN ORDER:**
17)
18) **(1) APPROVING PROPOSED BID**
19) **PROCEDURES FOR SALE OF**
20) **ESTATE PROPERTY**
21) **(2) FINDING THAT NOTICE OF SALE**
22) **IS PROPER AND ADEQUATE**
23) **(3) EXTENDING THE TIME TO CLOSE**
24) **ESCROW ON THE APPROVED**
25) **FREE AND CLEAR SALE OF**
26) **“TOWERS” PROPERTY**
27) **(4) AUTHORIZING SALE OF ESTATE**
28) **PROPERTY, “BOWLING**
) **PROPERTY”, SUBJECT TO**
) **OVERBID FREE AND CLEAR OF**
) **LIENS, CLAIMS, ENCUMBRANCES**
) **AND INTERESTS SUBJECT TO**
) **CURRENT LEASEHOLDERS’**
) **INTEREST UNDER 11 U.S.C. §363**
) **(5) AUTHORIZING PAYMENT OF**
) **BROKER’S COMMISSION,**
) **CLOSING COSTS, AND REAL**
) **PROPERTY TAXES;**
) **(6) FINDING THAT BUYER IS GOOD**
) **FAITH PURCHASER UNDER 11**
) **U.S.C. §363(m);**
) **(7) FINDING THAT LIENHOLDERS**
) **ARE ADEQUATELY PROTECTED**
) **UNDER 11 U.S.C. §361**

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) (8) FINDING THAT ESCROWS MAY
) CLOSE AS BENEFICIAL TO THIS
) CHAPTER 11 PROCEEDING; and
) (9) GRANTING SUCH OTHER RELIEF
) AS IS JUST AND PROPER
)
) MEMORANDUM OF POINTS AND
) AUTHORITIES; DECLARATIONS OF
) MANAGING MEMBER OF THE
) DEBTOR, MURRAY ALTMAN, MIKE
) RADLOVIC IN SUPPORT THEREOF
)
) (Real Property located at 68031-68051 Ramon
) Road, Cathedral City, Ca 92234)
)
) Hearing Date: February 21, 2017
) Time: 2:00 p.m.
) Place: Video Courtroom 225, 3420 12th Street,
) Riverside, Ca 92501 or Courtroom 6C
) 411 West 4th Street, Santa Ana, Ca 92701
)
)
)

**TO THE HONORABLE MARK S. WALLACE, UNITED STATES BANKRUPTCY
JUDGE; THE OFFICE OF THE UNITED STATES TRUSTEE; RAMON PALM LANE,
INC., AND ITS COUNSEL OF RECORD; YUN HEI SHIN AND HER COUNSEL OF
RECORD; MITCHELL ALTMAN AND HIS COUNSEL OF RECORD; AND ALL
OTHER CREDITORS AND INTERESTED PARTIES:**

PLEASE TAKE NOTICE that on February 21, 2017, at 2:00 p.m., before the Honorable Mark S. Wallace, United States Bankruptcy Judge, in Video Courtroom 225, 3420 12th Street, Riverside, Ca 92501 and/or Courtroom 6C, 411 West 4th Street, Santa Ana, Ca 92701, Desert Springs Financial, LLC, the Debtor and Debtor-in-Possession herein (the "Debtor"), will and does hereby move the Court for an order or orders i) finding that notice of this motion and Notice of Sale was proper and adequate, ii) approving bid procedures, iii) approving the sale of Debtor's real property located at 68051 Ramon Road, Cathedral City, Ca 92234, APN 680-190-034 ("Bowling") subject to the lease of the property and 57% interest in the Parking Area parcel (APN 680-190-036) per CCRs of said parcel free and clear of all liens, claims, encumbrances,

1 and interests, subject to the leasehold interests of “Ramon Palm Lane, Inc.”, iv) requiring close
2 of escrow of the transaction to be simultaneous and concurrent with the close of escrow of the
3 sale of the Debtor's real property that was court approved on November 8, 2016, located at
4 68031 Ramon Road, Cathedral City, Ca, 92234 , APN 680-190-033 ("Towers"), and, v)
5 extending the deadline to close escrow on “Towers” to allow and order it to be concurrent with
6 the closing of the escrow of the Bowling property.

7 **Proposed sale of Bowling property, 68051 Ramon Road, Cathedral City, CA:**

8 **Description:** 25,000 sq. foot commercial building (APN 680-190-034) and 57% interest
9 in the adjoining parking lot (APN 680-190-036). The building is currently being used and
10 operated as a bowling alley known as Palm Springs Lanes, operated by Ramon Palm
11 Lane, Inc. under lease effective September 1, 2008 to September 30, 2023. The purchase
12 price includes transfer of Lessor’s rights and obligations arising from the lease from
13 Seller to Buyer upon close of escrow.

14 **Proposed Purchaser:** Palm Springs Financial Group, LLC or (PSFG) or Assignee,
15 through its members Kevin Sarkisyan and Levon Akhsharumov, with offices at 13547
16 Ventura Blvd, Suite 217, Sherman Oaks, CA 91423 and 1241 S. Glendale Ave., Suite
17 205B, Glendale, CA 91205

18 **Purchase Price:** \$4,300,000.00

19 **Terms and Conditions:** Subject to bid procedures proposed herein, the Proposed
20 Purchase is as follows:

21 Seller to deliver free and clear title with title insurance in return for:

- 22 1. Cash down payment from Proposed Purchaser, including deposit, in the amount of
23 \$500,000.00,
- 24 2. New Loan in the amount of \$2,300,000.00,
- 25 3. Purchase Money Note from Proposed Purchaser in the amount of \$1,500,000.00 secured
26 by Purchase Money Deed of Trust to Seller.

27 Proposed Purchaser, Palm Springs Financial Group, LLC (PSFG), has deposited \$50,000
28 in escrow. The balance of the required funds for down payment of \$450,000.00 cash and

1 loan proceeds of \$2,300,000.00, are available and escrow is ready to close upon court
2 approval.

3 The terms of the Purchase Money Note require monthly interest-only payments to Seller
4 at 5% per annum from close of escrow with the balance of principle and interest to be
5 paid in full within 30 months of close of escrow. The Purchase Money Note and Purchase
6 Money Deed of Trust are junior and subordinate only to the existing notes and/or the
7 New Loan. Should Proposed Purchaser sell the property within 30 months of close of
8 escrow, it will pay Seller the amount of unpaid principle and interest on the Purchase
9 Money Note plus 25% of the net difference between the purchase price set forth above
10 and the new sales price from the later sale or \$250,000.00, whichever is less. A true and
11 correct copy of the purchase agreement for the Bowling property is attached to the
12 Motion as Exhibit "A" and contains all the terms and conditions.

13 **Concurrent Closing of Escrows:** On November 8, 2016, the sale of an adjacent
14 property, APN 680-190-033 ("Towers"), to GK REAL ESTATE GROUP, LLC, for
15 \$2,290,000.00, all cash, was court approved. The escrow for the Towers sale is required
16 to be concurrent with the close of the Bowling property so title to both properties can be
17 transferred free and clear. Thus, escrow for this sale and escrow for the sale of Towers
18 are to close concurrently and simultaneously on or prior to a closing deadline to be
19 approved by the court. Should a qualified overbid be accepted and approved, it will be
20 subject to this same requirement.

21 **Leasehold Interest:** Ramon Palm Lane, Inc., (RPL) has a leasehold interest in this parcel
22 based on a lease effective September 1, 2008, to September 30, 2023, with an option for
23 10 year extension. Monthly rent obligation is currently \$49,790.24.00 per month until
24 September 30, 2017, after which time it increases 5% and increases 5% each year
25 thereafter. Projected rental income from February 1, 2017, to September 30, 2023, is
26 \$4,665,550.49. The tenant was current with the monthly rental obligation through
27 January 2017. Rent for February will have become due before the hearing on this
28 motion. If not paid, it will be applied pursuant to paragraph 5 of the lease, "to all or any

1 portion of the Security Deposit for the payment of any amount already due Lessor, for
2 Rents which will be due in the future, and/or to reimburse or compensate Lessor for any
3 liability, expense, loss or damage which Lessor may suffer or incur by reason thereof.”
4 The lessee’s obligations under the lease are personally guaranteed by Yun Hei Shin
5 (Shin) and Jin Yeol Lee. The sale of the parcel includes the transfer of rights,
6 obligations, and interests of the parties to the lease, and any overbid would be subject to
7 same.

8 **Disclosure re lease:** A review of this case will reveal that the tenant and
9 guarantor (RPL/Shin) sued Debtor in state court asking, among other things, that this
10 lease be rescinded. The state court found the lease to be valid and enforceable but the
11 amount of rent was modified to the amounts stated above. A money judgment was
12 awarded to RPL/Shin to recover overpaid rent and attorney fees. The overpaid rent with
13 interest will have been fully paid by Debtor as of the date of the hearing of this motion.

14 Bidders should also be aware and take note that the tenant and guarantor have
15 filed repeated objections in this bankruptcy case to the sale of the adjacent Towers
16 property to anyone but themselves. They oppose the use of any portion of the Towers for
17 marijuana related business. They have asked the bankruptcy court for an order allowing
18 them to terminate the Bowling property lease and guaranty without notice or opportunity
19 to be heard should a tenant of the Towers property operate a marijuana dispensary during
20 the term of the lease. The court has not issued the requested order. (See Dockets #93,
21 104, 152, 215, 247, 307, 327).

22 A copy of the lease and guaranty with revised rent schedule is attached hereto as
23 Exhibit “B”.

24 **Existing liens (cross-collateralized) on Debtor’s property including “Towers” and**
25 **“Bowling” and adjacent parking parcel:**

26 Yun Hei Shin – 1st mortgage. Estimated balance \$2,521,661.16 as of January 12, 2017,
27 per Notice of Default recorded on said date. Creditor claims it is approximately
28 \$2,900,000.00 per purchase of Note.

1 J&K Drywall and Metal Stud Framing, Inc. – Judgment Lien. \$14,883.00 per Abstract of
2 Judgment recorded September 30, 2010.

3 Ramon Palm Lane, Inc. and Yun Hei Shin – Judgment lien. The calculated balance will
4 be \$1,211,030.50 as of February 28, 2017. This amount does not include the disputed
5 creditor claim for post-judgment and post-petition attorney fees and costs. This creditor
6 claims the amount should be increased about \$250,000.00 to \$300,000.00 due to interest,
7 fees and costs.

8 **Sales will be free and clear of all liens, claims or interests subject to the unexpired**
9 **leasehold interests of 111 Smoke Shop and Ramon Palm Lane, Inc.**

10 It is estimated that the net proceeds available to Debtor-in-Possession from the sale of
11 these properties are more than the value of the liens on these parcels in satisfaction of 11 U.S.C.
12 §363(f)(3). Lien and leasehold interest holders are adequately protected in conformance with 11
13 U.S.C. §361 as the funds from the sales will be used to make cash payments indubitably equal to
14 the lienholder interests and the tenants will be entitled to continued possession under the terms of
15 their respective commercial leases per 11 USC §363(e). The rights and obligations of the Lessor
16 arising from the lease shall transfer from Seller to Buyer at close of escrow. Creditors are
17 afforded the protections of 11 U.S.C. §1129 as they will be paid in full.

18 **Proposed sale of Bowling property is subject to higher and better bids.**

19 The minimum overbid for the Bowling property is \$4,400,000.00. Qualified bids after the
20 first overbid must be at least \$50,000.00 more than the previous qualified bid. In the event the
21 court approves a qualified overbid on the Bowling property over the Proposed Purchaser's bid,
22 Proposed Purchaser, PSFG, is to receive a breakup fee of \$50,000.00.

23 Detailed proposed overbid procedure is set forth herein below.

24 **Commission:**

25 Proposed Purchaser and the Seller of the Bowling property are both represented by
26 broker, Mike Radlovic. Mr. Radlovic agreed to accept reduced commission of four percent (4%)
27 of the price paid by the Proposed Purchaser for the Bowling property. The commission is to be
28 paid to Coldwell Banker Commercial –SC; Broker, Mike Radlovic, from escrow.

1 Should an overbid on the Bowling property be accepted and approved, commission of 5%
2 as set forth in the listing agreement, shall be divided equally between Seller's broker and Buyer's
3 broker, if any.

4 **Known tax consequences to debtor:**

5 No yet determined. None known.

6 **Disinterest of purchasers:** Neither PALM SPRINGS FINANCIAL GROUP, LLC, nor
7 any of its managers, members, principals, employees, or agents have any affiliation with Debtor,
8 or any persons or companies associated with Debtor, and specifically no affiliation with Murray
9 Altman, the managing member of the Debtor or with Yun Hei Shin an economic interest holder
10 of Debtor. The principals of PSFG and GK REAL ESTATE GROUP, LLC, the approved
11 purchaser of the Towers building, have several business dealings with each other.

12 **Previous Motions:** On July 20, 2016, Desert Springs Financial, LLC, filed a motion for
13 approval of sale of the Towers property (Docket #79) which was denied without prejudice on
14 August 24, 2017, (Docket #128) because free and clear title could not pass to the purchaser
15 without consent of lienholders. Lienholders did not consent.

16 A second motion was filed October 3, 2016, but was never heard and became moot upon
17 the filing of a new motion (Docket #222).

18 A third motion for the sale of Towers and refinance of Bowling property (Docket #222)
19 was heard and approved on November 8, 2016. The sale and refinance were to be completed on
20 or before December 8, 2016, however the refinance failed to materialize due to conditions of the
21 lender that debtor was unable to satisfy. The approved sale of Towers remains ready to close.

22 A Motion to establish bid procedures and set the date for approval of sale was filed and
23 served December 13, 2016, with a hearing date of December 20, 2016. The hearing date was
24 continued by the court sua sponte to January 10, 2017.

25 On December 20, 2016, a motion to extend the closing date on Towers and approve the
26 sale of the Bowling property to be closed concurrently with Towers was filed and served with a
27 hearing date of January 10, 2017. Creditor RPL/Shin requested the motion be continued and the
28 court continued both this motion and the motion to establish bid procedures to January 24, 2017.

1 At the hearing on January 24, 2017, both motions were denied without prejudice. The court did
2 not approve or establish proposed bid procedures but denied the motion without prejudice. With
3 respect to the motion to approve the sale, the court noted that debtor had not complied with LBR
4 6004-1(f), Publication of Notice of Sale of Estate Property, and suggested that if Debtor's
5 proposed bid procedures were included in a timely filed and published Notice of Sale it would be
6 deemed adequate notice to potential bidders even if the bid procedures were not yet approved by
7 the court.

8 PLEASE TAKE FURTHER NOTICE that the Motion is based on this Notice of Motion
9 and the following Motion, §§361, 363, 365, and 105 of the Bankruptcy Code, Federal Rules of
10 Bankruptcy Procedure, Rules 2002, 6004, 6006, 9014; Local Bankruptcy Rules 4001-2 and
11 6004-1; the attached Memorandum of Points and Authorities; the Declaration of the Debtor and
12 of the real estate broker, Mike Radlovic, submitted herewith; the record in the Chapter 11 case,
13 and such additional evidence and argument as may be presented at or before the hearing on this
14 Motion.

15 PLEASE TAKE FURTHER NOTICE that any party wishing to respond to the Motion
16 must file a written response with the Bankruptcy Court and must serve that written response on
17 counsel for the Debtor at least 14 days prior to the hearing. The failure to timely file and serve a
18 response in accordance with the Local Bankruptcy Rules may be deemed by the Bankruptcy
19 Court to be consent to the granting of the relief requested in the Motion.

20 Dated: January 30, 2017

21 /s/ M. Wayne Tucker
22 M. Wayne Tucker, Esq.
23 Attorney for Debtors
24 Orrock, Popka, Fortino, Tucker & Dolen
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MOTION

Instant Motion: Desert Springs Financial, LLC ("Debtor" or "DSF"), and Debtor-in-Possession in the above Chapter 11 Bankruptcy case respectfully move this Court for the entry of an order or orders i) finding that notice of this motion and Notice of Sale was proper and adequate, ii) approving bid procedures, iii) approving the sale of Debtor's real property located at 68051 Ramon Road, Cathedral City, Ca 92234, APN 680-190-034 ("Bowling") subject to the lease of the property and 57% interest in the Parking Area parcel (APN 680-190-036) per CCRs of said parcel free and clear of all liens, claims, encumbrances, and interests, subject to the leasehold interests of "Ramon Palm Lane, Inc.", iv) requiring close of escrow of the transaction to be simultaneous and concurrent with the close of escrow of the sale of the Debtor's real property that was court approved on November 8, 2016, located at 68031 Ramon Road, Cathedral City, Ca, 92234 , APN 680-190-033 ("Towers"), and, v) extending the deadline to close escrow on "Towers" to allow and order it to be concurrent with the closing of the escrow of the Bowling property.

The sale to PALM SPRINGS FINANCIAL GROUP, LLC, or such other party as may successfully overbid at the hearing, is to be free and clear of all liens, claims, encumbrances, and interests, as possible, pursuant to 11 U.S.C § 363(f), subject only to the leasehold interests of Ramon Palm Lane, Inc. pursuant to 11 U.S.C § 363(e).

The sale of the adjacent parcel located at 68031 Ramon Road, Cathedral City, CA, 92234, APN 680-190-033 (the "Towers") including a 43% interest in the Parking Area, APN 680-190-036, to GK REAL ESTATE GROUP, LLC, ("GK") was approved by this court subject to concurrent closing of escrow with the refinance on or before December 8, 2016. The escrow closing deadline is hereby sought to be extended to be concurrent with the closing of the escrow for the sale of Bowling.

This Motion is based on the preceding Notice of Motion; 11 U.S.C. §§361, 363, 365, and 105 of the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, Rules 2002, 6004, 6006, 9014; Local Bankruptcy Rules 4001-2 and 6004-1; the attached Memorandum of Points and

1 Authorities; the Declarations submitted herewith; and such additional evidence and argument as
2 may be presented at or before the hearing on this Motion.

3 **Previous Motion:** On July 20, 2016, Desert Springs Financial, LLC, filed a motion for
4 approval of sale of the Towers property (Docket #79) which was denied without prejudice on
5 August 24, 2017, (Docket #128) because free and clear title could not pass to the purchaser
6 without consent of lienholders. Lienholders did not consent.

7 A second motion was filed October 3, 2016, but was never heard and became moot upon
8 the filing of a new motion (Docket #222).

9 A third motion for the sale of Towers and refinance of Bowling property (Docket #222)
10 was heard and approved on November 8, 2016. The sale and refinance were to be completed on
11 or before December 8, 2016. The refinance failed to materialize due to conditions of the lender
12 that debtor was unable to satisfy despite best efforts. Socotra Capital conditioned funding of the
13 refinance loan upon receipt of financial statements of the Lease Guarantors, Yun Hei Shin and
14 Jin Yeol Lee. Guarantors refused and failed to provide the requested financial statements as
15 required by the terms of the lease. Socotra also required general releases of liability from Ramon
16 Palm Lane, Inc., and Yun Hei (Angie) Shin, individually, in favor of Desert Springs Financial,
17 LLC., and Murray Altman, individually, including a waiver of the provisions of California Civil
18 Code §1542. RPL/Shin declined to provide the requested releases. Thus, the conditions for
19 funding the refinance were not satisfied. Nevertheless, the approved sale of Towers remains
20 ready to close.

21 On December 13, 2016, a Motion to establish bid procedures and set the date for
22 approval of the sale of Bowling was filed and served with a hearing date of December 20, 2016.
23 The hearing date was continued by the court sua sponte to January 10, 2017.

24 On December 20, 2016, a motion to extend the closing date on Towers and approve the
25 sale of the Bowling property to be closed concurrently with Towers was filed and served with a
26 hearing date of January 10, 2017. Creditor RPL/Shin requested the motion be continued and the
27 court continued both this motion and the motion to approve bid procedures to January 24, 2017.
28 At the hearing on January 24, 2017, both motions were denied without prejudice. The court did

1 not approve or establish proposed bid procedures but denied the motion without prejudice. With
2 respect to the motion to approve the sale, the court noted that debtor had not complied with LBR
3 6004-1(f), Publication of Notice of Sale of Estate Property, and suggested that proposed bid
4 procedures included in a timely filed and published Notice of Sale will be deemed adequate
5 notice to potential bidders.

6 The escrow for the court-approved sale of Towers remains open and the approved
7 purchaser is ready to fund and close pending approval of this sale.

8 JURISDICTION

9 The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a
10 core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper in this district under
11 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are
12 Bankruptcy Code sections 105, 363, and 365, Bankruptcy Rules 2002, 6004, and 6006, and
13 Local Rule 6004-1.

14 RELIEF REQUESTED

15 By this Motion, Debtor seeks an order or orders approving the sale of the Bowling
16 property pursuant to established bid procedures, and approving concurrent closing of escrows to
17 transfer free and clear title to the Towers and Bowling properties subject to existing leases
18 including that:

- 19 1. Notice of this motion and Notice of Sale was adequate and reasonable.
- 20 2. The Lessees are adequately protected in that they will continue to maintain possession
21 and use of the leased premises subject to the terms of the lease.
- 22 3. The concurrent closing of the sale of Towers (68031 Ramon Road, Cathedral City,
23 CA 92234, APN 680-190-033) and the proposed sale of Bowling (68051 Ramon
24 Road, Cathedral City, CA 92234, APN 680-190-034) and the related interest in
25 Parking Area APN 680-190-036 per the recorded CC&Rs, is a sound business
26 decision in the debtor's exercise of its business judgment for the purpose of
27 reorganizing to pay secured creditors' claims and eventual exit from Chapter 11 in
28 that it allows Desert Springs Financial, LLC to:

- 1 a) satisfy secured liens against its properties and claims of secured creditors,
- 2 b) reduce the amount of, or satisfy, claims of unsecured creditors,
- 3 c) reduce operating expenses related to ownership and management of the two
- 4 properties and parking area,
- 5 d) receive monthly interest payments on the Purchase Money Note to generate
- 6 cash flow,
- 7 e) retain ownership of 7-acre lot for future development.
- 8 f) pay administrative costs and expenses of reorganization.

9 4. Lienholders are adequately protected pursuant to (11 U.S.C. §361) because:

- 10 a. The sales will not decrease the value of the lienholders' interest because:
 - 11 i. Cash payment in full will be made to lienholders, Yun Hei Shin (Shin),
 - 12 J&K Drywall and Metal Stud Framing, Inc. (J&K), Ramon Palm Lane,
 - 13 Inc. and Yun Hei Shin (RP/Shin).
 - 14 ii. Lienholders Shin, J&K, and RPL/Shin will realize the indubitable
 - 15 equivalent of their interest in the properties.

16 5. Title may transfer free and clear of liens, claims, and interests under 11 U.S.C 363(f)

17 because:

18 A. Non-bankruptcy law would permit the sale of the property free and clear

19 because:

- 20 a. all existing liens are being paid in full, and,
- 21 b. existing liens will be released, and,
- 22 c. the sales will not affect the rights and obligations of the lessees. (11
- 23 U.S.C §363(f)(1))

24 B. The funds available from the sales are more than the aggregate value of the

25 liens on the subject properties. (11 U.S.C. §363(f)(3)).

26 C. As was evident from the litigation between the parties in connection with the

27 prior motion, the interest or extent of interest of RPL/Shin in the property is in

28 a bona fide dispute.

- 1 D. Lienholders could be compelled to accept money in satisfaction of their
2 interest because liens are being paid in full. (11 U.S.C §363((f)(5).
- 3 E. Lessees' are adequately protected as their interests are unaffected by the sale
4 and transfer (11 U.S.C. §363(e))
- 5 a. The proposed sales price of the Bowling property includes the value of
6 the lease.
- 7 F. The proposed purchase price of the Bowling property in the amount of
8 \$4,300,000.00 is deemed fair and reasonable as it is the highest and best offer
9 or bid for the property after reasonable and diligent marketing efforts,
10 especially because the Proposed Purchaser is fully aware of the history of this
11 case and the objections raised by RPL/Shin yet is not imposing conditions that
12 would delay closing and expose the property to foreclosure as set forth below,
13 and, in fact, wishes to close within days after approval of sale.
- 14 G. Proposed Purchaser, Palm Springs Financial Group, LLC., and its managers,
15 members, principals, agents, employees, are disinterested entities and persons
16 with no affiliation with Debtor or its manager or economic interest holder
17 other than one or more of them were assignors of the purchase of Towers to
18 GK Realty Group, LLC, the court-approved purchaser of Towers. They are
19 not managers or members of GK Realty Group, LLC.
- 20 H. The immediate completion of the sales is necessary for the orderly
21 reorganization of Debtor given the relief of stay granted to Yun Hei Shin who
22 purchased the secured note and 1st Deed of Trust from Pacific Premier Bank
23 and judgment creditors Ramon Palm, Lane, Inc., and Yun Hei Shin. On
24 January 12, 2017, Shin recorded a Notice of Default on the Note. The 90 day
25 cure period will expire April 12, 2017. The concurrent closing of this purchase
26 and the purchase of Towers will eliminate the threat of foreclosure and will be
27 of more benefit to the estate and its stakeholders than a foreclosure sale.
28

1 Further, immediate closing will minimize cost to the estate related to interest
2 accruing daily on the debts and judgments.

3 AND ORDER THAT;

- 4 1. The 14 day stay pursuant to FRBP Rule 6004(h) be waived.
- 5 2. Debtor be authorized to complete the sale of APN 680-190-034 (Bowling) and
6 57% interest in APN 680-190-036 to Palm Springs Financial Group, LLC, for \$4,300,000.00, or
7 to a higher and better bidder, concurrently with the completion of the court-approved sale of
8 Towers. APN 680-190-033 and 43% interest in APN 680-190-036 to GK Real Estate Group.
9 LLC, forthwith for \$2,290,000.00 on or before February 28, 2017, or other deadline as set by the
10 court.
- 11 3. That simultaneous escrows be authorized and approved for the concurrent
12 administration and processing of the sales to be completed on or before February 28, 2017 or
13 such other date as may be set by the court.
- 14 4. That Fidelity National Title, National Commercial Services, shall serve as escrow
15 officer/administrator pursuant to escrow instructions to collect and disburse funds for both
16 purchases and coordinate recording of this order, liens, release of liens, and deeds of trust and
17 other documents as necessary for the concurrent close on or before February 28, 2017, of:
- 18 a. Escrow for 68051 Ramon Rd., APN 680-190-034) and,
19 b. Escrow for 68031 Ramon Rd., APN 680-190-033) such that;
- 20 i. Funds after payment of property taxes and liens specific to escrow for
21 APN 680-190-034) "Bowling" be instantly transferred to escrow for
22 APN 680-190-033, "Towers", for immediate disbursement.
- 23 5. That Lessee RPL and Lessee's Guarantors shall deliver such current, complete
24 and accurate financial statements and Income Tax Returns for the last 3 years as are commonly
25 and reasonably required by prospective purchasers and/or qualified bidders, if not already
26 delivered, within 48 hours.
- 27 6. That all interested parties, and specifically the secured creditors, cooperate with
28 the escrow officer in the administration to properly and timely deliver and execute all

1 documents, in a timely manner as necessary for release of funds from escrow and proper
2 processing and recording of documents necessary for close of escrow such that title transfers
3 shall be free and clear of liens, claims, encumbrances, and interests in sequence as follows:

4 A. Escrow for APN 680-190-034, "Bowling"

- 5 i. Any property taxes due and/or government liens shall be paid per
6 escrow instructions.
- 7 ii. Cash payment shall be disbursed to Ramon Palm Lane, Inc., and Yun
8 Hei (Angie) Shin in the full amount of principle and interest due under
9 the judgment lien and upon payment the judicial lien be avoided by
10 court order. Payment from escrow, if any, of any creditor's post-
11 judgment and post-petition attorney fees is subject to 6(B)(vi) below.
- 12 iii. Fees and commission shall be disbursed to Mike Radlovic, Coldwell
13 Banker Commercial-SC in the amount of 4% of the sale to Proposed
14 Purchaser or, if there is an overbidder, commission of 5% of the sale
15 shall be divided equally between Radlovic and buyer's broker, if any.
- 16 iv. Balance of funds from this escrow instantly transfer to:

17 B. Escrow for Towers, APN 680-190-033

- 18 i. Any property taxes due and/or government liens shall be paid per
19 escrow instructions.
- 20 ii. Cash payment shall be disbursed to Shin in full satisfaction of her
21 lien on all DSF properties.
- 22 iii. The Shin lien shall be released from all DSF properties.
- 23 iv. Cash payment shall be disbursed to J&K Drywall in the amount
24 \$14,883.00 per Abstract of Judgment and the judgment lien shall be
25 avoided on all DSF properties per court order.
- 26 v. Fees and commission shall be disbursed to Mike Radlovic, Coldwell
27 Banker Commercial-SC in the amount of \$80,150.00. (3.5% of the
28 purchase price)

- 1 vi. Any remaining funds in escrow after the above disbursement and
2 payment of all disputed fees and costs shall remain in the escrow
3 account pending court approval of disbursement and/or confirmation
4 of a Chapter 11 Plan
- 5 vii. Cash payment of approved administrative fees and costs shall be
6 disbursed per court order upon approval of application therefor.
- 7 7. Escrows shall close concurrently with respect to secured creditors - neither escrow
8 may close without close of both escrows. The deadline for closing escrows as set
9 forth herein shall be no later than February 28, 2017, or other court approved date,
10 unless for good cause and court approval, the deadline is extended.
- 11 8. Title to APN 680-190-033 Towers and 43% interest in Parking Area shall transfer
12 free and clear to GK Real Estate Group, LLC., upon close of escrow.
- 13 9. Title to APN 680-190-034 Bowling and 57% interest in Parking Area shall transfer
14 free and clear to Palm Springs Financial Group, LLC., or court-approved overbidder,
15 upon close of escrow along with all of the rights and obligations of Seller as Lessor
16 arising from the lease between Desert Springs Financial, LLC., and Ramon Palm
17 Lane, Inc., which lease shall remain in full force and effect as modified by the state
18 court judgment entered in the Superior Court of the State of California, County of
19 Riverside case #INC 10003583 on December 23, 2015.
- 20 10. Granting such other and further relief as the Court deems just and proper under the
21 circumstances.

22
23 Dated: January 31, 2017

24 /s/ M. Wayne Tucker
25 M. Wayne Tucker
26 Orrock, Popka, Fortino, Tucker & Dolen
27
28

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1 **MEMORANDUM OF POINTS & AUTHORITIES**

2 **I. INTRODUCTION**

3 Debtor, Desert Springs Financial, LLC (DSF) and Debtor-in-Possession bring this Motion for
4 an Order or Orders as set forth in the foregoing Notice. Debtor owns 3 adjacent parcels of real
5 property that are the subject of this motion. The first is the parcel located at 68051 Ramon Road,
6 Cathedral City, CA 92234, (hereinafter referred to as "Bowling") and is the subject of this
7 motion for approval of sale. It is a commercial building leased to Ramon Palm Lane, Inc., facing
8 west and is operating as a bowling alley with a snack bar and grill and a small pro shop. It is
9 identified as APN 680-190-034. Ownership of this parcel includes a 57% interest in an
10 association membership of Ramon Tower Business Park, Inc. It also includes the rights and
11 obligations of Lessor arising from an existing lease with Ramon Palm Lane, Inc., and guaranty of
12 Yun Hei Shin and Jin Yeol Lee.

13 The sale of the second parcel was court approved on November 8, 2016, and is configured as
14 a commercial office/retail property facing north located at 68031 Ramon Road, Cathedral City,
15 CA 92234 (hereinafter referred to as "Towers"). The parcel is identified as Assessor's Parcel
16 Number 680-190-033-8. Ownership of this parcel includes a 43% interest in an association
17 membership of Ramon Tower Business Park, Inc., which association owns and controls the
18 Parking Area servicing the parcel. The third is the Parking Area, APN 680-190-036 (hereinafter
19 referred to a "Parking Area").

20 If approved, debtor-in-possession will have funds sufficient to completely pay off the cross-
21 collateralized claims of secured creditor Yun Hei Shin who purchased the claim/Note of Pacific
22 Premier Bank and secured judgment creditors J&K Drywall, and RPL/Shin. The debt to the other
23 scheduled secured creditor of DSF, Mitchell Altman, is not secured by these parcels. Mitchell
24 Altman will retain adequate protection by way of his secured interest in the undeveloped 7-acre
25 lot of DSF (APN 680-190-035-8) which is not subject to this motion. The proposed sales will not
26 interfere with the rights and obligations of leaseholders, 111 Smoke Shop and Ramon Palm
27 Lane, Inc.

1 Debtor-in-Possession has an agreement with Palm Springs Financial Group, LLC. (PSFG), in
2 which PSFG will purchase the Bowling parcel for \$4,300,000.00, the highest price ever achieved
3 during active marketing over a number of months through a prominent estate brokerage
4 company, Coldwell Banker Commercial Realty-SC. (Exhibit "A"). This motion requests the
5 Court to approve the purchase and sale agreement of Bowling, or to approve a qualified overbid
6 for Bowling, in accordance with the proposed bid procedures or as approved by this Court, and
7 the simultaneous and concurrent processing of escrows to accomplish full payment to satisfy
8 undisputed claims of secured creditors on or before a proposed deadline of February 28, 2017 or
9 as set by this court.

10 **II. MAJOR EVENTS OR CIRCUMSTANCES LEADING TO FILING**

11 Debtor filed this case following a state civil court trial and the entry of judgment. Part of the
12 judgment was against Debtor and in favor of Ramon Palm Lane, Inc. (RPL) and Yun Hei Shin
13 (Shin). RPL is lessee and Debtor is lessor in a lease agreement pertaining to Bowling (Exhibit
14 "B"). The lease of the Bowling will terminate September 30, 2023. Yun Hei Shin is the sole
15 shareholder of RPL and is a personal guarantor pursuant to the terms of the lease. She also is a
16 25% stakeholder of DSF. She owns a 25% economic interest.

17 On or about January 4, 2016, judgment creditors, RPL and Shin, recorded an Abstract of
18 Judgment (Exhibit "C") and initiated execution on the judgment against Debtor by obtaining an
19 order (Exhibit "D") allowing the set off of monthly lease payments of \$47,419.28 until
20 September 30, 2016. Beginning October 1, 2016, the monthly rent set off increased to
21 \$49,790.24 per month. Beginning January 2016, RPL began setting off the lease payments
22 against the judgment. This court has characterized the withholding of rent as recoupment, not set
23 off, and not subject to the automatic stay thus the amount of the judgment has decreased as
24 monthly rent became due and will continue to decrease through January 2017 at least, unless
25 paid off sooner. (Docket # 185 and 192). Projected rental income from February 1, 2017, to
26 September 30, 2023, is \$4,665,550.49. The tenant is current with the monthly rental obligation
27 through January 2017. The amount of approximately \$9,175.48, representing the balance of
28 overpaid rent after the January rent is recouped, will be paid from escrow funds if necessary.

1 Rent due, but unpaid, prior to close of escrow that is above and beyond the recoupment amount
2 will be first applied as set forth in paragraph 5 of the lease, “to all or any portion of the Security
3 Deposit for the payment of any amount already due Lessor, for Rents which will be due in the
4 future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage
5 which Lessor may suffer or incur by reason thereof.” (Exhibit “B”).

6 Debtor’s income consisted primarily of lease payments from RPL. Without the lease
7 payments, Debtor had insufficient cash flow to meet monthly obligations for mortgage payments
8 to its major creditor, Pacific Premier Bank, or to satisfy its ongoing operating expenses. Most of
9 its reserves were depleted by March 2016. Because of threat of foreclosure and enforcement of
10 judgments before being able to reorganize by partial liquidation and/or refinancing, debtor
11 sought the protection of the automatic stay. Had the stay been applied to require tenant to
12 continue paying rent or even equitably reduced rent, debtor would have been able to stay current
13 with the 1st mortgage while procuring and processing a reorganization as requested herein. The
14 intent was to gain bankruptcy protection to stop the enforcement of collection activities so it
15 could effectively reorganize. (Declaration of Murray Altman)

16 **III. PROPERTY SUBJECT TO THIS MOTION:**

17 The parcel subject to this motion is known as “Bowling”. It is a 25,000 sq. foot commercial
18 building currently being used and operated as a bowling alley known as Palm Springs Lanes,
19 operated by Ramon Palm Lane, Inc. under lease effective September 1, 2008 to September 30,
20 2023. (Exhibit “B”). The purchase of Bowling includes purchase and transfer of Lessor’s rights
21 and obligations under the lease. It also includes a 57% interest in the adjoining Parking Area
22 parcel.

23 **A. Liens on both parcels:**

24 These parcels and the adjoining 7 acre undeveloped lot are presently encumbered by a 1st
25 deed of trust in favor of Yun Hei Shin who bought the Note and Trust Deed from Pacific Premier
26 Bank. The loan is cross-collateralized and secured by all parcels owned by the Debtor as set forth
27 in Proof of Claim (Claim 3) of PPB (Exhibit “E”). The parcels are also encumbered by judicial
28 liens of J&K Drywall and RPL/Shin which attach to all of Debtor’s property. The Abstract of

1 Judgment of RPL/Shin is part of Proof of Claim #5 (Exhibit "C"). The Abstract of Judgment in
2 favor of J&K is attached as Exhibit "F".

3 The total amount of the sales is \$6,590,000.00, the highest offer from fully committed and
4 qualified buyers. The proceeds of the sale of Bowling and Towers will be sufficient to pay all
5 secured creditors of DSF including insider Yun Hei Shin, except Mitchell Altman. He will
6 continue to hold a lien with respect to his Note and Trust Deed on the 7-acre parcel that is not
7 subject to the sales.

8 **B. Agreement to purchase the Bowling property (Exhibit "A")**

9 Palm Springs Financial, LLC, agreed to purchase the Bowling property for \$4,300,000.00.

10 **C. Free and Clear:**

11 Upon sale of these parcels, the Shin lien and judicial liens will be paid off. Based on the
12 amount of the claims filed and the purchase prices, there is sufficient value and equity in these
13 parcels to fully pay all secured creditors in this case. Thus, upon approval and upon disbursement
14 of funds from the sales, title to the Towers parcel can transfer free and clear subject to the
15 leasehold interest of 111 Smoke Shop and the title to the Bowling parcel can transfer free and
16 clear to Palm Springs Financial Group, LLC., subject to a new loan and deed of trust, a Purchase
17 Money Note and Deed of Trust to DSF, and subject to the leasehold interest of Ramon Palm
18 Lane, Inc. Management and control of the Parking Area vests in the owners of the subject parcels
19 57/43, by operation of the CC&Rs of Ramon Park Association, Inc. (Exhibit "N")

20 **D. Successful Overbid**

21 Should there be a successful overbidder, title will pass to the successful overbidder free and
22 clear of liens, claims, encumbrances, other than the leasehold interests of Ramon Palm Lane, Inc.
23 By operation of the CC&Rs of Ramon Park Association, Inc., 57% ownership and control of the
24 Parking Area would vest in the new owner of the Bowling building.

25 **IV. ADDITIONAL RELEVANT FACTS**

26 **A. Case Commencement**

27 This case commenced with the filing of the Chapter 11 petition on May 30, 2016.

28 ///

1 **B. Claims Against the Bankruptcy Estate (POCs 1-6)**

2 J&K Drywall and Metal Stud Framing, Inc., Ramon Palm Lane, Inc., Wells Fargo
3 Bank, American Express, and the law firm of Roemer & Harnick are the non-insider secured
4 and unsecured creditors of the estate.

5 **C. Insiders include:**

6 Murray Altman, who is the managing member of Desert Springs Financial, LLC, and
7 has 75% ownership in DSF;

8 Yun Hei Shin, who has a 25% economic interest in DSF as well as a personal judgment
9 against DSF and is the owner of the Note secured by DSF property;

10 Mitchell Altman, who is son of managing member of DSF. He has no ownership
11 interest in DSF but has a claim based on a Note secured by a Deed of Trust on the 7-acre lot.

12 **D. Escrow Process (Exhibit "G")**

13 Fidelity National Title Company, 3237 E. Guasti Road, Suite 105, Ontario, Ca., 91761
14 was selected to open two escrows to handle the various transactions, subject to court approval
15 herein. One escrow is for the sale of Bowling and the other escrow is for the Towers.

16 Sale funds of Bowling escrow will be allocated and paid to:

- 17 i. Any taxes due on that property, and,
18 ii. The fully satisfy the judgment lien of J&K Drywall.
19 iii. To fully satisfy the judgment lien of RPL/Shin. (Except for post-petition attorney fees
20 and costs. The amount of the reasonably and necessary fees is disputed and subject to
21 court approval).
22 iv. Broker's commission, and,
23 v. Escrow and title fees and costs of sale attributable to this transaction.

24 The balance will immediately (within seconds) transfer to the Towers escrow from which
25 funds will be immediately (within seconds) allocated and paid to:

- 26 vi. Any taxes due on that property, and,
27 vii. The total balance of the mortgage to Yun Hei Shin, and,
28 viii. Broker's commission, and,

1 ix. Escrow and title fees and costs.

2 Said escrows will close concurrently, neither escrow will close before the other. Any
3 funds remaining in the escrow accounts after the above disbursements will be held in the escrow
4 account for payment upon court approval of attorney fees, professional fees, administrative fees
5 and costs, and any miscellaneous matters, should there be any.

6 **E. Bowling Property (Exhibit "I"):**

7 The Bowling property is located at 68051 Ramon Road, Cathedral City, CA 92234. It is a
8 25,000 square foot, commercial building leased to Ramon Palm Lane, Inc., dba Palm Springs
9 Lane. It is identified as APN 680-190-034. The lease expires September 30, 2023, subject to a 10
10 year extension. The current monthly rent is \$49,720 per month. Rent increases 5% per year on
11 October 1st of each year through 2022. Projected rent through September 30, 2023 is
12 \$4,665,550.49. The Ownership of this parcel includes a 57% interest in the association
13 membership of Ramon Tower Business Park, Inc. The title report (Exhibit "I") indicates the legal
14 description of BOWLING as follows:

15 THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE
16 CITY OF CATHEDRAL CITY, IN THE COUNTY OF RIVERSIDE,
17 STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
18 PARCEL 2 PARCEL MAP NO. 30704, IN THE CITY OF CATHEDRAL
19 CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER
20 MAP FILED IN BOOK 212, PAGES 4 THROUGH 7, INCLUSIVE OF
21 PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF
22 RIVERSIDE COUNTY, CALIFORNIA. EXCEPTING ALL URANIUM,
23 THORIUM AND OTHER FISSIONABLE MATERIALS, ALL OIL, GAS
24 PETROLEUM, ASPHALTUM AND OTHER HYDROCARBON
25 SUBSTANCES AND OTHER MINERALS AND MINERAL ORES OF
26 EVERY KIND AND CHARACTER, WHETHER SIMILAR TO THOSE
27 HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR WHICH
28 MAY BE PRODUCED FROM THE HEREINBEFORE DESCRIBED
LAND, TOGETHER WITH THE RIGHT TO USE THAT PORTION ONLY
OF SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO
AND 500 FEET BELOW THE PRESENT SURFACE OF SAID LAND, FOR
THE PURPOSE OF PROSPECTING OR DEVELOPMENT AND/OR
EXTRACTING SAID GAS, PETROLEUM, ASPHALTUM AND OTHER
MINERAL OR HYDROCARBON SUBSTANCES FROM SAID LAND, IT
BEING EXPRESSLY UNDERSTOOD AND AGREED THAT SAID
SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, ITS
SUCCESSORS AND ASSIGNS, SHALL HAVE NO RIGHT TO ENTER

1 UPON THE SURFACE OF SAID REAL PROPERTY, OR TO USE SAID
2 REAL PROPERTY OR ANY PORTION THEREOF SAID DEPTH OF 500
3 FEET, FOR ANY PURPOSE WHATSOEVER, AS RESERVED UNTO
4 SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, ITS
5 SUCCESSORS AND ASSIGNS IN THE DEED RECORDED FEBRUARY
6 27, 1979 AS INSTRUMENT NO. 38918, OF OFFICIAL RECORDS OF
7 RIVERSIDE COUNTY, CALIFORNIA.
8 APN(s): 680-190-034

9
10 **i. Liens and Encumbrances Against the Bowling Property and their Proposed**
11 **Treatment Through the Sale (Exhibit "I")**

12 Yun Hei Shin purchased from Pacific Premier Bank the Note and Deed of Trust in first
13 priority position on all parcels. J&K and RPL/Shin hold judgment liens on all parcels. J&K's lien
14 is senior to the lien of RPL/Shin. As is set forth with more completeness and particularity in the
15 actual report, the preliminary title report of Bowling indicates:

- 16 1. Property taxes, including any personal property taxes and any
17 assessments collected with taxes, are as follows:

18 Fiscal Year: 2016-2017

- 19 a. 1st Installment: \$2,861.18, OPEN (Delinquent after December 10)
20 b. Penalty: \$286.11
21 c. 2nd Installment: \$2,861.18, OPEN (Delinquent after April 10)
22 d. Penalty and Cost: \$324.74
23 e. Said property has been declared tax defaulted for non-payment of delinquent taxes
24 for the fiscal year 2015-2016.
25 f. APN No.: 680-190-034-9
26 g. Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:
27 h. Amount: \$3,351.62, by December 31, 2016
28 i. Amount: \$3,392.92, by January 31, 2017

To be paid from escrow of Bowling property.

2. A deed of trust to secure an indebtedness in the amount shown below,
a. Amount: \$3,600,000.00
b. Dated: May 16, 2005
c. Trustor/Grantor Desert Springs Financial LLC, a California limited
liability company
d. Trustee: Palm Desert National Bank
e. Beneficiary: Palm Desert National Bank
f. *It is expected the beneficial interest on record will be updated to
reflect the purchase of the Note by Yun Hei Shin.*

Payment of indebtedness to be paid from escrow.

1 3. An abstract of judgment for the amount shown below and any other
2 amounts due:

- 3 a. Amount: \$14,883.61
4 b. Debtor: Desert Springs Financial LLC
5 c. Creditor: J & K Drywall
6 d. Date entered: May 5, 2010

7 To be satisfied from escrow of Bowling property.

8 4. An abstract of judgment for the amount shown below and any other
9 amounts due:

- 10 a. Amount: \$As provided therein
11 b. Debtor: Desert Springs Financial, LLC, a California limited
12 liability company
13 c. Creditor: Ramon Palm Lane, Inc., a California corporation
14 d. Date entered: January 4, 2016

15 Balance to be paid from Bowling property escrow

16 **ii. Purchase Terms and Conditions (Exhibit "A"):**

- 17 a. The Buyer is Palm Springs Financial Group, LLC.,
18 b. Purchase Price: \$4,300,000.00
19 c. Down Payment \$500,000.00
20 d. New Loan \$2,300,000.00
21 e. Purchase Money Note to Seller \$1,500,000
22 1. Monthly interest-only payments @ 5% per annum
23 2. Paid in full within 30 months of close of escrow
24 3. If property is sold prior to 30 months, DSF to receive unpaid
25 principle and accrued interest on Note plus 25% of net
26 difference between purchase price and new sale price after
27 costs of sale or \$250,000.00, whichever is less.

28 **iii. Leasehold Interest (Exhibit "B"):**

Ramon Palm Lane, Inc., has a leasehold interest in this parcel based on a lease effective
September 1, 2008, to September 30, 2023. Monthly rent obligation is currently \$49,790.24.00
per month until September 30, 2017, after which time it increases 5% and increases 5% each
year thereafter to 2023. The projected income from rent through September 2023 is
\$4,665,550.49.

1 iv. **Disclosure re lease:**

2 A review of this case will reveal that the tenant and guarantor (RPL/Shin) sued Debtor in
3 state court asking, among other things, that this lease be rescinded. The state court found the
4 lease to be valid and enforceable but the amount of rent was modified to the amounts stated
5 above. A money judgment was awarded to RPL/Shin to recover overpaid rent and attorney fees.
6 The overpaid rent with interest will have been fully paid by Debtor as of the date of the hearing
7 of this motion.

8 The Proposed Purchaser is aware and over bidders have been advised to be “aware and
9 take note that the tenant and guarantor have filed repeated objections in this bankruptcy case to
10 the sale of the adjacent Towers property to anyone but themselves. They oppose the use of any
11 portion of the Towers for marijuana related business. They have asked the bankruptcy court for
12 an order allowing them to terminate the Bowling property lease and guaranty without notice or
13 opportunity to be heard should a tenant of the Towers property operate a marijuana dispensary
14 during the term of the lease. (See Dockets #93, 104, 152, 215, 247, 307, 327).”

15 The sale of this parcel takes into consideration the tenant’s leasehold obligations, rights,
16 and interests. The rights and obligations of Lessor arising from the lease will transfer to the
17 Buyer of the Bowling property upon close of escrow.

18 v. **Broker Employment and Marketing (Exhibit “J”)**

19 Mike Radlovic of Coldwell Banker Commercial-SC, Ontario, California was employed to
20 list and market all DSF property prior to the filing of this case (Exhibit “J”). The latest listing
21 agreement signed on April 28, 2016, remains in force due to open escrows. Debtor-in-
22 Possession’s motion for approval to employ Coldwell Banker and Mr. Radlovic in this Chapter
23 11 proceeding was filed and was approved on November 8, 2016. (Docket # 62).

24 Marketing efforts have been ongoing and there is a history of unsuccessful, prior offers
25 which did not result in purchase agreements. All prior offers were for less than the current
26 agreement. The basis for value of the Bowling building is supported by the Declarations of
27 Murray Altman, the Managing Member of the Debtor, and Mike Radlovic of Coldwell Banker
28 Realty and the purchase agreement itself (Exhibit “A”). The current purchase agreement for

1 \$4,300,000.00 is the highest and best price achieved by the Debtor for the Property and is higher
2 than the value offered by the only previous overbidder, Yun Hei Shin (Docket # 93). As
3 mentioned above, the Proposed buyer is fully aware of the opposition to the sale of this property
4 and the history of litigation between RPL/Shin and Debtor. Nevertheless, this purchaser is ready,
5 willing and able to close the purchase upon court approval.

6 A recent offer to purchase the Bowling property for \$4,500,000.00 was received. This
7 offer is from Cathedral Bowl, LLC. However, it contained 14 conditions which would
8 significantly delay closing. Additionally, it sought a breakup fee of 20% over the accepted offer
9 and a \$250,000 initial overbid with subsequent offers increasing \$100,000. The offer is from an
10 LLC that may not be registered to do business in California and/or may not even be organized as
11 of this date. No records of this LLC can be found on the California Secretary of State website.

12 Proposed Purchaser and the Seller are represented by broker, Mike Radlovic. A broker's
13 commission of four percent (4%) of the purchase price of the Bowling building is to be paid to
14 Coldwell Banker Commercial –SC; Broker, Mike Radlovic, from escrow, upon court approval of
15 this sale. Should an overbid be approved the commission of 5% per the listing agreement is to be
16 equally divided between Radlovic and buyer's broker, if any. (Declaration of Mike Radlovic)

17 **V. OVERBID AND AUCTION PROCEDURES**

18 The Debtor proposes the Bid Procedures as set forth below for the **Bowling property**:

19 • **Introduction:**

20 The Debtor is selling 3 of the 4 parcels of real property owned by Debtor to pay secured
21 creditors and reorganize. The subject of this overbid auction is the parcel described as the
22 Bowling property including 57% interest in the adjacent Parking Area and the Debtor's interest
23 in the existing lease of the property. The auction is to be conducted under the auspices of the
24 U.S. Bankruptcy Court for the Central District of California in open court on February 21, 2017,
25 at 9:00 a.m.

26 Debtor and the Proposed Purchaser, Palm Springs Financial Group, LLC., (PSFG)
27 entered a Purchase and Sale Agreement, a copy of which is attached as Exhibit "A". Debtor is
28 seeking approval of the offer and of PSFG as the "stalking horse" bid and "the stalking horse"

1 bidder, respectively, in connection with the Debtor's solicitation of higher and better offers for
2 the asset. The opening bid of PSFG is \$4,300,000.00 comprised of a down payment of
3 \$500,000.00, cash in the amount of \$2,300,000.00 and financing by seller in the amount of
4 \$1,500,000.00. The Proposed Purchaser is ready to close escrow within 7 calendar days of court
5 approval.

6 • **What is being sold:**

7 The "Bowling" property. Located at 68051 Ramon Road, Cathedral City, CA, is comprised
8 of an approximately 25,000 sq. foot commercial building currently being used and operated as a
9 bowling alley known as Palm Springs Lanes, operated by Ramon Palm Lane, Inc. under lease
10 effective September 1, 2008 to September 30, 2023. (Exhibit "B"). The purchase of the Bowling
11 property includes purchase and transfer of Lessor's rights and obligations under the lease. It also
12 includes a 57% interest in the adjoining Parking Area parcel. PSFG entered the above-mentioned
13 purchase agreement with debtor after due diligence and with knowledge of the history of
14 marketing this property and the Towers property as well as the history of the litigation between
15 the tenant and the debtor. (Declarations, Docket # 335-1, 335-2, 335-3)

16 Any overbidder must execute a purchase agreement for cash of at least \$2,900,000 and seller
17 financing of not more than \$1,500,000.00.

18 • **Time line:**

- 19 1. Qualified bids must be received by the Debtor and/or broker for the Debtor no
20 later than midnight, February 18, 2017 as set forth below. Electronic transmission
21 of any such offer to the Debtor's broker at the same time is acceptable. "Qualified
22 Bid" is described below.
- 23 2. If qualified bids are received, the auction for this asset will take place in open
24 court on February 21, 2017, at 9:00 a.m. The Debtor shall advise the Court
25 concerning the salient terms of all qualified bids and which offer, in the Debtor's
26 opinion, is the highest and best offer. The determination of which offer is the
27 highest and best offer will be based on factors such as the amount of the bid, the
28

1 ability of the qualified bidder to perform and the ability of the qualified bidder to
2 close the transaction quickly.

3 3. Following the auction and the Court's determination of whom the successful
4 bidder is, the successful bidder must be prepared to fully perform and close within
5 7 calendar days of the date the Court designates the successful bidder in open
6 court.

7 4. Other than PSFG, no breakup fee shall be paid to any bidder, qualified or
8 otherwise in connection with the sale of the Debtor's assets. All bidders shall bear
9 their own costs.

10 As to PSFG, because it is the initial bidder, and in the event it is not the high
11 bidder, it shall be entitled to a breakup fee of \$50,000, which shall be paid at the
12 close of escrow if PSFG is not the successful purchaser unless it bids higher than
13 another overbidder but does not become the successful purchaser.

14 • **The overbid purchase offer:**

15 The purchase offer ("overbid") for the Bowling property must be all cash, or cash and
16 contingency-free financing of at least \$4,400,000.00. The bid may include up to \$1,500,000.00
17 of seller financing. Any successive higher bids must be in \$50,000.00 increments or in other
18 amount as set by the court, and, must be a "Qualified Bid".

19 • **Qualified Bid.**

20 To be a qualified bid, all the following requirements must be met unless waived by the
21 Debtor or by the Court:

- 22 • The prospective overbidder must complete all due diligence inspections of the
23 property prior to submission of its contingency-free bid no later than February
24 18, 2017.
- 25 • The bid must be in writing and submitted to counsel for the Debtor by email,
26 by U.S. Mail, or by messenger as follows:

27 ORROCK, POPKA, FORTINO, TUCKER & DOLEN
28 1710 Plum Lane, Suite A
Redlands, CA 92374-0100

1 tucker@waynetuckerlaw.com

2 and a copy must be delivered concurrently to Debtor's broker by email by U.S.
3 Mail, by messenger, or by facsimile as follows:

4 **Mike Radlovic**
5 Senior Vice President
6 mradlovic@cbcsocalgroup.com
7 Cell: 310.429.2278
8 Fax: 951.293.3147
9 CalBRE# 00665020
10 **Coldwell Banker Commercial-SC**
11 3998 Inland Empire Blvd. Suite 400
12 Ontario, CA 91764

- 13 • The bid must be signed by the qualified bidder or its principal and must
14 acknowledge the bidder read and understood the "**Disclosure re lease**"
15 contained in the Notice of Sale and this motion.
- 16 • The bid must be submitted to and received by Debtor's broker on or before
17 midnight, February 18, 2017, local time.
- 18 • The bid must be an offer to pay money in U.S. funds.
- 19 • The bid may not be a conditional bid with the exception of a financing
20 commitment as to which the qualified bidder must be prepared to close within
21 7 calendar days after the date the Court designates the successful bidder in
22 open court.
- 23 • When the proposed purchase overbid is submitted, it must be accompanied by
24 admissible evidence in the form of affidavits or declarations establishing that
25 the bidder is capable and qualified, financially, legally, and otherwise, of
26 unconditionally performing all obligations under the agreement. Any
27 overbidder must execute a purchase agreement for cash of at least \$2,900,000
28 and seller financing of not more than \$1,500,000.00.
- The admissible evidence of financial ability will be on a need to know basis
with the financial information only being available to the Debtor's broker, to
the Debtor's counsel, and to the Court, if the Court determines it needs to
review such financial information. Debtor's counsel and broker shall keep such

1 information confidential. The sufficiency and acceptability of a proposed
2 qualified bidder's purchase offer and all accompanying evidence provided shall
3 be determined at the sole discretion of Debtor.

- 4 • The overbid, when submitted to Debtor's counsel and/or broker, must be
5 accompanied by an earnest money deposit of \$490,000.00 in the form of a
6 cashier's check made payable to the Trust account of Orrock, Popka, Fortino,
7 Tucker & Dolen or into an escrow account designated by Debtor. The amount
8 shall be non-refundable if the bid is determined by the Court to be the highest
9 and best bid for the property and if the successful bidder does not close within
10 7 calendar days of the date the Court approves the sale to the successful bidder
11 in open court. Where an entity is entitled to a credit bid exceeding
12 \$490,000.00, the requirement of the \$490,000 up-front monies may be waived.
- 13 • Any unsuccessful bidder shall receive a return of its deposit in full following
14 the entry of a Court Order approving the sale to another bidder.
- 15 • Any person or entity that submits a timely, qualifying overbid shall be deemed
16 a "Qualified Bidder" and may bid at the hearing. Unless otherwise approved
17 by the Debtor, and permitted by the Court, any entity that fails to submit a
18 timely, qualifying overbid, as set forth above, shall be disqualified from
19 bidding for the property.
- 20 • For a bidder to be eligible for a good faith finding under 11 U.S.C. §363(m),
21 the bid should also include all factual statements and evidence necessary for
22 the Court to make a finding of good faith under such Bankruptcy Code section.
- 23 • The Court will determine the best bid ("the Successful Bidder"). The
24 Successful Bidder must pay at closing all amounts reflected in the overbid in
25 addition to all accompanying closing costs as necessary to purchase the
26 property.
- 27 • PSFG is deemed to be a qualified bidder for purposes of bidding and
28 overbidding.

1 • **Credit Bidding.**

2 Secured creditors Yun Hei Shin, Ramon Palm Lane, Inc., and Yun Hei Shin (RPL/Shin)
3 shall be entitled to credit bid in the amount of their allowed secured claim(s).

4 • **Identity of the Bidder.**

5 All bids, other than the bid of PSFG, must include a separate statement, signed under oath,
6 addressing satisfactorily to the Debtor (i) the identity of the bidder (and any designees), (ii) any
7 connections of bidder/designee with the Debtor or Debtor's insiders, (iii) reassurance that there
8 are no contingencies to the bid other than the auction, (iv) reassurance that the bidder, if the
9 successful bidder, will promptly proceed to close the transaction within 7 calendar days of
10 approval of the bidder's bid in open court and (v) reassurance that all authorizations required
11 (e.g., board approval, etc.), if any, have been secured, (vi) that a bidder is an insider by the fact
12 of family relationship and/or a financial relationship. However, the fact of any such relationship
13 must be disclosed in bids.

14 • **No Auction.**

15 If the Debtor does not receive any timely qualified bids from a qualified bidder, PSFG will
16 be the successful bidder and \$4,300,000.00 will be the amount of the successful bid subject to
17 final approval of the court.

18 • **Auction.**

19 If the Debtor timely receives a qualified overbid from a qualified bidder, an auction will take
20 place in open Court, or depending on the Court's calendar, in the courthouse but outside the
21 courtroom at 411 W 4th Street, Santa Ana, CA, on February 21, 2017, beginning at 9:00 a.m. The
22 first over-bid shall be \$4,400,000. All subsequent overbids must be in minimum increments of at
23 least \$50,000.00. Only qualified bidders who timely submitted qualified bids may bid at the
24 auction. Qualified bidders must satisfy the requirements of ability to perform on subsequent
25 overbids and provide proof of ability to perform above \$4,400,000 to bid higher.

26 Subject to other direction by the Court, all qualified bidders and their brokers, attorneys and
27 agents are required to remain in the courtroom during the entire auction and bidding process.

28 ///

1 • **Highest and Best Bid.**

2 The determination of which bid is the highest and best bid shall be determined by the Court.

3 The Debtor may select the second highest and best bid as the backup bid. Any unsuccessful
4 bidder cannot be selected as a backup bidder without its express consent. The monies for bidders
5 who are not selected as the highest and best bid or as the backup bid shall be returned to such
6 bidders by Debtor's counsel promptly following the auction. The cashier's check(s) for the
7 backup bidder shall be returned promptly after the transaction between the Debtor and the
8 successful bidder have closed.

9 • **Good Faith Finding.**

10 PSFG shall be deemed a good-faith purchaser under the Bankruptcy Code unless otherwise
11 ordered by the Bankruptcy Court.

12 To the extent applicable and as determined by the Court, the successful bidder shall be
13 deemed a good faith purchaser pursuant to 11 U.S.C. § 363(m) and any stay of the order
14 approving the sale of the Debtor's asset under the Federal Rules of Bankruptcy Procedure is
15 waived.

16 Any qualified bidder seeking a good faith finding must be prepared to timely submit proof to
17 support such a finding.

18 • **Successful Bidder's Obligation.**

19 The successful bidder shall be obligated to purchase the asset and to promptly pay all monies
20 then owed to the Debtor as set forth in the pending Order Approving Sale. The failure to pay all
21 monies bid by February 28, 2017, after the designation in open court of the bidder as the
22 successful bidder (or the failure of the backup bidder to perform and to pay all monies owed by
23 February 28, 2017, after the Debtor informs the backup bidder that it has to February 28, 2017 to
24 perform) shall constitute a default under the terms of the auction and the Debtor shall be entitled,
25 at its election, to retain the deposit and to offer the asset to the back-up bidder instead. In the
26 event the back-up bidder fails to perform, then the Debtor may retain the deposit provided by the
27 back-up bidder.

1 The successful bidder and the back-up bidder must cooperate as necessary and provide the
2 necessary information, testimony and/or declarations to fully consummate the transaction.

3 • **Free and Clear Sale.**

4 With the exception of the Bowling property lease, the sale shall be free and clear of all
5 claims, liens, security interest, law suits, legal proceedings, suits, actions and other
6 encumbrances of any and every nature and kind whatsoever and howsoever arising (whether by
7 contract, statute, by tort or in any other manner or fashion whatsoever) including, without
8 limitation, the following:

- 9 1. Claims arising by reason of any theory of successor liability, de facto merger, or
10 substantial continuity, whether based in law or equity;
- 11 2. All employee benefit obligations;
- 12 3. The claims of all creditors and claimants and equity holders of this bankruptcy
13 estate or of the Debtor;
- 14 4. All security interests, liens, mortgages, charges, claims, debts, deeds of trusts, lis
15 pendens and encumbrances of all kinds
- 16 5. Claims of the County of Riverside for any obligation existing prior to close of
17 escrow, except as stated herein;
- 18 6. Claims of the City of Cathedral City for any obligation existing prior to close of
19 escrow;
- 20 7. Claims of the State of California for any obligations existing prior to the close of
21 escrow;
- 22 8. All environmental claims of all kinds and nature.

23 Claims of any entity asserting a security interest in monies in escrow shall attach to the
24 proceeds from the sale of assets except to the extent such funds are to be paid to the County of
25 Riverside, to Debtor's professionals, to the broker(s) as a commission(s) and the breakup fee to
26 PSFG.

27 ///

28 ///

1 • **Access to Information.**

2 Debtor's broker will provide an information packet to any party who would like to bid on the
3 property.

4 **VI. SALE AND TRANSFER IN ACCORDANCE WITH BANKRUPTCY**
5 **CODE**

6 **A. Authority to Sell Estate Assets:**

7 Under *11 U.S.C. Section 363*, a trustee (or Debtor in Possession acting with trustee
8 powers pursuant to *11 U.S.C. Section 1107*) is empowered to sell or lease assets of the estate “in
9 the ordinary course of business without notice or hearing” or “after notice and a hearing.”

10 Debtor is a real estate management and development business and in its ordinary course
11 of business it buys, develops, sells, and manages property. Its historical operation has been the
12 purchase, development, renovation, sale, and management of property. The properties and leases
13 subject to this motion were purchased and developed and are being managed in the ordinary
14 course of the business of DSF. (Declaration of Murray Altman). However, to avoid or minimize
15 further disputes, delays, and contention with its tenant and 25% economic interest holder, debtor
16 is proposing this sale by way of notice and hearing.

17 “The trustee, after notice and a hearing, may use, sell, or lease,
18 other than in the ordinary course of business, property of the estate,
19 ...” 11 U.S.C. §363(b)

20 “If the business of the debtor is authorized to be operated under
21 section 721, 1108, 1203, 1204, or 1304 of this title and unless the
22 court orders otherwise, the trustee may enter into transactions,
23 including the sale or lease of property of the estate, in the ordinary
24 course of business, without notice or a hearing, and may use
25 property of the estate in the ordinary course of business without
26 notice or a hearing. 11 U.S.C. §363(c)

27 The standards for approval of a sale pursuant to *Section 363(b)(1)* require that the
28 proponent of the sale establish that:

- a) a “sound business purpose justifies the sale;”
- b) “accurate and reasonable notice” of the sale was provided;
- c) the “price to be paid is adequate, i.e. fair and reasonable”; and

1 d) “good faith, i.e. the absence of any lucrative deals with insiders, is
2 present.”

3 See *In re Industrial Valley Refrig. & Air Cond. Supplies, Inc.*, 77 B.R. 15, 21 (Bankr.
4 E.D. Pa. 1987).

5 **B. The proposed transaction meet the standards for sale.**

6 **Accurate and reasonable notice** will be given by Debtor as set forth and required by
7 Local Bankruptcy Rule 6004-7(f).

8 **Sound business purpose:** The Ninth Circuit in *In re Walter*, 83 B.R. 14 (B.A.P. 9th Cir.
9 1988) has adopted a flexible, case by case test to determine whether the business purpose for a
10 proposed sale justifies disposition of property of the estate under *Section 363(b)*. The Court in *In*
11 *re Continental Airlines, Inc.* explained the *Walter* test, as follows:

12 “Whether the proffered business justification is sufficient depends on the case...
13 He might, for example, look to such relevant factors such as...the likelihood
14 that a plan of reorganization will be proposed and confirmed in the future, the
15 effect of the proposed disposition on future plans or reorganization, the proceeds
16 to be obtained from the disposition...” *Walter, supra, at 19-20, quoting In re*
17 *Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir. 1986).

18 The proposed sale is a **sound business decision** because the sale of the Bowling property
19 along with the already approved sale of Towers will generate sufficient proceeds for the Debtor-
20 in-Possession to pay off the judgment liens and **make required cash payments** to lienholders
21 that are the **indubitable equivalent** of the value of all entities’ interest in the properties and the
22 sale is to a **good faith purchaser**. The payments will be 100% of the secured claims filed and
23 allowed.

24 Upon full satisfaction of the judgment in favor of RPL, monthly lease payments will
25 recommence generating the positive cash flow from RPL to the Purchaser. The sale will relieve
26 Debtor of the obligations under the lease to manage the property, collect rents, and perform
27 Lessor’s duties of maintenance and repair.

1 DSF will benefit from continued ownership the 7 acres of residentially zoned property
2 with significant potential for profitable development. It will be relieved of the cost of
3 management of the Bowling property and Towers. There are no other options currently available
4 to debtor that would be considered sound business decisions.

5 The **good faith requirement** “focuses principally on the element of special treatment of
6 the debtor’s insiders in the sale transaction.” See *In re Industrial Valley Refrig. & Air Cond.*
7 *Supplies, Inc., supra*, 77 B.R. 15, 17. The distributions to insiders in this case are limited to
8 payment of the Note secured by a Trust Deed to Yun Hei Shin and payment to Yun Hei Shin of
9 her judgment against debtor. These payments will not be special treatment because the other
10 secured creditors, RPL and J&K Drywall, will receive 100% of their claim. (Declaration of
11 Murray Altman)

12 Debtor submits that the **proposed price to be paid for the Bowling property is fair and**
13 **reasonable and thus any over bid would be fair and reasonable** based upon the consent of the
14 Proposed Purchaser and Seller to the terms of the sale and that the property has been publicly
15 listed for sale with no better offers, and that the previous appraisal and over bid submitted by
16 Shin (Docket #93) was less than the proposed sales price. (Declaration of Mike Radlovic).

17 The existing secured creditors are **adequately protected by cash payments of**
18 **indubitable equivalency** to their interests and they will be fully satisfied.

19 Money from the sales will provide a basis for implementation of a Chapter 11 plan.
20 All secured claims to the extent they are uncontested, will be paid except that of Mitchell
21 Altman who will retain his security interest in the 7-acre lot. All other liens attached to that lot
22 will be released, having been paid in full and he will be in first position. (Declaration of
23 Murray Altman).

24 The interest of leaseholder Ramon Palm Lane, Inc. will be **adequately protected** by the
25 sale because the purchase is subject to the leasehold rights of Ramon Palm Lane, Inc. The sale
26 price incorporates the value of the lease. Tenant’s rights under the lease will not be affected as it
27 will continue to retain possession, right of use, quiet enjoyment, subletting, and assignment as set
28 forth in the terms of the lease.

1 **C. Adequate protection of tenant's interest in the Bowling building**

2 Concerns raised by Ramon Palm Lane, Inc., that the use of the property by the proposed
3 purchasers of one or both properties may negatively impact the Bowling business are
4 ameliorated, if not eliminated, by the proposed sale to the proposed buyer (PSFG) because this
5 buyer and the buyer of the Towers have a history of business dealings and business operations
6 that reflect a unity of interest that will benefit themselves and their tenants. The approved sale of
7 Towers and approval of the proposed sale of Bowling will result in unified management of both
8 properties as the principals of PSFG and GK Real Estate Group are profitably engaged in various
9 business enterprises with each other. (Declarations of Gevorgyan and Sarkisyan, Docket # 335-2,
10 335-3)

11 PSFG's members are Levon Aksharumov and Kevin Sarkisyan.

12 GK's manager/member is Garnik Gevorgyan. Levon and Kevin were the initial
13 signatories on the offer to purchase the Tower building and they assigned the contract to GK.
14 (Kevin Sarkisyan was an initial member of GK but is no longer a member since shortly after GK
15 was formed.)

16 Though the members of these LLCs are not identical, the members of the two entities
17 know each other and work with each other in various healthcare businesses. Kevin and Garnik
18 own one business together, 50% each, a living house facility in Victorville. Kevin and Levon do
19 not have other businesses together but Levon's wife and Kevin are the two members of another
20 LLC that owns a commercial building. Garnik has businesses in Victorville which are his sole
21 businesses and he also manages businesses which Kevin owns. Kevin is the administrator of one
22 company (High Desert Hospice) which Garnik owns. Kevin is the general manager and
23 compliance officer in a second company (United Nursing Solutions) which Garnik also owns.

24 The investment in the Bowling property by PSFG is expected to provide positive cash
25 flow derived from rental income of approximately \$50,000.00 per month. Neither buyer intends
26 to jeopardize receipt of this rental income. The unity of interest and desire to manage both
27 properties to enhance the success of the Bowling property is paramount to the core purpose for
28 the investment and is intended to enhance the value of both properties. The principals of both

buyers are aware of the history of this property and the objections and concerns of the tenant, yet they are committed to completing the sales and taking ownership subject to the lease.

D. Sound business decision is reflected in Estimated Proposed Distribution

Assuming no overbid, the proposed distribution of cash payments based on principle and interest to February 28, 2017, as set forth below provides adequate assurance.

Sale of Bowling property	\$4,300,000.00
Sale of Towers	\$2,290,000.00
Note & DOT to DSF	(\$1,500,000.00)
Note secured by 1 st DOT	(\$2,830,487.22)
RPL per POC with interest	(\$1,211,030.50)
J&K Drywall lien	(\$14,883.00)
Wells Fargo per POC	Unsecured
Amex per POC	Unsecured
Roemer & Harnick	Unsecured
Commission - Towers	(\$80,150.00)
Commission - Bowling	(\$172,000.00)
Property Taxes - Bowling	(\$6,171.50)
Property Taxes - Towers	(\$11,512.62)
Other Allowed Claims and Cost of Sale	TBD
Balance of Funds available	\$763,765.16

E. Transfer of the Property Free and Clear of Liens Under 11 U.S.C. Section

363(f):

Based upon the terms of these sales, Debtor seeks authority to complete transfer of interests free and clear of all liens, claims, and interests, except the month to month leasehold interest of 111 Smoke Shop and the leasehold interest of Ramon Palm Lane, Inc.

1 Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy
2 estate “free and clear of any interest in such property of an entity,” if any one of the following
3 five conditions is met:

- 4 (1) Applicable non-bankruptcy law permits a sale of such property free and clear of such
5 interest:
- 6 (2) Such entity consents;
- 7 (3) Such interest is a lien and the price at which such property is to be sold is greater than
8 the aggregate value of all liens on such property;
- 9 (4) Such interest is in a bona fide dispute; or
- 10 (5) Such entity could be compelled, in a legal or equitable proceeding, to accept money
11 satisfaction of such interest.

12 The sale of the Bowling property will result in availability of funds more than that needed
13 to make payment in full of the judgment liens. The balance of the funds, being instantly
14 transferred to the escrow for the sale of Towers, are immediately available to pay Shin in full
15 plus over \$760,000 to pay remaining claims, administrative expenses and costs. All liens of Shin,
16 J&K, and RPL/Shin on all of Debtor’s property will be satisfied and released upon payment in
17 full when money is disbursed from escrow. Thus, the disbursement will allow title to pass **free**
18 **and clear** of the liens and claims of Shin as purchased from Pacific Premier Bank, J&K, Ramon
19 Palm Lane, Inc., and Yun Hei Shin. There are no other lien claimants in this case.

20 Thus, upon distribution of funds, #1, #2, #3 and #5, are all applicable. Non-bankruptcy
21 law will permit title to the property to pass free and clear because all existing liens on the
22 property will be satisfied by payment in full and because the rights of leaseholders are
23 adequately protected as they will remain in force. Under these same circumstances, non-
24 bankruptcy law will permit title to pass free and clear subject to the leases. (#1). All entities with
25 an interest will have no grounds to withhold consent if they are to be paid in full upon close of
26 the escrow and the leasehold interests are adequately protected in that they will be allowed to
27 continue possession and use per the terms of their leases (#2). The aggregate value of all the
28 liens on such property will be less than the proceeds of the sales and loan proceeds. (#3).

1 Lienholders could be compelled to transfer title free and clear because their interests will be fully
2 satisfied. (#5). Remaining issues related to the claim for fees and costs for post-judgment and
3 post-petition attorney fees are the basis of a bona fide dispute between Debtor and Creditor
4 RPL/Shin.

5
6 **VII. DEBTOR REQUESTS WAIVER OF THE 14 DAY PERIOD FOR**
7 **EFFECTIVENESS OF THE SALE ORDER**

8 *Rule 6004(h)* of the Federal Rules of Bankruptcy Procedure (“FRBP”) provides: “An
9 order authorizing the use, sale, or lease of property other than cash collateral is stayed until
10 the expiration of 14 days after entry of the order, unless the court orders otherwise.” *FRBP*
11 *6004(h)*. The legislative history provides:

12 “The Court may, in its discretion, order that Rule 6004(g) [now 6004(h)] is not
13 applicable so that the property may be used, sold or leased immediately in accordance with
14 the order entered by the court.”

15 Shin as successor to Pacific Premier Bank, Ramon Palm Lane, Inc. and Yun Hei Shin
16 individually has been granted relief from stay to foreclose or enforce judgements against
17 debtor’s assets. As of the date of preparing this motion, Shin recorded a Notice of Default on
18 the Note with a cure period ending April 12, 2017. RPL/Shin is currently seeking to avoid
19 paying rent to DSF which will devalue estate assets. The value to the estate and to debtor and
20 to Shin as a 25% economic interest holder in DSF will be enhanced by immediate sale
21 considering the anticipated actions of these creditors.

22 Given the notice and full opportunity to object, respond, or participate in overbid
23 procedures presented by this Motion, it is submitted that, unless there are objections to the
24 motion that are not consensually resolved, there is good cause for this Court to find that Rule
25 6004(h) is not applicable and that the property may be sold immediately upon granting of this
26 motion. The contemplated sale of the property and availability of sale proceeds is set to occur
27 as soon as approval of the court is granted.

28 *///*

1 **VIII. CONCLUSION**

2 Based upon the foregoing, the Debtor submits that the Motion satisfies the standards for
3 approval of the sale of the Bowling property pursuant to Section 363(b). Debtor respectfully
4 submits that there is good cause for this Court to enter an Order accordingly.

5 **WHEREFORE** the Debtor respectfully requests that the Court enter an Order that:

6 1. The 14 day stay pursuant to FRBP Rule 6004(h) is waived.

7 2. The deadline to close the sale of Towers is hereby extended and ordered to be
8 concurrently and simultaneously closed with the escrow of Bowling property on or before
9 February 28, 2017 or other date deemed appropriate by the court.

10 3. That Debtor-in-Possession is authorized to sale the Bowling property to PSFG,
11 LLC or the highest and best bidder and to close the sale concurrently and simultaneously with
12 the escrow of Towers.

13 4. That simultaneous escrows are hereby approved for the concurrent administration
14 and processing of the two sales.

15 5. That Fidelity National Title, National Commercial Services, shall serve as escrow
16 officer/administrator pursuant to escrow instructions to collect and disburse funds for both the
17 sales and coordinate recording of this order, liens, release of liens, and deeds of trust and other
18 documents as necessary for the concurrent close of:

19 a. Escrow for Bowling (68051 Ramon Rd., APN 680-190-034) and,

20 b. Escrow for Towers (68031 Ramon Rd., APN 680-190-033) such that;

21 i. Funds after payment of property taxes and judgment liens specific to
22 escrow for Bowling property (APN 680-190-034) be instantly
23 transferred to escrow for Towers (APN 680-190-033) for immediate
24 disbursement.

25 6. That all interested parties are ordered to cooperate with the escrow officer by
26 proper and timely delivery and execution of all documents necessary for release of funds from
27 escrow and proper processing and recording of documents necessary for close of escrow such
28

1 that title transfers shall be free and clear of liens, claims, encumbrances, and interests in
2 sequence as follows:

3 A. Escrow for Bowling (APN 680-190-034)

- 4 i. Cash payment is disbursed to Ramon Palm Lane, Inc., and Yun Hei
5 (Angie) Shin in the full amount of principal and interest due under the
6 judgment lien(s) except for payment of post judgment and post-
7 petition attorney fees which are subject to 16(B)(vii) below.
8 ii. Ramon Palm Lane, Inc./Shin lien is released from all Desert Springs
9 Financial, LLC., properties upon payment of judgment per the
10 recorded Abstract of Judgment.
11 iii. Any property taxes due and/or government liens shall be paid per
12 escrow instructions.
13 iv. Broker Commission for sale of Bowling property be disbursed.
14 v. Balance of funds from this escrow instantly transfer to:

15 B. Escrow for Towers (APN 680-190-033)

- 16 i. Cash payment is disbursed to Shin in the amount sufficient to satisfy
17 the Note and 1st DOT on all DSF, LLC properties.
18 ii. The Shin lien related to the Note and 1st DOT is avoided and released
19 from all DSF, LLC properties.
20 iii. Cash payment is disbursed to J&K Drywall in the amount sufficient to
21 satisfy its lien on all property of DSF, LLC
22 iv. J&K Drywall lien is avoided and released from all DSF, LLC
23 property.
24 v. Any property taxes due and/or government liens shall be paid per
25 escrow instructions.
26 vi. Fees and commission is disbursed to Mike Radlovic, Coldwell Banker
27 Commercial-SC in the amount of \$80,150.00.
28

1 vii. Any remaining funds in escrow after the above disbursement and
2 payment of all fees and costs of escrow shall remain in escrow pending
3 approval of application(s) for compensation of professionals and
4 administrative costs, and resolution of any disputed claims for attorney
5 fees and costs, approval for payment of allowed claims and resolution
6 of any other remaining disputes as to distribution of said funds. A lien
7 in favor of judgment creditors for the balance of any judgment lien not
8 paid above shall attach to these escrow funds pending resolution of
9 disputes and approval of court for distribution.

- 10 7. Escrows shall close concurrently - neither escrow may close without close of both
11 escrows. Deadline to close escrow is February 28, 2017 or other deadline set by the
12 court unless for good cause the deadline is extended.
- 13 8. Title to APN 680-190-033(Towers) shall transfer free and clear to GK Real Estate
14 Group, LLC upon close of escrow.
- 15 9. Title to APN 680-190-034 (Bowling) shall transfer free and clear to Purchaser of the
16 Bowling property subject to the lease, which lease shall remain in full force and effect
17 as modified by the state court judgment entered in the Superior Court of the State of
18 California, County of Riverside case #INC 10003583 on December 23, 2015.
- 19 10. Granting such other and further relief as the Court deems just and proper under the
20 circumstances.

21 Dated: January 31, 2017

21 /s/ M. Wayne Tucker, Esq.
22 M. Wayne Tucker, Esq.
23 Attorney for Debtors
24 Orrock, Popka, Fortino, Tucker & Dolen

DECLARATION OF MURRAY ALTMAN

I, Murray Altman, declare as follows:

1. I have personal knowledge of the following facts and, if called as a witness, I could competently testify of my own personal knowledge, information, and belief.

2. I am the Managing Member of the Debtor, Desert Springs Financial, LLC, the Debtor and Debtor-in-Possession in the above captioned case. I am intimately familiar with the financial affairs of Desert Springs Financial, LLC. The ordinary business of DSF is the purchase, sale, renovation and development of real estate. The Debtor is a limited liability company that currently owns a total of 4 parcels of real estate. These parcels consist of the following: (i.) a commercial/retail office building, "Towers"; (ii.) a commercial property leased to Ramon Palm Lane, Inc. dba Palm Springs Lanes ("Bowling"); (iii.) an approximate 7-acre parcel of adjacent undeveloped land currently zoned for residential use; and (iv.) an adjacent parking area, owned by Ramon Business Park, Inc., a wholly owned subsidiary of Desert Springs Financial, LLC. The primary source of income of DSF is rental income from various lessees of these properties. Other than being neighbors, there is no current business relationship between any of the lessees. One business does not depend on or support the other. The Towers property is configured for retail and office use and faces north toward Ramon Road. The Bowling building faces west, has a completely separate entrance, and is configured as a traditional bowling alley.

3. The parcel that is the subject of this motion to sell is the Bowling property. It is a 25,000 sq. foot commercial building currently being used and operated as a bowling alley known as Palm Springs Lanes, operated by Ramon Palm Lane, Inc. under lease effective September 1, 2008 to September 30, 2023.

4. At this time, DSF is not receiving scheduled rent from Ramon Palm Lane, Inc. ("RPL"), the lessee and tenant of the Bowling building. The scheduled monthly rent for this property was \$47,419.28. The rent increased to \$49,720 October 1, 2016. Rent increases 5% each year on October 1st. The projected rental income from February 2017 to September 30, 2023, is \$4,665,550.49. The pre-petition rent was determined in the state court judgment to have been overpaid. The amount of the overpaid rent will have been recouped by tenant except

1 for about \$9,100.00 as of January 1st 2017. Regular monthly payments will become due the 1st of
2 each month beginning February 2017 if the sale of the Bowling property is approved and the
3 balance of the judgment is paid. A true and correct copy of the lease and the adjusted monthly
4 rent is attached as Exhibit "B."

5 5. As a result of recouping rent in satisfaction of the judgment against DSF, the
6 judgment balance has been reduced month after month. Full recoupment of the amount ordered
7 to be recouped will be complete upon close of escrow herein. The remaining balance of the
8 judgment against DSF as of February 28, 2017 will be \$1,211,030.50. Included in that amount is
9 approximately \$9,100.00 which is the balance of the overpaid rent as of January 1, 2017.

10 6. The balance of the loan owed to creditor, Pacific Premier Bank, now Shin, is
11 secured and cross-collateralized over each of the Debtor's properties. I am informed and have no
12 reason to believe otherwise that Yun Hei Shin purchased the Note and Deed of Trust from
13 Pacific Premier Bank. The exact payoff amount demanded by Yun Hei Shin is subject to review
14 for accuracy when provided to escrow. In the absence of Debtor's receipt of the monthly rent to
15 pay monthly payments on the Note, Pacific Premier Bank was granted relief from stay to
16 foreclose on any of the Debtor's properties which are collateral in view of the very limited
17 income otherwise being produced by the properties.

18 7. I am aware that Shin, as successor to PPB, recorded a Notice of Default on or
19 about January 12, 2017. I am informed and believe the cure period expires on or about April 12,
20 2017.

21 8. On or about May 26, 2016, the Debtor agreed to an offer to purchase "Towers"
22 from Karen Sarkisyan and Gayt Akhsharumov. On or about June 3, 2016, the final purchase
23 offer for the subject property became \$2,290,000 on an all cash basis. The buyers assigned their
24 rights under the purchase agreement to GK REAL ESTATE GROUP, LLC. This buyer
25 requested a lot line adjustment between adjacent properties owned by DSF. The lot line
26 adjustment was completed which involved a transfer of a small strip of land from the lot parcel
27 to the Parking Area. This adjustment will allow for additional parking spaces in the common
28 area. The sale of Towers was court approved. The terms of the sale other than the date of closing

1 escrow remain intact. The closing of the Towers sale will be concurrent with the sale of the
2 Bowling property so that from the escrows of both sales, secured claims will be paid sufficient to
3 clear the liens on these properties.

4 9. As managing member of this LLC, I sought and obtained commitment from
5 Socotra Capital to refinance the Bowling property subject to court approval. I searched and
6 found no other lender willing to provide refinancing without a senior secured interest in the
7 Bowling building. The purpose of the sale and refinance was to pay off all claims against DSF.
8 The court approved the refinancing and ordered concurrent closing of the refinance escrow and
9 the escrow of the Towers sale on or before December 8, 2016.

10 10. As the transaction neared closing, Socotra imposed as a condition of funding the
11 refinance loan that Yun Hei Shin, Jin Yeol Lee, and Ramon Palm Lane, Inc. provide financial
12 statements, tax returns, and general releases of liability as to Desert Springs Financial, LLC and
13 Murray Altman individually. The releases were refused and current financial statements and tax
14 returns were not provided. Those conditions could not be satisfied by the deadline of December
15 8, 2016, and the refinance effort failed.

16 11. On December 7, 2016, an offer to purchase the Bowling property was presented
17 through broker, Mike Radlovic. The Proposed Purchaser is Palm Springs Financial Group, LLC
18 represented by Kevin Sarkisyan. The offer is for \$4,300,000.00 total price. This offer was
19 reviewed and is acceptable based on the terms as set forth in this motion and the purchase
20 agreement. This buyer is willing to deposit a down payment of \$500,000 cash into escrow along
21 with loan proceeds of \$2,300,000.00 and provide a Note for \$1,500,000.00 secured by a 2nd trust
22 deed to the Bowling property in favor of Desert Springs Financial, LLC., and is willing to close
23 within days of court approval of the sale. I reviewed a letter of intent/proof of funds from Socotra
24 Capital which indicates Socotra is committed to making the loan and closing upon court approval
25 of this sale. A true and correct copy of the letter provided to me is attached hereto as Exhibit
26 "H".
27
28

1 12. I have been provided a copy of a bank statement from Comerica bank indicating
2 the Proposed Purchaser deposited sufficient funds in the account to cover the \$500,000.00 down
3 payment. It is attached as Exhibit "K".

4 13. The history of the litigation between RPL/Shin and DSF was disclosed to the
5 buyers of both properties and is included in the Notice of Sale to potential buyers. The objections
6 of RPL/Shin to the sale of these properties were also disclosed. Both proposed buyers were told
7 and observed through attendance at court hearings that RPL/Shin are seeking orders that would
8 terminate their lease obligations depending on the use of the properties subject to this motion.

9 14. On December 7, 2016, on behalf of Debtor, I signed acceptance of the offer of
10 Palm Springs Financial Group, LLC. A true and correct copy of the Purchase and Sale
11 Agreement is attached as Exhibit "A". The terms of the proposed sale include transfer of the
12 Lessor's rights and obligations under the lease of the Bowling property to Purchaser. This lease
13 is to be transferred to Purchaser in accordance with the provisions of the lease that confer a new
14 owner with the rights and obligations of Lessor. A true and correct copy of the lease is attached
15 as Exhibit "B".

16 15. I understand that a Debtor-in-Possession is unable to assign the lease without first
17 having approval of the bankruptcy court to assume the lease between DSF and RPL/Shin. The
18 approval is the subject of a separate motion. I believe assumption by the Debtor-in-Possession is
19 approvable because the debtor/landlord is not in default, the lessee will continue to have all
20 rights and obligations under the lease including but not limited to, the right to possession,
21 occupancy, quiet enjoyment and use, and the obligation to timely pay rent as modified by the
22 state court judgment.

23 16. As managing member of Desert Springs Financial LLC, I attest and affirm that
24 Desert Springs Financial has been the title holder of the Bowling property (APN 680-190-034) as
25 well as the Tower property (APN 680-190-033) from March 1 2005 to the present.

26 17. Fidelity National Title Company provided me with a copy of the Amended
27 Preliminary Title report which contains links to the recorded documents. This report has been
28 attached as Exhibit "I" and was attached to prior motions in this case and has been available for

1 review by all parties. A true and correct copy of the Preliminary Title Report is attached hereto
2 as Exhibit "I".

3 18. Neither myself nor anyone associated with the Debtor has had any prior
4 acquaintance or relationship with the proposed buyer of either property at any time prior to
5 presentation of the offers to purchase to the best of my knowledge. Neither I nor DSF will
6 receive any interest or benefit from the buyers other than what is set forth in the motion. Neither
7 I nor DSF has any agreement with the buyers other than the agreements to sell. The buyers were
8 obtained through the efforts of the Debtor's real estate broker, Coldwell Banker Commercial
9 Realty S-C; Broker-Mike Radlovic.

10 19. As Managing Member of the Debtor, I believe that the sale price of \$4,300,000.00
11 is the prevailing, fair market price for the Bowling at this time. The broker aggressively
12 marketed the property and all the other property from November 2015 to the present ultimately
13 securing this purchase agreement in December 2016. In fact, this property was marketed
14 publicly and through the public Multiple Listing Service with a prominent real estate broker,
15 Coldwell Banker Commercial. Some letters of intent or inquiries were received but did not
16 result in a sale because of the ongoing litigation with the tenant and the bankruptcy. Potential
17 buyers were discouraged by the unresolved claims and ongoing allegations of Shin. Because of
18 this wide scale marketing, the agreement of \$4,300,000.00 is the highest and best sale price that
19 the Debtor could secure during this entire period of time especially considering the buyer is
20 committed and well informed of the issues involving the tenant and Shin. The price is much
21 higher than what Yun Hei Shin proposed as part of a recent purchase bid and will be of much
22 better benefit to her as a 25% economic interest holder in DSF.

23 20. I also believe the purchase of the Bowling property by the proposed purchaser
24 will enhance and protect the value of the bowling property because I am informed and believe
25 the two buyers own or operate businesses together and this unity of interest will discourage
26 management of one property to the detriment of the other. To do otherwise would put at risk
27 receipt of almost \$50,000 of rental income each month.

1 21. The objections, opposition, and threat of litigation from the tenant to terminate the
2 lease put a chill on the marketing effort and make it highly unlikely that a better and higher offer
3 will be obtained with a buyer equally ready to close the deal.

4 22. The benefit to DSF of the proposed sale is not only to reorganize and get relief
5 from debt and clear title to its properties, but also to recommence receipt of income from interest
6 payments, sufficient to continue owning, managing, and developing property. Debtor will remain
7 owner of the 7 acre lot.

8 23. A true and correct copy of Debtor’s final sale agreement with the Proposed
9 Purchaser is attached to this motion as Exhibit “A”.

10 24. I propose that the suggested distribution of sale proceeds below represents a
11 sound business purpose and is equitable, fair, and reasonable for all concerned:

Sale of Bowling property	\$4,300,000.00
Sale of Towers	\$2,290,000.00
Note & DOT to DSF	(\$1,500,000.00)
Shin Note with interest	(\$2,830,487.22)
RPL/Shin judgment with interest	(\$1,211,030.50)
J&K Drywall lien	(\$14,883.00)
Wells Fargo per POC	Unsecured
Amex per POC	Unsecured
Roemer & Harnick	Unsecured
Commission - Towers	(\$80,150.00)
Commission - Bowling	(\$172,000.00)
Property Taxes - Bowling	(\$6,171.50)
Property Taxes - Towers	(\$11,512.62)
Other Allowed Claims and Cost of Sale	TBD
Balance of Funds available	\$763,765.16

1 25. When the judgment in favor of RPL is satisfied, it will have no lien against these
2 parcels. Lease payments will be due and collectable without claim of set off or recoupment from
3 RPL/Shin for the remaining term. Although DSF may have a better opportunity to emerge from
4 Chapter 11 as a viable business with rental income, this sale allows DSF to operate with less
5 overhead for management and maintenance of its property. Furthermore, RPL/Shin have
6 demonstrated they will continue to deprive DSF of rental income until the judgment is paid in
7 full. Thus, the sale of these properties is the best business decision under the circumstances.

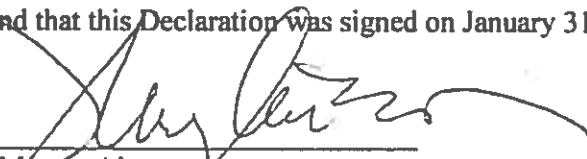
8 26. The interest payments on the Note from the Proposed Purchaser will allow DSF to
9 pay the remaining operating expenses and, if necessary, comply with a Chapter 11 payment plan
10 to deal with any unsatisfied claims of unsecured creditors.

11 27. All secured claims will be paid from the sales except that of Mitchell Altman who
12 will retain his security interest in the 7-acre lot. All other liens attached to that lot will be
13 released, having been paid in full and his lien will be in first position.

14 28. The interests of leaseholder Ramon Palm Lane, Inc. will not be affected by the
15 sales because the purchase is subject to the leasehold rights of 111 Smoke Shop, which is one a
16 month-to-month basis. The Bowling property lease will be transferred to the Purchaser of the
17 property and all rights and obligations of the parties thereto will remain in force and effect.

18 29. DSF will benefit from continued ownership the 7 acres of residentially zoned
19 property with significant potential for profitable development.

20 I declare under penalty of perjury under the laws of the United States of America that the
21 foregoing is true and correct and that this Declaration was signed on January 31, 2017, at
22 La Quinta, California.

23 
24 _____
25 Murray Altman, manager,
26 Desert Springs Financial, LLC.
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1 general desert community and the area of this property and with the marketing, listing and
2 sales of similar properties in the same area as the property in question. I investigated the
3 recent sales of similar properties and determined the fair market value of the subject property.
4 I also stay in communication with all local commercial real estate brokers.

5 7. I performed a property profile, a true and correct copy of which is attached to
6 this declaration, and is incorporated herein by reference. The comparable sales and the
7 records reviewed by me along with my experience and familiarity with the area helped me
8 determine the current market value of the subject property as of the date of the inspection
9 date. I have reviewed the appraisal obtained by Yun Hei Shin which discounts the value of the
10 bowling business.

11 8. Shin's appraiser's value supports my current assessment that the proposed
12 purchase price is a better indicator of market value. Her appraiser undervalued this parcel as
13 evidenced by my procurement of buyers committed to purchasing the property for a higher
14 value than her appraisal as set forth in this motion.

15 9. The current buyer of the Towers has remained committed despite the obstacles
16 to closing escrow. The proposed buyer of the Bowling property is committed in spite of his
17 knowledge of the objections and obstacles to closing escrow.

18 10. During the time I have been marketing DSF's property, I have received various
19 offers that did not culminate in a sale. The offers as they relate to the Bowling building were
20 lower than the current offer. The current purchase agreement for \$4,300,000.00 is the highest and
21 best offer achieved for this property because of the amount and the desire and ability and
22 cooperation of the buyer to close the sale.

23 11. For example, I received an offer on the Bowling property for \$4,500,000.00
24 conditioned upon terms that would delay closing of escrow approximately 60 days from the
25 subject offer or prevent it altogether unless the conditions could be met. In particular, this recent
26 offer included a condition that Seller provide copies of three years of tax returns for the
27 guarantors of the lease, Yun Hei Shin and Jin Yeol Lee. They have indicated they will not
28 provide individual tax returns. Although, 2013 and 2014 financial statements for Yun Hei Shin

1 was previously provided to me, they were provided subject to a confidentiality agreement that
2 restricts my ability to provide copies to interested parties. I have never received any tax returns
3 for the tenant Ramon Palm Lane, Inc., or either of its guarantors. Also, the offeror included 14
4 conditions. I have been informed and believe that the offeror, an LLC, has not been formed or
5 registered to do business in California.

6 12. In my opinion, and based on the offer, the history of this case, the issues with the
7 tenant and my familiarity with the market, the fair market value of the subject property is
8 \$4,300,000.00, and that it is the best indicator of the current fair market value of the subject
9 property under the present circumstances. The marketable price could easily be higher in a better
10 market if the property was occupied by a tenant that was not in extensive litigation with the
11 present owner and was not threatening to terminate the lease but was focused on operating a
12 viable and active Bowling alley, central to the Coachella Valley.

13 13. I have been personally involved in the creation, preparation, review, completion
14 and delivery of documents related to this sale. I obtained signatures when necessary and kept
15 copies in my file. Attached to the motion as Exhibit "A" is a true and correct copy of the
16 Bowling property purchase agreement, which I helped prepare and procure signatures.

17 14. Attached to the motion as Exhibit "G" is true and correct copy of the letter
18 received confirming open escrows.

19 15. As commission for listing and selling this property I have agreed to compensation
20 of 4% of the purchase price offered by the Proposed Purchaser. I am representing the Proposed
21 Purchaser and seller and provided the proper disclosure of the dual representation.

22 16. Should a qualified bid other than from the Proposed Purchaser be accepted and
23 approved, I agree to share the 5% commission set forth in the listing agreement equally with the
24 buyer's broker, if any.

25 17. I am continuing to market all properties including the subject property in the
26 event the current sale is not approved or completed.

1 I declare under penalty of perjury pursuant to the laws of the United States of America
2 that the foregoing is true and correct and that this Declaration was executed on January 31, 2017,
3 at Ontario, California.

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5 Mike Radlovic
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DECLARATION OF KEVIN SARKISYAN

I, Kevin Sarkisyan, declare as follows:

1. I am one of the managing members of Palm Springs Financial Group, LLC (“PSFG” or “purchaser”) and one of its two members. My business address is 1241 South Glendale Ave., Suite 302, Glendale CA 91205, California.

2. I am over the age of 18. My statements here are based on my personal knowledge. If called to testify concerning the contents of my declaration, I could and would do so competently. I make this Declaration in support of the Motion of Desert Springs Financial LLC to approve the sale of estate property to Palm Springs Financial Group, LLC.

3. PSFG members are Levon Aksharumov and me. We are not members of GK. GK is the intended purchaser of the Tower Building. Levon Aksharumov and I were the persons who initially signed the offer to purchase the Tower building. GK then was our assignee of the purchase contract. Neither of us hold a membership interest in GK nor is either of us its managing member. I was an initial member of GK though I was removed as a member shortly after the entity was formed.

4. PSFG’s other member and I have ownership interests in various businesses which employ many employees. We have considerable worth and ability to borrow money. In the event of overbids for the bowling alley property, PSFG intends to bid aggressively.

5. The bowling alley property will generate considerable income monthly as RPL’s lease requires substantial monthly lease payments, sufficient to cover debt service and to pay off the \$1.5 million note when it comes due.

6. Also the lease is a triple net lease which means the operating expenses for the owner should be lower than under other types of leases.

7. PSFG and its members have no present or past financial connection to Shin, RPL or to the Debtor or to any member of the Debtor entity other than the connection through GK and its purchase of the Tower building and PSFG’s purchase of the Bowling building.

8. I am aware, because of my attendance at court hearings in this case and my own efforts, that the tenant of the bowling property RPL/Shin has concerns that the use of the


1 property by the proposed purchasers of one or both properties may negatively impact the
2 Bowling business.

3 9. I do not believe these concerns are well founded and should be reduced or
4 eliminated by the proposed sale to the PSFG because the members of PSFG and the member of
5 GK, buyer of the Towers, have a history of business dealings and business operations that reflect
6 a unity of interest that benefits our members, our clients, and our tenants. The approved sale of
7 Towers and approval of the proposed sale of Bowling will result in unity of interest in the proper
8 management of both properties. The principals of PSFG and GK Real Estate Group will work
9 together, as we already are, with the mutual goal of profitable business enterprises.

10 10. Though the members of the two LLCs are not identical, the members of the two
11 entities know each other and work with each other in various healthcare businesses. I own a
12 business with Garnik, 50% each, that is a living house facility in Victorville. Levon and I do not
13 have other businesses together but Levon's wife and I are the two members of another LLC that
14 owns a commercial building. Garnik has businesses in Victorville which are his sole businesses
15 and he also manages businesses which I own. I am the administrator of one company (High
16 Desert Hospice) which Garnik owns. I am the general manager and compliance officer in a
17 second company (United Nursing Solutions) which Garnik also owns.

18 11. The investment in the Bowling property by PSFG is expected to provide positive
19 cash flow derived from rental income of approximately \$50,000.00 per month. Neither I nor
20 Garnik intend to jeopardize receipt of this rental income. The desire to manage both properties to
21 enhance the success of both is paramount to the core purpose for the investment. I am aware of
22 the history of this property and the oppositions, objections, and concerns of the tenant, RPL/Shin
23 yet I am committed to completing the sale and taking ownership subject to the lease because I
24 am confident in the Towers property will be managed and operated properly.

25 I declare under the laws of the United States of America and penalty of perjury that the
26 foregoing is true and correct. Executed this January 31, 2017, at Glendale, CA

27
28 
Kevin Sarkisyan

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1710 Plum Lane, Suite A, Redlands, CA 92374

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE OF MOTION AND MOTION FOR AN ORDER: (1) APPROVING PROPOSED BID PROCEDURES FOR SALE OF ESTATE PROPERTY, ETC...** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **January 31, 2017**, the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Andrew S Bisom** abisom@bisomlaw.com
- **Steven R Fox** emails@foxlaw.com
- **Kathleen P March** kmarch@bkylawfirm.com, kmarch3@sbcglobal.net
- **Thomas J Polis** tom@polis-law.com, paralegal@polis-law.com
- **Jason K Schrader** jason.K.Schrader@usdoj.gov
- **Mohammad Tehrani** Mohammad.V.Tehrani@usdoj.gov
- **M Wayne Tucker** tucker@waynetuckerlaw.com, opftdecfmail@gmail.com;opftdlaw@gmail.com;hazel@waynetuckerlaw.com
- **Todd L Turoci** mail@theturocifirm.com
- **United States Trustee (RS)** ustpregion16.rs.ecf@usdoj.gov

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **January 31, 2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) **January 31, 2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Yun Hei Shin, Ramon Palm Lane, Kathleen P March kmarch@bkylawfirm.com, kmarch3@sbcglobal.net

Pacific Premier Bank, Thomas J Polis ecf@polis-law.com, paralegal@polis-law.com

J&K Drywall and Metal Stud Framing, Inc. fax #(909)-887-6965

Kevin Sarkisyan, Palm Springs Financial Group, LLC kevin@sarkisyan.com

Coldwell Banker, Mike Radlovic mradlovic@cbsocalgroup.com

Palm Springs Financial Group, LLC, Steven R Fox emails@foxlaw.com

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

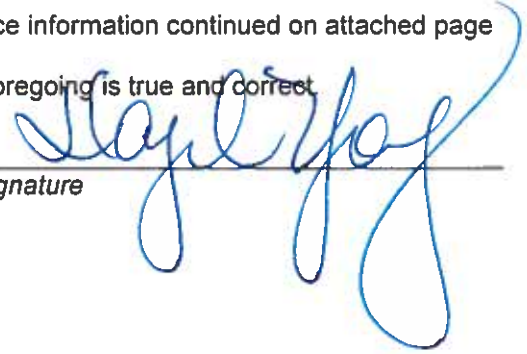
January 31, 2017

Date

Hazel Young

Printed Name

Signature



Label Matrix for local noticing
0973-6
Case 6:16-bk-14859-MW
Central District of California
Riverside
Tue Jan 31 16:35:37 PST 2017

GK Real Estate Group, LLC
c/o Law Offices Of Steven R. Fox
17835 Ventura Blvd., Suite 306
Encino, CA 91316-3664

Palm Springs Financial Group, LLC
c/o Law Offices Of Steven R. Fox
17835 Ventura Blvd.
Suite 306
Encino, CA 91316-3664

American Express
PO Box 650448
Dallas, TX 75265-0448

Internal Revenue Service
PO Box 7316
Philadelphia, PA 19101-7316

M. Wayne Tucker
Orrock, Popka, Fortino, Tucker & Dolen
1710 Plum Lane Suite A
Redlands, CA 92374-0100

Murray Altman
54885 Inverness Way
La Quinta, CA 92253-5612

Ramon Palm Lane, Inc.
68051 Ramon Rd
Cathedral City, CA 92234-3320

Roemer & Harnik LLP
45025 Manitou Drive
Indian Wells CA 92210-9068

Thompson & Colgate
3610 Fourteenth St
PO Box 1299
Riverside CA 92502-1299

COLDWELL BANKER
3998 Inland Empire Blvd. Ste. 400
Ontario, CA 91764-5033

Grobstein Teeple LLP
Grobstein Teeple LLP
6300 CANOGA AVE
STE 1500W
WOODLAND HILLS, CA 91367-8015

Riverside Division
3420 Twelfth Street,
Riverside, CA 92501-3819

American Express Bank FSB
c/o Becket and Lee LLP
PO Box 3001
Malvern PA 19355-0701

Internal Revenue Service
PO Box 7346
Philadelphia PA 19101-7346

Mitchell Altman
121 Dovetail Lane
Georgetown, TX 78628-6919

Pacific Premier Bank
17901 Von Karmen Ave
Suite 1200
Irvine, CA 92614-5248

Ramon Palm Lane, Inc./Yun Hei Shin
68051 Ramon Rd
Cathedral City, CA 92234-3320

THOMPSON & COLEGAGTE
36120 FOURTEENTH ST
P O BOX 1299
RIVERSIDE CA 92502-1299

United States Trustee (RS)
3801 University Avenue, Suite 720
Riverside, CA 92501-3255

Desert Springs Financial LLC
54885 Inverness Way
La Quinta, CA 92253-5612

Pacific Premier Bank
Polis & Associates, APLC
19800 MacArthur Blvd.,
Suite 1000
Irvine, Ca 92612-2433

American Express
PO Box 650418
Dallas, TX 75265-0418

DEPARTMENT OF TREASURY
INTERNAL REVENUE SERVICE
PO BOX 7346
PHILADELPHIA, PA 19101-7346

J&K Drywall and Metal Stud Framing Inc
2523 Hyacinth St
San Bernardino CA 92407

Mitchell Altman
121 Dovetail Lane
Georgetown, TX 78628

RAMON PALM LANE, INC
YUN HEI SHIN
68051 RAMON RD
CATHEDRAL CITY CA 92234-3320

Roemer & Harnick
45-025 Manitou Dr
Indian Wells, CA 92210-9068

Thompson & Colegate
3610 Fourteenth St
P.O. Box 1299
Riverside, CA 92502-1299

Wells Fargo
P.O. Box 29812
Phoenix, AZ 85038-9812

Wells Fargo
P.O. Box 29842
Phoenix, AZ 85038-9842

Yun Hei Shin
17716 Orna Dr
Granada Hills, CA 91344-1332

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Courtesy NEF

(u)Ramon Palm Lane, Inc., a CA Corp.

(d)DESERT SPRINGS FINANCIAL LLC
54885 INVERNESS WAY
LA QUINTA CA 92253-5612

(d)Desert Springs Financial
54885 Inverness Way
La Quinta, CA 92253-5612

(d)Yun Hei Shin
17716 Orna Dr
Granada Hills, CA 91344-1332

(d)M Wayne Tucker
Orrock Popka Fortino Tucker & Dolen
1710 Plum Lane
Suite A
Redlands, CA 92374-0100

(u)Mitchell Altman

(d)Murray Altman
54885 Inverness Way
La Quinta, CA 92253-5612

(u)Yun Hei Shin

End of Label Matrix	
Mailable recipients	31
Bypassed recipients	9
Total	40

Exhibit "A"



**STANDARD OFFER, AGREEMENT AND ESCROW
INSTRUCTIONS FOR PURCHASE OF REAL ESTATE**
(Non-Residential)
AIR Commercial Real Estate Association

December 7, 2016

(Date for Reference Purposes)

1. Buyer.
11 Palm Springs Financial Group, LLC and/or Assignee (Buyer) hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close 20 or ten (10) days after the waiver or expiration of the Buyer's Contingencies and ten (10) days after approval of the offer by the Competing Court in San Jose, CA ("Expected Closing Date") to be held by Fidelity National Title Company ("Escrow Holder") whose address is 3237 E. Guasti Road #105, Ontario, CA

, Phone No. 909-569-0225, Facsimile No. _____, upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 30.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.
2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) approximately 25,000 square foot building and a fifty seven percent (57%) interest in the parking lot

is located in the City of Cathedral City, County of Riverside, State of California, is commonly known by the street address of 54051 Ramon Road

and is legally described as to be provided through escrow

(APN 080-190-034).
2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Fidelity National Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and RCNE

(collectively, the "Improvements").

2.4 The fire sprinkler monitor: is owned by Seller and included in the Purchase Price, is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, ownership will be determined during Escrow, or there is no fire sprinkler monitor.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and _____ of

which shall be removed by Seller prior to Closing.

3. Purchase Price.
3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$4,300,000.00, payable as follows:

	(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price):	<u>\$500,000.00</u>
(Strike if not applicable)	(b) Amount of "New Loan" as defined in paragraph 5.1, if any:	<u>\$3,800,000.00</u>
	(c) Buyer shall execute to the Property, and set to aside as security the following existing deed of trust (including Deed of Trust) securing the existing promissory note(s) (including Note(s)):	
	<input checked="" type="checkbox"/> An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately _____	
	Said First Note is payable at \$ _____ per month, including interest at the rate of _____% per annum until paid (and/or the entire unpaid balance is due on _____)	
	<input type="checkbox"/> An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately _____	
	Said Second Note is payable at \$ _____ per month, including interest at the rate of _____% per annum until paid (and/or the entire unpaid balance is due on _____)	
(Strike if not applicable)	(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 8 ("Purchase Money Note") in the amount of:	<u>\$1,500,000.00</u>
	Total Purchase Price:	<u>\$4,300,000.00</u>

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3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of \$ _____, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or within 2- or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder. Buyer shall deliver to Escrow Holder a check in the sum of \$52,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of \$150,000.00 to be applied to the Purchase Price at the Closing.

~~By the 4 business days after the contingency discussed in paragraph 5.1 (a) through (c) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.~~

~~If an Additional Deposit is not accepted by Escrow Holder within the time period provided then Seller may, by giving written notice of such election to Escrow Holder, where the Additional Deposit received by Escrow Holder within 3 business days to terminate this transaction by giving written notice of such election to Escrow Holder without further notice or instructions.~~

~~4.3 - Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit") in a State or Federal chartered bank money market interest-bearing account whose term is appropriate and consistent with the time requirements of this loan agreement. The interest thereon shall accrue to the benefit of Buyer until such time as it is possible to effect a release of the applicable interest-bearing account. Buyer's Federal Tax Identification Number is _____.~~

~~4.4 - Notwithstanding the foregoing, within 5 days after Escrow Holder resolves the matter described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Federal acquisition of the Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.~~

~~4.5 - Upon receipt of all of Buyer's contingencies the Deposit shall become non-refundable but applicable to the Purchase Price except in the event of a Title Change or the event that the Escrow is terminated pursuant to the provisions of Paragraph 5.1 (a) through (c) (Termination, Damage or Loss) or 5.2 (Title Change).~~

5. Financing Contingency. (Strike if not applicable)

5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least \$2,300,000.00 (2% of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.

5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within ten (10) days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.

5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.

B. Seller Financing (Purchase Money Note). (Strike if not applicable)

B.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of five (5) % per annum, with principal and interest paid as follows: \$1,500,000.00 paid monthly - interest only - all due in thirty (30) months from close of escrow - approximately \$6,250.00 per month

The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms contractually used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) under the New Loan expressly called for by the Agreement.

6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (a)):

(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.
(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.

(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.

6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.

6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.

6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less The Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

- _____ represents Seller exclusively ("Seller's Broker");
- _____ represents Buyer exclusively ("Buyer's Broker"); or
- Colwell Banker Commercial SC _____ represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that other than the Brokers listed above, there are no other brokers representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date listed for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect

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and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

B. Escrow and Closing.

B.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending this Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

B.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

B.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

B.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

B.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

B.9 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (f), (g), (h), and (i), 9.4, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

B.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 6.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

B.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

B.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

B.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT. Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified hereafter by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) **Disclosures.** Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) **Physical Inspection.** Buyer has 10 or _____ days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) **Hazardous Substance Conditions Report.** Buyer has 30 or 10 _____ days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Report for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or reasonably adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) **Soil Inspection.** Buyer has 30 or 10 _____ days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) **Governmental Approvals.** Buyer has 30 or 10 _____ days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) **Conditions of Title.** Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents"), and a scaled and dimensioned plot showing the location of any encumbrances to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment, the Underlying Documents and the plot plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) **Survey.** Buyer has 30 or 10 _____ days following the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any encumbrances of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) **Existing Leases and Tenancy Statements.** Seller shall within 10 or _____ days following the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subcontractor of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) **Owner's Association.** Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a statement and transfer

Handwritten initials

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package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to the association.

(j) Other Agreements. Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(k) Financing. If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(l) Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or _____ days from the receipt of such documents to satisfy itself with regard to the form and content thereof.

(m) Personal Property. In the event that any personal property is included in the Purchase Price, Buyer has 10 or _____ days following the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or _____ days following the Date of Agreement.

(n) Destruction, Damage or Loss. Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) Material Change. Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(p) Seller Performance. The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) Brokerage Fee. Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer's Contingencies."

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. The above time periods only apply once for each Disapproved Item. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

- (a) Grant of general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.
- (b) If applicable, the Beneficiary Statements concerning Existing Note(s).
- (c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.
- (d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.
- (e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.
- (f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 13502 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.
- (g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.
- (h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

- (a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectible funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.
- (b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of the insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.

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- (c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.
- (d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.
- (e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.
- (f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 8.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 **Taxes.** Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 **Insurance.** WARNING: Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 **Rentals, Interest and Expenses.** Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 **Security Deposit.** Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 **Post Closing Matters.** Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 **Variations in New Loan Balance.** In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 3.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

11.8 **Owner's Association Fees.** Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.

12. Representations and Warranties of Seller and Brokers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) **Authority of Seller.** Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) **Maintenance During Escrow and Equipment Condition At Closing.** Except as otherwise provided in paragraph 9.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) **Hazardous Substances/Storage Tanks.** Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) **Compliance.** Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) **Changes in Agreements.** Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) **Possessory Rights.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) **Mechanics' Liens.** There are no unqualified mechanics' or materialsmen' lien rights concerning the Property.

(h) **Actions, Suits or Proceedings.** Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) **Notice of Changes.** Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.

(j) **No Tenant Bankruptcy Proceedings.** Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) **No Seller Bankruptcy Proceedings.** Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) **Personal Property.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have made all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soil reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.
Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the reoccupation or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereinafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable

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attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, such such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker herein may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of

Shoeman Oaks on the date of December 9, 2016 at 5:00 pm it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or other Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

~~21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties.) THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF _____ UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.~~

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Seller Initials

~~22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)~~

~~22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR OTHER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION (COMMERCIAL RULES). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. ANY SUCH CONTROVERSY SHALL BE ADJUDICATED BY 3 ARBITRATORS WHO SHALL BE IMPARTIAL REAL ESTATE BROKERS WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THE AGREEMENT. THEY SHALL BE APPOINTED UNDER THE COMMERCIAL RULES. THE ARBITRATORS SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW. THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING ARE ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OF STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 3 OF THE 3 ARBITRATORS BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING AND MAY INCLUDE ATTORNEY'S FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTICED OF THE ARBITRATION HEARING TO APPEAR THEREAT.~~

~~22.2 WAIVER OF RIGHT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.~~

~~22.3 NOTICE BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THE PROVISION YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.~~

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

All disputes to be resolved by the District of Court hearing in BSP Chapter 11 case. Parties are not agreeing to Arbitration.

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23. Miscellaneous.

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23.1 Binding Effect. This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 Applicable Law. This Agreement shall be governed by, and paragraph 23.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 Time of Essence. Time is of the essence of this Agreement.

23.4 Counterparts. This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 Conflict. Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Seller and Buyer must initial any and all handwritten provisions.

23.7 1031 Exchange. Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in the transaction, as follows:

(a) Seller's Agent. A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) To the Seller. A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) To the Buyer and the Seller: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) Buyer's Agent. A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations: (1) To the Buyer a fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) To the Buyer and the Seller: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) Agent Representing Both Seller and Buyer. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) Further Disclosures. Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on such Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 Confidential Information: Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Additional Provisions: Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs 26a through 26f. (If there are no additional provisions write "NONE".)

26. All Buyer's requested documentation to be supplied by Seller within five (5) days from acceptance (see below):

a. Buyer requests, Seller shall make the best effort to provide Buyer the last three (3) years copies of tax returns, financial statements and balance sheets on the Tenant and Guarantor of the Lease.

b. Copies of any and all insurance bills, certificates and policies and any and all documentation with respect to any claims made under such insurance policies.

c. Third party property condition assessments, structural evaluations, building plans and geotechnical reports.

d. In the event Buyer is not the highest bidder due to overbid process of court, any accepted bid at auction must be a minimum of \$100,000.00 over Buyer's offering price of \$1,300,000.00. In the event of overbid Buyer to receive a break up fee of \$50,000.00.

e. Buyer has until December 12, 2018 to satisfy themselves to any/all contingencies required by them to close escrow. Buyer's deposit shall be refunded without further

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signatures of Seller necessary provided escrow is notified by December 12, 2016 at 5:00pm.

f. Seller to deliver to Buyer free and clear title with title insurance.

g. The purchase offer by Palm Springs Financial Group ("PSFG"), includes Buyer's offer to give Seller a Deed of Trust to secure a Promissory Note as described in Paragraph 5 (Purchase Money Note). As set forth in Paragraph 6.1, the Purchase Money Note principle plus interest at its per annum is to be paid within 30 months from date of closing of this purchase. In the event that PSFG instead sells the bowling alley property within the 30 months after the close of its purchase, then PSFG will pay to DSF the principle balance and unpaid accrued interest on the purchase money note plus 25% of the net difference between the purchase price herein and the new sales price from the later sale or \$150,000.00, whichever is less. As an example, if the purchase price of the bowling alley property from DSF is in the amount of \$1.3 million and PSFG sells the bowling alley in the 30 month period following for \$5.3 million, then the gross difference shall be \$4 million. The gross difference shall be reduced by the costs of sale attributable to the \$1 million gross difference (e.g. Broker's commission plus other costs of sale on a pro rata basis) with the remainder being the net difference. 25% of the net difference up to \$150,000.00 shall be paid to DSF. If the purchase money note is not paid in full within 30 months by refinancing or sale, Buyer will be in default.

h. Buyer and Seller have consulted their own Attorneys.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:



1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

<p>BROKER:</p> <p>Caldwell Banker Commercial SF</p> <p>Attn: Miko Radlovic Title: Senior Vice President Address: 3598 Inland Empire Blvd., Suite 300 Ontario, CA 91764 Telephone: (919) 911-5818 Facsimile: (919) 219-1147 Email: radlovic@cbcrealestate.com Federal ID No. _____</p> <p>Broker/Agent BRE License #: 01998652 / 00660520</p>	<p>BUYER:</p> <p>Palm Springs Financial Group, LLC and/or Assignee</p> <p>By:  Date: _____ Name Printed: Kevin Sackianyan Title: _____ Telephone: () _____ Facsimile: () _____ Email: _____</p> <p>By:  Date: _____ Name Printed: Lavon Akhsharumov Title: _____ Address: 13547 Ventura Blvd, Suite 271 Sherman Oaks, CA 91423 Telephone: () _____ Facsimile: () _____ Email: _____ Federal ID No. _____</p>
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27. Acceptance.
- 27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.
- 27.2 In consideration of real estate brokerage services rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to four (4) % of the Purchase Price to be divided between the Brokers as follows: Seller's Broker two (2) % and Buyer's Broker two (2) %. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.
- 27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

<p>BROKER:</p> <p></p>	<p>SELLER:</p> <p>_____</p> <p>INITIALS</p>
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Coldwell Parker Commercial SD

Desert Springs Financial, LLC

Attn: Mike Radlovic
Title: Senior Vice President
Address: 3298 Inland Empire Blvd, Suite 400
Ontario, CA 91764
Telephone: (951) 986-8869
Facsimile: (951) 239-3147
Email: mradlovic@cbsocalgroup.com
Federal ID No.:

By: _____
Date: _____
Name Printed: Murray Altman
Title: Manager
Telephone: (760) 985-7742
Facsimile: ()
Email: _____

Broker/Agent BRE License #: 01998652 / 00665020

By: _____
Date: _____
Name Printed: _____
Title: _____
Address: 121 S. Palm Canyon Drive, Suite 216
Palm Springs, CA 92262
Telephone: ()
Facsimile: ()
Email: _____
Federal ID No.: _____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 N Brand Blvd, Suite 900, Glendale, CA 91203, Telephone No. (213) 687-8777. Fax No.: (213) 687-8618.

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Exhibit "B"



AIR COMMERCIAL REAL ESTATE ASSOCIATION
STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE -- GROSS
(DO NOT USE THIS FORM FOR MULTI-TENANT BUILDINGS)

1. Basic Provisions ("Basic Provisions").
1.1 Parties: This Lease ("Lease"), dated for reference purposes only July 29, 2008, is made by and between Desert Springs Financial, LLC

(Lessor) and Ramon Palm Lane, Inc. (Lessee)

(collectively the "Parties," or individually a "Party").
1.2 Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 68051 Ramon Road, Cathedral City 92234 located in the County of Riverside, State of California and generally described as (describe briefly the nature of the property and, if applicable, the "Project", if the property is located within a Project) A commercial building consisting of approximately 25,000 sq. ft., 28 lanes, snack bar and grill.

1.3 Term: Fifteen years and No (0) months ("Original Term") commencing October 1, 2008 ("Commencement Date") and ending September 30, 2023 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: N/A ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$33,700.00 per month ("Base Rent"), payable on the First day of each month commencing October 1, 2008. Lease shall commence immediately following the close of escrow for the sale of Palm Springs Lane between Lessor & Lessee. (See also Paragraph 4)

If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.

1.6 Base Rent and Other Monies Paid Upon Execution:
(a) Base Rent: \$33,700.00 for the period First Month
(b) Security Deposit: \$67,400.00 ("Security Deposit"). (See also Paragraph 5)
(c) Association Fees: \$N/A for the period N/A
(d) Other: \$N/A for N/A

(e) Total Due Upon Execution of this Lease: \$101,100.00

17 Agreed Use: Bowling Alley/Snack Bar & Grill and related use only (See also Paragraph 6)

1.8 Insuring Party: Lessor is the "Insuring Party". The annual "Base Premium" is \$ (See also Paragraph 8)

1.9 Real Estate Brokers: (See also Paragraph 15)
(a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

represents Lessor exclusively ("Lessor's Broker");
represents Lessee exclusively ("Lessee's Broker"); or
represents both Lessor and Lessee ("Dual Agency").

(b) Payment to Brokers: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Broker the fee agreed to in their separate written agreement (or if there is no such agreement, the sum of or % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.10 Guarantor: The obligations of the Lessee under this Lease are to be guaranteed by Yun Hei Shin & Jin Yeol Lee ("Guarantor"). (See also Paragraph 37)

1.11 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:
an Addendum consisting of Paragraphs 51 through 53;

a pict plan depicting the Premises;
a current set of the Rules and Regulations;
a Work Letter;
other (specify):

2. Premises.
2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable and any payments based thereon are not subject to revision whether

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is not the actual size is more or less. Note: Lessee is advised to verify the actual size prior to executing this Lease.

2.2 Condition. Lessor shall deliver the Premises to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, fighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, sump pumps, if any, and all other such elements in the Premises, other than those constructed by Lessee, shall be in good operating condition on said date and that the surface and structural elements of the roof, bearing walls and foundation of any buildings on the Premises (the "Building") shall be free of material defects, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with said warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements of the Building. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense, except for the roof, foundations, and bearing walls which are handled as provided in paragraph 7.

2.3 Compliance. Lessor warrants that to the best of its knowledge the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 50), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning, are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("Capital Expenditures"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and an amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date that on which the Base Rent is due, an amount equal to 1/4th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not, however, have any right to terminate this Lease.

2.4 Acknowledgements. Lessee acknowledges that: (a) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (b) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early possession. All other terms of this Lease (including but not limited to the obligations to pay Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3 Delay In Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 Lessee Compliance. Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 6.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be "Rent".

4.2 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require of future payments to be made by Lessee to be by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Operating Expense increase, and any remaining amount to any other outstanding charges or costs.

4.3 Association Fees. In addition to the Base Rent, Lessee shall pay to Lessor each month an amount equal to any owner's association or condominium fees levied or assessed against the Premises. Said monies shall be paid at the same time and in the same manner as the Base Rent.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its

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obligators under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessee may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublease or assignment, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems thereon, and/or is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) Duty to Inform Lessor. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) Lessee Remediation. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) Lessee Indemnification. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from adjacent properties not caused or contributed to by Lessee). Lessor's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) Lessor Indemnification. Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) Investigations and Remediations. Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) Lessor Termination Option. If a Hazardous Substance Condition (see Paragraph 9.1(a)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 9.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessee's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the such Requirements, without regard to whether such Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of

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Applicable Requirements, or a Hazardous Substance Condition (see paragraph 8.4) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of a written request therefor.

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

7.1 Lessee's Obligations.

(a) In General. Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 8 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), ceilings, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and porches located in, on, or adjacent to the Premises. Lessee is also responsible for keeping the roof and roof drainage clean and free of debris. Lessor shall keep the surface and structural elements of the roof, foundations, and bearing walls in good repair (see paragraph 7.2). Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessor's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) Service Contracts. Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, and (v) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) Failure to Perform. If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) Replacement. Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (ie. 1/144th of the cost per month). Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 8 (Damage or Destruction) and 14 (Condemnation), it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee, except for the surface and structural elements of the roof, foundations and bearing walls, the repair of which shall be the responsibility of Lessor upon receipt of written notice that such a repair is necessary. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) Definitions. The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) Consent. Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or fire safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 months' Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) Liens; Bonds. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) Ownership. Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) Removal. By delivery to Lessee of written notice from Lessor not earlier than 60 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) Surrender; Restoration. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practices. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises, or if applicable, the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 28 below.

B. Insurance; Indemnity.

8.1 Payment of Premium Increases.

(a) Lessee shall pay to Lessor any insurance cost increase ("Insurance Cost Increase") occurring during the term of this Lease.

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Insurance Cost Increase is defined as any increase in the actual cost of the insurance required under Paragraph 8.2(b), 8.3(a) and 8.3(b) ("Required Insurance"), over and above the Base Premium as hereinafter defined calculated on an annual basis. Insurance Cost Increase shall include but not be limited to increases resulting from the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of mortgage or deed of trust covering the Premises, increased valuation of the Premises and/or a premium rate increase. The parties are encouraged to fill in the Base Premium in paragraph 1.8 with a reasonable premium for the Required Insurance based on the Agreed Use of the Premises. If the parties fail to insert a dollar amount in Paragraph 1.8, then the Base Premium shall be the lowest annual premium reasonably obtainable for the Required Insurance as of the commencement of the Original Term for the Agreed Use of the Premises. In no event, however, shall Lessee be responsible for any portion of the increase in the premium cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence.

(b) Lessee shall pay any such Insurance Cost Increase to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other reasonable evidence of the amount due. If the insurance policies maintained hereunder cover other property besides the Premises, Lessor shall also deliver to Lessee a statement of the amount of such Insurance Cost Increase attributable only to the Premises showing in reasonable detail the manner in which such amount was computed. Premiums for policy periods commencing prior to, or extending beyond the term of this Lease, shall be prorated to correspond to the term of this Lease.

8.2 Liability Insurance.

(a) Carried by Lessee. Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) Carried by Lessor. Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) Building and Improvements. The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any ground-lessee, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. If Lessor is the Insuring Party, however, Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4 rather than by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender or included in the Base Premium), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$1,000 per occurrence, and Lessee shall be liable for such deductible amount in the event of an insured loss.

(b) Rental Value. The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value Insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period. Lessee shall be liable for any deductible amount in the event of such loss.

(c) Adjacent Premises. If the Premises are part of a larger building, or of a group of buildings owned by Lessor which are adjacent to the Premises, the Lessee shall pay for any increase in the premiums for the property insurance of such building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

8.4 Lessee's Property; Business Interruption Insurance.

(a) Property Damage. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

(b) Business Interruption. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) No Representation of Adequate Coverage. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least A-, VI, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancellable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, corrosion or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part or from other sources or places; (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project; or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

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9.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total. Notwithstanding the foregoing, Premises Partial Damage shall not include damage to windows, doors, and/or other similar items which Lessee has the responsibility to repair or replace pursuant to the provisions of Paragraph 7.1.

(b) "Premises Total Destruction" shall mean damage or destruction to the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "Insured Loss" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 9.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 9.2(a), in, on, or under the Premises which requires repair, remediation, or restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Lessee's responsibility) as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or insurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 9.5.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by: (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) Abatement. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value Insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) Remedies. If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall occur, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 Termination Advance Payments. Upon termination of this Lease pursuant to Paragraph 9.2(p) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 Definition. As used herein, the term "Real Property Taxes" shall include any form of assessment: real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises or the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Building address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises are located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

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(a) Payment of Taxes. Lessor shall pay the Real Property Taxes applicable to the Premises provided, however, that Lessee shall pay to Lessor the amount, if any, by which Real Property Taxes applicable to the Premises increase over the fiscal tax year during which the Commencement Date Occurs ("Tax Increase"). Payment of any such Tax Increase shall be made by Lessee to Lessor within 30 days after receipt of Lessor's written statement setting forth the amount due and amortization thereof. If any such taxes shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee's share of such taxes shall be prorated to cover only that portion of the tax bill applicable to the period that this Lease is in effect. In the event Lessee incurs a late charge on any Rent payment, Lessor may estimate the current Real Property Taxes, and require that the Tax Increase be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payment shall be an amount equal to the amount of the estimated installment of the Tax Increase divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable Tax Increase is known, the amount of such said monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable Tax Increase. If the amount collected by Lessor is insufficient to pay the Tax Increase when due, Lessee shall pay Lessor, upon demand, such additional sums as are necessary to pay such obligations. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a breach by Lessee in the performance of its obligations under this Lease, then any such advance payments may be treated by

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Lessor as an additional Security Deposit.

(b) Additional Improvements. Notwithstanding anything to the contrary in this Paragraph 10.2, Lessee shall pay to Lessor upon demand therefor the entirety of any increase in Real Property Taxes assessed by reason of Alterations or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Tax Increase for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.4 Personal Property Taxes. Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services. Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered or billed to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered or billed. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

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

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 12.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

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

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

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

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$200 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to atom to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default or any such Defaults cured by the sublessee. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR

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OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Escrow Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of retletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

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

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

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration therefrom abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent) or within 30 days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) Notice of Breach. Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) Performance by Lessee on Behalf of Lessor. In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the Building, or more than 25% of that portion of the Premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or

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In the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.9 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires any rights to the Premises or other premises owned by Lessor and located within the same Project, if any, within which the Premises is located, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the schedule of the Brokers in effect at the time of the execution of this Lease.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.9, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessor's Broker when due, Lessor's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the AAR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment or delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agency in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent: A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings

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with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(5) Lessee's Agent: An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessor and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(6) Agent Representing Both Lessor and Lessee: A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (1) or (5). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

28. No Right To Holdover: Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

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

25. Covenants and Conditions; Construction of Agreement: All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

23. Binding Effect; Choice of Law: This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance:
30.1 Subordination: This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Device (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the ten of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment: In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance: With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing: The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees: If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees toward shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs: Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions: Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs: Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "for sublease" signs, Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger: Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents: Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to

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consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.
37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted an Option, as defined below, then the following provisions shall apply:

39.1 Definition. "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Option is Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Defaults, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Multiple Buildings. If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee also agrees to pay its fair share of common expenses incurred in connection with such rules and regulations.

41. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. Reservations. Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not institute suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

44. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessor", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessors shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessors, and Lessor may rely on the same as if all of the named Lessors had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

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

46. Offer. Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessor's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

48. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

49. Mediation and Arbitration of Disputes. An Addendum requiring the Mediation and/or the Arbitration of disputes between the Parties and/or Brokers arising out of this Lease is is not attached to this Lease.

50. Americans with Disabilities Act. Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
- 2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES,

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THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.
WARNING: IF THE PREMISES IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED.

The parties hereto have executed this Lease in the state and on the dates specified above and their respective signatures.

Executed at: Cathedral City, CA Executed at: Cathedral City, CA
On: July 29, 2008 On: July 29, 2008

By LESSOR: Robert Services Financial, LLC By LESSEE: Ramon Palm Lane, Inc.

By: [Signature] Name Printed: Murray Altman Title: Partner
By: [Signature] Name Printed: Jin Yeol Lee Title: President

By: Name Printed: Jun Hei Shin Title: Vice President
Address: 59031 Ramon Road Cathedral City, CA 92234 Telephone: (760) 324-9026
Address: 1544 E. 37th Street Vernal, CA 90058 Telephone: (323) 232-9482 (616) 939-2605
Fax: (760) 324-6037 Federal ID No. 33-0852949

FOR NOTICES:
Address: 601 S. Ardmore Avenue, Suite 200
Los Angeles, CA 90005
BROKER:

BROKER: [Blank]
By: [Blank] Title: [Blank] Address: [Blank]
By: [Blank] Title: [Blank] Address: [Blank]
Telephone: [Blank] Facsimile: [Blank] Federal ID No. [Blank]

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are using the most current forms. AIR Commercial Real Estate Association, 206 W 4th Street, Suite 878, Los Angeles, CA 90017. Telephone No. (213) 647-4777. Fax No.: (213) 637-4918.

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[Signature]

[Signature]
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RENT ADJUSTMENT(S)
STANDARD LEASE ADDENDUM

Dated July 29, 2008

By and Between (Lessor) Desert Springs Financial, LLC

(Lessee) Ramon Palm Linn, Inc.

Address of Premises: 66051 Ramon Road
Cathedral City, CA 92234

Paragraph 51

A. RENT ADJUSTMENTS:

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:

(Check Method(s) to be Used and Fill in Appropriately)

I. Cost of Living Adjustment(s) (COLA)

a. On (Fill in COLA Dates): _____

the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): CPI W (Urban Wage Earners and Clerical Workers) or CPI U (All Urban Consumers), for (Fill in Urban Area): _____

All Items

(1982-1984 = 100), herein referred to as "CPI"

b. The monthly rent payable in accordance with paragraph A I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or (Fill in Other "Base Month") _____. The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equitably by the Parties.

II. Market Rental Value Adjustment(s) (MRV)

a. On (Fill in MRV Adjustment Date(s)): _____

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an appraiser or broker ("Consultant" - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

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(E) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator finally appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(F) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

- 1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
- 2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

III. Fixed Rental Adjustment(s) (FRA)

The Base Rent shall be increased to the following amount(s) on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
October 1, 2009	\$36,227.50
October 1, 2010	\$38,944.56
October 1, 2011	\$41,865.40
October 1, 2012	\$44,004.31
October 1, 2013	\$46,310.71
October 1, 2014	\$48,019.26
October 1, 2015	\$50,009.95
October 1, 2016	\$52,103.20
October 1, 2017	\$54,610.44
October 1, 2018	\$58,456.76

Years 2019 to 2022

October 1, 2019	\$74,666.02
October 1, 2020	\$80,265.90
October 1, 2021	\$86,285.92
October 1, 2022	\$92,575.36

B. NOTICE:


Unless specified otherwise herein, notice of any such adjustment, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. BROKER'S FEE:

The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777 Fax No. (213) 687-8618.


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Rent Schedule as reformed per judgment of 12/23/2015.

Desert Springs Financial		
Ramon Palm Lanes		
Rent Recalculation at 5% annual increases		
Increase Date		Rent Amount
10/1/2008		33,700.00
10/1/2009	5%	35,385.00
10/1/2010	5%	37,154.25
10/1/2011	5%	39,011.96
10/1/2012	5%	40,962.56
10/1/2013	5%	43,010.69
10/1/2014	5%	45,161.22
10/1/2015	5%	47,419.28
10/1/2016	5%	49,790.25
10/1/2017	5%	52,279.76
10/1/2018	5%	54,893.75
10/1/2019	5%	57,638.44
10/1/2020	5%	60,520.36
10/1/2021	5%	63,546.38
10/1/2022	5%	66,723.69
9/30/2023		

000014



RIGHT OF FIRST OFFER TO PURCHASE
STANDARD LEASE ADDENDUM

Dated: July 29, 2009

By and Between (Lessor) Desert Springs Financial, LLC

(Lessee) Ramon Palm Inn, Inc.

Address of Premises: 68051 Ramon Road
Cathedral City, CA 92231

Paragraph 53

a. Subject to the provisions of this paragraph during the lease term and any extensions thereof (the "First Offer Period"), Lessee shall have a right of First Offer to purchase the Premises. Lessee's right of First Offer shall be deemed to be an "Option" as defined in paragraph 39 and subject to all of the provisions and limitations set forth in such paragraph.

b. If, at any time during the First Offer Period, Lessor decides, in its sole and absolute discretion, that it is interested in selling the Premises Lessor shall notify Lessee in writing of such interest (the "First Offer Notice"). Lessor is not, however, under any obligation to sell the Premises.

c. If Lessor should send a First Offer Notice to Lessee and Lessee wishes to exercise Lessee's right of First Offer with respect to the Premises, then within fifteen (15) days of delivery of the First Offer Notice to Lessee, Lessee shall deliver notice to Lessor of Lessee's exercise of its right of First Offer. Such notice shall be in the form of a binding offer to purchase the Premises and Lessee in making such offer shall use the then most current "Standard Offer, Agreement and Escrow Instructions for Purchase of Real Property" form published by the AIR Commercial Real Estate Association (the "Offer").

d. If Lessee does not deliver to Lessor its Offer with respect to the Premises within the specified delivery period, time being of the essence, then Lessee's right of First Offer shall terminate.

e. If Lessee delivers the required Offer in a timely fashion then Lessor shall review said Offer and decide whether or not it wishes to sell the Premises on the terms contained therein. If Lessor in its sole and absolute discretion determines that the Offer is unacceptable then Lessor shall be precluded for a period of 0 or nine (9) months from selling the Premises to a third party on terms which are materially less favorable than those offered by Lessee. If Lessor determines that the terms of Lessee's Offer are acceptable then the parties shall proceed with the sale in accordance with the terms of Lessee's Offer.

f. In addition to the provisions of paragraph 39 if this Lease or Lessee's right to possession of all or any portion of the Premises shall terminate in any manner whatsoever, then immediately upon such termination the Right of First Offer herein granted shall simultaneously terminate and become null and void and of no force or effect whatsoever. Time is of the essence with regard to Lessee's Right of First Offer.

g. Lessee's right of First Offer is intended to apply only to voluntary transfers involving third party transferees and shall not apply therefore: where the Premises or any portion of either is taken by eminent domain or sold under threat of condemnation, to transfers to an entity related to the Lessor, to intra-family or intra-ownership transfers, or to transfers by Lessor to a trust created by Lessor or if Lessor is a trust to transfers to a trust beneficiary.

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 858, Los Angeles, CA 90017 Telephone No.: (213) 687-8777. Fax No.: (213) 687-8818.

INITIALS

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INITIALS



OPTION(S) TO EXTEND STANDARD LEASE ADDENDUM

Dated July 29, 2008

By and Between (Lessor) Desert Springs Financial, LLC

By and Between (Lessee) Ramon Palm Lane, Inc.

Address of Premises: 68051 Ramon Road
Cathedral City, CA 92234

Paragraph 52

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for Two (2) additional One Hundred Twenty (120) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 9 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below. (Check Method(s) to be Used and Fill In Appropriately)

I. Cost of Living Adjustment(s) (COLA)
a. On (Fill In COLA Date(s)) _____

The Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): CPI W (Urban Wage Earners and Clerical Workers) or CPI U (All Urban Consumers), for (Fill In Urban Area): _____

All items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or (Fill In Other "Base Month"):

The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

II. Market Rental Value Adjustment(s) (MRV)
a. On (Fill In MRV Adjustment Date(s)) _____

The Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to

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arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an appraiser or broker ("Consultant" - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e. the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

- 1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
- 2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

iii. Fixed Rental Adjustment(s) (FRA)

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
<u>October 1, 2023</u>	<u>599,578.45</u>
<u>October 1, 2032</u>	<u>5174,638.50</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

B. NOTICE:

Unless specified otherwise herein, notice of any rental adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

C. BROKER'S FEE:

The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 600 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8016.


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AIR COMMERCIAL REAL ESTATE ASSOCIATION
GUARANTY OF LEASE

WHEREAS, Desert Springs Financial, LLC, hereinafter "Lessor", and Ramon Palm Lane, Inc., hereinafter "Lessee", are about to execute a document entitled "Lease" dated July 29, 2008 concerning the premises commonly known as 68051 Ramon Road, Cathedral City, CA wherein Lessor will lease the premises to Lessee, and

WHEREAS, Jin Yeol Lee and Jun Hei Shin hereinafter "Guarantors" have a financial interest in Lessee, and WHEREAS, Lessor would not execute the Lease if Guarantors did not execute and deliver to Lessor this Guaranty of Lease.

NOW THEREFORE, in consideration of the execution of said Lease by Lessor and as a material inducement to Lessor to execute said Lease, Guarantors hereby jointly, severally, unconditionally and irrevocably guarantee the prompt payment by Lessee of all rents and all other sums payable by Lessee under said Lease and the faithful and prompt performance by Lessee of each and every one of the terms, conditions and covenants of said Lease to be kept and performed by Lessee.

It is specifically agreed by Lessor and Guarantors that: (i) the terms of the foregoing Lease may be modified by agreement between Lessor and Lessee, or by a course of conduct, and (ii) said Lessee may be assigned by Lessor or any assignee of Lessor without consent or notice to Guarantors and that this Guaranty shall guarantee the performance of said Lease as so modified.

This Guaranty shall not be released, modified or affected by the failure or delay on the part of Lessor to enforce any of the rights or remedies of the Lessor under said Lease.

No notice of default by Lessee under the Lease need be given by Lessor to Guarantors, it being specifically agreed that the guarantee of the undersigned is a continuing guarantee under which Lessor may proceed immediately against Lessee and/or against Guarantors following any breach or default by Lessee or for the enforcement of any rights which Lessor may have as against Lessee under the terms of the Lease or at law or in equity.

Lessor shall have the right to proceed against Guarantors following any breach or default by Lessee under the Lease without first proceeding against Lessee and without previous notice to or demand upon either Lessee or Guarantors.

Guarantors hereby waive (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) all right to assert or plead any statute of limitations relating to this Guaranty or the Lease, (d) any right to require the Lessor to proceed against the Lessee or any other Guarantor or any other person or entity liable to Lessor, (e) any right to require Lessor to apply to any default any security deposit or other security it may hold under the Lease, (f) any right to require Lessor to proceed under any other remedy Lessor may have before proceeding against Guarantors, (g) any right of subrogation that Guarantors may have against Lessee.

Guarantors do hereby subordinate all existing or future indebtedness of Lessee to Guarantors to the obligations owed to Lessor under the Lease and this Guaranty.

If a Guarantor is married, such Guarantor expressly agrees that recourse may be had against his or her separate property for all of the obligations hereunder.

The obligations of Lessee under the Lease to execute and deliver stopgap statements and financial statements, as therein provided, shall be deemed to also require the Guarantors to do and provide the same to Lessor. The failure of the Guarantors to provide the same to Lessor shall constitute a default under the Lease.

The term "Lessor" refers to and means the Lessor named in the Lease and also Lessor's successors and assigns. So long as Lessor's interest in the Lease, the leased premises or the rents, issues and profits therefrom, are subject to any mortgage or deed of trust or assignment for security, no acquisition by Guarantors of the Lessor's interest shall affect the continuing obligation of Guarantors under this Guaranty which shall nevertheless continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment and their successors and assigns.

The term "Lessee" refers to and means the Lessee named in the Lease and also Lessee's successors and assigns. Any recovery by Lessor from any other guarantor or insurer shall first be credited to the portion of Lessee's indebtedness to Lessor which exceeds the maximum liability of Guarantors under this Guaranty.

Any recovery by Lessor from any other guarantor or insurer shall first be credited to the portion of Lessee's indebtedness to Lessor which exceeds the maximum liability of Guarantors under this Guaranty.

No provision of this Guaranty or right of the Lessor can be waived, nor can the Guarantors be released from their obligations except in writing signed by the Lessor.

Any litigation concerning this Guaranty shall be initiated in a state court of competent jurisdiction in the county in which the leased premises are located and the Guarantors consent to the jurisdiction of such court. This Guaranty shall be governed by the laws of the State in which the leased premises are located and for the purposes of any rules regarding conflicts of law the parties shall be treated as if they were all residents or domiciles of such State.

In the event any action be brought by said Lessor against Guarantors hereunder to enforce the obligation of Guarantors hereunder, the unsuccessful party in such action shall pay to the prevailing party therein a reasonable attorney's fee. The attorney's fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred.

If any Guarantor is a corporation, partnership, or limited liability company, each individual executing this Guaranty on said entity's behalf represents and warrants that he or she is duly authorized to execute this Guaranty on behalf of such entity.

If this Form has been filled in, it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by the AIR Commercial Real Estate Association, the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Form or the transaction relating thereto.

Executed at: Cathedral City, CA
On:
Address:
[Signatures: Jin Y Lee, Jun Hei Shin]
"GUARANTORS"

Exhibit "C"

Case 6:16-bk-14859-MW Claim 5 Filed 08/05/16 Desc Main Document Page 16 of 43
 Case 6:16-bk-14859-MW Doc 23 Filed 06/09/16 Entered 06/09/16 17:16:03 Desc Main Document Page 55 of 66

2016-0000427

01/04/2018 10:14 AM Fee: \$ 32.00

Page 1 of 18

Recorded in Official Records
 County of Riverside
 Peter Ridana
 Assessor-County Clerk-Recorder



53.50

PLEASE COMPLETE THIS INFORMATION
 RECORDING REQUESTED BY:
 Merik W. Edelstein, Esq.

AND WHEN RECORDED MAIL TO:
 Mark W. Edelstein, Esq.
 2825 E. Tahquitz Canyon Way,
 Suite D1
 Palm Springs, CA 92262

Page	DA	PCOR	Misc	Long	RFD	R	A	Exam:	CC
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ABSTRACT OF JUDGMENT - CIVIL AND SMALL CLAIMS
 Title of Document

TRA:
 DTT:

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION

(\$3.00 Additional Recording Fee Applies)

ADR 220 (Rev. 04/01/11)
 Martin Group
 ESSENTIAL FORMS™

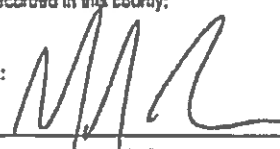


RECORDER'S COVERSHEET
 Available in Alternate Formats

Exhibit B to
 Shin Deal p16

Case 6:16-bk-14859-MW Claim 5 Filed 08/05/16 Desc Main Document Page 17 of 43
 Case 6:16-bk-14859-MW Doc 23 Filed 06/09/16 Entered 06/09/16 17:16:03 Desc Main Document Page 56 of 66

DOC #2015-0000427 Page 2 of 10

EJ-001

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, address, and State Bar number): After receiving, return to: SBN - 197778 Mark W. Edelstein, Esq. FROMBERG EDELSTEIN & FROMBERG 2825 E. Tahquitz Canyon Way, Suite D1 Palm Springs, CA 92262 TEL NO: (760) 320-2804 FAX NO (not used): (760) 645-6235 E-MAIL ADDRESS (Optional): mark.edelstein@felflaw.com	
<input checked="" type="checkbox"/> ATTORNEY FOR <input checked="" type="checkbox"/> ACCOUNT CREDITOR <input type="checkbox"/> ASSIGNOR OF RECORD	
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Riverside STREET ADDRESS: 3255 E. Tahquitz Canyon Way MAILING ADDRESS: 3255 E. Tahquitz Canyon Way CITY AND ZIP CODE: Palm Springs, CA. 92262 BRANCH NAME: Palm Springs	
PLAINTIFF: RAMON PALM LANE, INC., a California corporation; YUN HEI SHIN DEFENDANT: DESERT SPRINGS FINANCIAL, LLC, a California limited liability company, et al.	CASE NUMBER: INC 10003583
<input checked="" type="checkbox"/> ABSTRACT OF JUDGMENT - CIVIL AND SMALL CLAIMS <input type="checkbox"/> Amended	
1. The <input checked="" type="checkbox"/> judgment creditor <input type="checkbox"/> assignee of record applies for an abstract of judgment and represents the following: a. Judgment debtor's Name and last known address <input checked="" type="checkbox"/> Desert Springs Financial, LLC, a California limited liability company 68051 Ramon Road, Cathedral City, CA 92234; and <input checked="" type="checkbox"/> 68031 Ramon Road, Suite 202N, Cathedral City, CA 92234 b. Driver's license no. (last 4 digits) and state: <input type="checkbox"/> Unknown c. Social security no. (last 4 digits): <input type="checkbox"/> Unknown d. Summons or notice of entry of sister-state judgment was personally served or mailed to (name and address): Desert Springs Financial, LLC, a California limited liability company c/o Agent for Service Murray Altman 68031 Ramon Road, Suite 202N, Cathedral City, CA 92234	
2. <input checked="" type="checkbox"/> Information on additional judgment debtors is shown on page 2. 3. Judgment creditor (name and address): Ramon Palm Lane, Inc., a California corporation c/o Mark W. Edelstein, Esq./Fromberg Edelstein & Fromberg 2825 E. Tahquitz Canyon Way, Suite D1, Palm Springs, CA 92262 Date: December 31, 2015 Mark W. Edelstein, Esq.	4. <input checked="" type="checkbox"/> Information on additional judgment creditors is shown on page 2. 5. <input type="checkbox"/> Original abstract recorded in this county: a. Date: b. Instrument No.: 
(TYPE OR PRINT NAME) _____ (SIGNATURE OF APPLICANT OR ATTORNEY) _____	
6. Total amount of judgment as entered or last renewed: \$ SEE ATTACHED JUDGMENT.	10. <input type="checkbox"/> An <input type="checkbox"/> execution lien <input type="checkbox"/> attachment lien is endorsed on the judgment as follows: a. Amount: \$ b. In favor of (name and address):
7. All judgment creditors and debtors are listed on this abstract.	11. A stay of enforcement has a. <input checked="" type="checkbox"/> not been ordered by the court. b. <input type="checkbox"/> been ordered by the court effective until (date):
8. a. Judgment entered on (date): December 23, 2015 b. Renewal entered on (date):	12. a. <input checked="" type="checkbox"/> I certify that this is a true and correct abstract of the judgment entered in this action. b. <input checked="" type="checkbox"/> A certified copy of the judgment is attached.
9. <input type="checkbox"/> This judgment is an installment judgment.	Clerk, by:  Deputy
	This abstract issued on (date): 12/31/15
Page 1 of 3 Code of Civil Procedure, §§ 483.453, 417, 752.713	

Case 6:16-bk-14859-MW Claim 5 Filed 08/05/16 Desc Main Document Page 18 of

Case 6:16-bk-14859-MW Doc 23 Filed 06/09/16 Entered 06/09/16 17:16:03 Desc Main Document Page 57 of 66

DOC #2016-0000427 Page 3 of 10

PLAINTIFF: RAMON PALM LANE, INC., YUN HEI SHIN	COURT CASE NO: INC 10003583
DEFENDANT: DESERT SPRINGS FINANCIAL, LLC, et al.	

NAMES AND ADDRESSES OF ADDITIONAL JUDGMENT CREDITORS:

13. Judgment creditor (name and address):
 Yun Hei Shin
 c/o Mark W. Edelstein, Esq.
 Fromberg Edelstein & Fromberg
 2825 E. Tahquitz Canyon Way, Suite D1
 Palm Springs, CA 92262

14. Judgment creditor (name and address):

15. Continued on Attachment 15.

INFORMATION ON ADDITIONAL JUDGMENT DEBTORS:

16. Name and last known address

Murray Altman
 54-885 Inverness
 La Quinta, CA 92253

17. Name and last known address

Driver's license no. (last 4 digits) and state:

Unknown
 Unknown

Social security no. (last 4 digits):
2283

Summons was personally served at or mailed to (address):
 Murray Altman
 68031 Ramon Road, Suite 202N
 Cathedral City, CA 92234

Driver's license no. (last 4 digits) and state:

Unknown
 Unknown

Social security no. (last 4 digits):

Summons was personally served at or mailed to (address):

18. Name and last known address

19. Name and last known address

Driver's license no. (last 4 digits) and state:

Unknown
 Unknown

Social security no. (last 4 digits):

Summons was personally served at or mailed to (address):

Driver's license no. (last 4 digits) and state:

Unknown
 Unknown

Social security no. (last 4 digits):

Summons was personally served at or mailed to (address):

20. Continued on Attachment 20.



Exhibit "D"

RIVERSIDE SUPERIOR COURT

PUBLIC ACCESS

Minute Order

Case Name: RAMON PALM LANE VS DESERT SPRINGS FINANCIAL		
Indio Civil		Breach of Contract
Case Number: INC10003583		File Date: 4/26/2010
Action Date: 2/29/2016	Action Time: 8:30 AM	Department: 2F
Action Description: Ruling on Matter Submitted 02/11/16 RE: Motion for Setoff		
<p>Honorable Judge John G Evans, Presiding</p> <p>Clerk: E. Mendoza</p> <p>Court Reporter: None</p> <p>No appearance by either party.</p> <p>Motion for Setoff is granted.</p> <p>Ramon Palm Lanes Inc is entitled to a setoff on its rent obligations under its lease with Desert Springs Financial LLC dated July 29 2008 in an amount equal to the amount of the judgment in favor of Ramon Palm Lanes Inc and against Desert Springs Financial LLC for over-payment of rent and payment of CAM charges plus all accrued interest on those sums.</p> <p>Notice to be given by clerk.</p> <p>Print Minute Order</p> <p>Hearing held: Post-disposition hearing.</p>		

000015

Exhibit "E"

Fill in this information to identify the case:

Debtor 1 Desert Springs Financial, LLC

Debtor 2 _____
(Spouse, if filing)

United States Bankruptcy Court for the: Central District of California

Case number 6:16-bk-14859-MW

Official Form 410

Proof of Claim

4/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 603.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?	<u>Pacific Premier Bank</u> Name of the current creditor (the person or entity to be paid for this claim)	
	Other names the creditor used with the debtor <u>Assignor - Palm Desert National Bank</u>	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
	<u>Thomas J. Polis, Esq., Polis & Associates</u> Name <u>19800 MacArthur Blvd., Suite 1000</u> Number Street <u>Irvine CA 92612</u> City State ZIP Code Contact phone <u>949-862-0040</u> Contact email <u>tom@polis-law.com</u>	Name _____ Number Street _____ City State ZIP Code _____ Contact phone _____ Contact email _____
	Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____	
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on <u>MM / DD / YYYY</u>	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

Part 2: Give Information About the Claim as of the Date the Case Was Filed

8. Do you have any number you use to identify the debtor? No
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: 2 1 2 1

7. How much is the claim? \$ 2,549,464.24. Does this amount include interest or other charges?
 No
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
 Limit disclosing information that is entitled to privacy, such as health care information.
money loaned - collateralized by a Deed of Trust & UCC-1

9. Is all or part of the claim secured? No
 Yes. The claim is secured by a lien on property.
 Nature of property:
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
 Motor vehicle
 Other. Describe: Deed of Trust and UCC-1
 Basis for perfection: Deed of Trust and UCC-1
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded).
 Value of property: \$ unknown
 Amount of the claim that is secured: \$ unknown
 Amount of the claim that is unsecured: \$ unknown (The sum of the secured and unsecured amounts should match the amount in line 7.)
 Amount necessary to cure any default as of the date of the petition: \$ 130,165.00
 Annual Interest Rate (when case was filed) _____%
 Fixed
 Variable

10. Is this claim based on a lease? No
 Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No
 Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)? No

Yes. Check all that apply:

<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	Amount entitled to priority \$ _____
<input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ _____
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.	\$ _____

* Amounts are subject to adjustment on 4/01/10 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

- I am the creditor.
- I am the creditor's attorney or authorized agent.
- I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 06/14/2016
MM / DD / YYYY

/s/ Thomas J. Polls

Signature

Print the name of the person who is completing and signing this claim:

Name Thomas J. Polls

First name Middle name Last name

Title Attorney for Pacific Premier Bank

Company Polls & Associates, APLC
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 19800 MacArthur Blvd., Suite 1000

Number Street

Irvine CA 92612

City State ZIP Code

Contact phone 949-862-0040 Email tom@polls-law.com

Exhibit "F"

Fill in this information to identify the case:

Debtor 1 Desert Springs Financial LLC

Debtor 2 _____
 (Spouse, if filing)

United States Bankruptcy Court for the: Central District of California

Case number 6:16-bk-14859-MW

Official Form 410
Proof of Claim

4/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both, 18 U.S.C. §§ 152, 157, and 3571

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?
Yun Hei Shin (aka Angie Shin) AND Ramon Palm Lane, Inc, a California Corporation
 Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor _____

2. Has this claim been acquired from someone else?
 No
 Yes. From whom? _____

3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
	<u>The Bankruptcy Law Firm, PC</u> Name <u>10524 W. Pico Blvd., Suite 212,</u> Number Street <u>Los Angeles CA 90064</u> City State ZIP Code Contact phone <u>310-559-9224</u> Contact email <u>kmarch@BKYLAWFIRM.com</u>	<u>Yun Hei Shin</u> Name <u>17716 Orna Drive</u> Number Street <u>Granada Hills CA 91344</u> City State ZIP Code Contact phone <u>818-322-9022</u> Contact email <u>barefox26@gmail.com</u>

Uniform claim identifier for electronic payments in chapter 13 (if you use one)

4. Does this claim amend one already filed?
 No
 Yes. Claim number on court claims registry (if known) _____ Filed on _____
 MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?
 No
 Yes. Who made the earlier filing? _____

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? No
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____

7. How much is the claim? \$ 1,165,052.90 plus interest at 10% per yr until Judgment is paid in full
 Does this amount include interest or other charges? No
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
 plus attorneys fees/costs of \$32,436.45, paid to Fromberg Firm & attorneys fees/costs of \$62,975.80 paid to The Bankruptcy Law Firm (amounts will increase as attorneys fees and costs are expended in DSF bankruptcy case), as itemized in Shin Decl. 119 & 20. Itemization attached as EXHIBIT F to Shin Decl. hereto

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
 Limit disclosing information that is entitled to privacy, such as health care information.
Judgment including attorneys fees and costs, secured by Abstract of Judgment recorded on 01/04/2016.

9. Is all or part of the claim secured? No
 Yes. The claim is secured by a lien on property
 Nature of property:
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
 Motor vehicle
 Other Describe: _____
 Basis for perfection: Abstract of Judgment recorded on 01/04/16, Exhibit B to Shin Decl.
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: oversecured; appraised FMV of DSF real property is 4.86million
 Amount of the claim that is secured: \$ 1,165,052.90
 Amount of the claim that is unsecured: \$ 0.00 (The sum of the secured and unsecured amounts should match the amount in line 7.)
 plus interest at 10% per yr until Judgment is paid in full

Amount necessary to cure any default as of the date of the petition: \$ _____

Annual Interest Rate (when case was filed) 10.00 %
 Fixed per CA state law interest rate of CA Judgment
 Variable

10. Is this claim based on a lease? No
 Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No
 Yes. Identify the property: _____

\$1,165,052.90 is amount owed after setting off \$605,133.58 that Desert Springs Financial ("DSF") owes Ramon Palm Lane, Inc ("RPL") for RPL overpaying for rent, CAM charges and security deposit, per 2008 bowling alley lease, which RPL setoff pre-petition, to pay bowling alley rent to January 2017, except of \$8,908 will be due for January 2017 rent.

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)? No Yes. Check all that apply:

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority

<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B)	Amount entitled to priority	\$ _____
<input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7)		\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4)		\$ _____
<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8)		\$ _____
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5)		\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)() that applies		\$ _____

* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment

Part 2: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

I am the creditor. (Individual Yun Hei Shin aka Angie Shin), and

I am the creditor's attorney or authorized agent of Ramon Palm Lane, Inc., a CA Corp.

I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004

I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date Aug/5/16
MM / DD / YYYY

 Signature

Print the name of the person who is completing and signing this claim:

Name	<u>Yun</u>	<u>Hei</u>	<u>Shin</u>
	First name	Middle name	Last name
Title	<u>Individual and as authorized representative (President) of</u>		
Company	<u>Ramon Palm Lane, Inc., a California Corporation.</u>		
	Identify the corporate servicer as the company if the authorized agent is a servicer		
Address	<u>17716 Orna Drive</u>		
	Number	Street	
	<u>Granada Hills</u>	<u>CA</u>	<u>91344</u>
	City	State	ZIP Code
Contact phone	<u>818-322-9022</u>	Email <u>barefox26@gmail.com</u>	

Exhibit "G"

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO
NAME TRANSCON FINANCIAL, INC.

MAILING
ADDRESS 13051 CENTRAL AVE.

CITY, STATE CHINO, CA
ZIP CODE 91710

DOC # 2010-0467008

09/30/2010 08:00A Fee:21.00

Page 1 of 3

Recorded in Official Records
County of Riverside

Larry W. Ward
Assessor, County Clerk & Recorder



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27

TITLE(S)

M
013

ABSTRACT OF JUDGMENT - CIVIL AND SMALL CLAIMS

Legal
Solutions
& Plus LS-201

EJ-001

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, address, State Bar number, and telephone number):
 Recording requested by and return to
RONALD B. TALKOV, ESQ
ADVANCED LITIGATION SERVICES
13051 CENTRAL AVENUE
CHINO, CA 91710

ATTORNEY FOR JUDGMENT CREDITOR ASSIGNEE OF RECORD

SUPERIOR COURT OF CALIFORNIA, COUNTY OF RIVERSIDE
 STREET ADDRESS: 46-200 OASIS ST.
 MAILING ADDRESS:
 CITY AND ZIP CODE: INDIO, CA 92201-5961
 BRANCH NAME: INDIO BRANCH

FOR RECORDER'S USE ONLY

PLAINTIFF: J & K DRYWALL
 DEFENDANT: DESERT SPRINGS FINANCIAL, A CALIFORNIA LIMITED LIABILITY COMPANY, ET AL.

CASE NUMBER:
 INC 069033

ABSTRACT OF JUDGMENT—CIVIL AND SMALL CLAIMS Amended

FOR COURT USE ONLY

1. The judgment creditor assignee of record applies for an abstract of judgment and represents the following:

a. Judgment debtor's

Name and last known address

DESERT SPRINGS FINANCIAL LLC
 68031 RAMON RD
 CATHEDRAL CITY CA 92234

b. Driver's license no. (last 4 digits) and state: Unknown

c. Social security no. (last 4 digits): Unknown

d. Summons or notice of entry of sister-state judgment was personally served or mailed to (name and address): DESERT SPRINGS FINANCIAL LLC
 68051 RAMON RD CATHEDRAL CITY CA 92234

2. Information on additional judgment debtors is shown on page 2.

4. Information on additional judgment creditors is shown on page 2.

3. Judgment creditor (name and address):

J&K DRYWALL
 2325 HYACINTH ST SAN BERNARDINO CA 92407

5. Original abstract recorded in this county:

a. Date:
 b. Instrument No.:

Date: SEP 7, 2010

RONALD B. TALKOV, ESQ.

(TYPE OR PRINT NAME)

[Signature]
 (SIGNATURE OF APPLICANT OR ATTORNEY)

6. Total amount of judgment as entered or last renewed:
 \$ 14,883.61

10. An execution lien attachment lien is endorsed on the judgment as follows:

a. Amount: \$
 b. In favor of (name and address):

7. All judgment creditors and debtors are listed on this abstract.

8. a. Judgment entered on (date): 05/05/2010

b. Renewal entered on (date):

9. Judgment is an installment judgment.

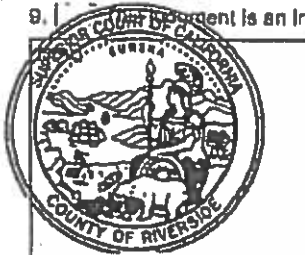
11. A stay of enforcement has

a. not been ordered by the court.
 b. been ordered by the court effective until (date):

12. a. I certify that this is a true and correct abstract of the judgment entered in this action.

b. A certified copy of the judgment is attached.

Clerk, by [Signature] Deputy



This abstract issued on (date):

SEP 13 2010

Form Adopted for Mandatory Use
 Judicial Council of California
 EJ-001 (Rev. January 1, 2009)

ABSTRACT OF JUDGMENT—CIVIL AND SMALL CLAIMS

Legal Solutions Co Plus

Page 1 of 2
 Code of Civil Procedure, §§ 400-400, 674, 700, 100

PLAINTIFF: J & K DRYWALL	CASE NUMBER:
DEFENDANT: DESERT SPRINGS FINANCIAL, A CALIFORNIA LIMITED LIABILITY COMPANY, ET AL.	INC 069033

NAMES AND ADDRESSES OF ADDITIONAL JUDGMENT CREDITORS:

13. Judgment creditor (name and address): 14. Judgment creditor (name and address):

15. Continued on Attachment 15.

INFORMATION ON ADDITIONAL JUDGMENT DEBTORS:

<p>16. Name and last known address</p> <p>DESERT SPRINGS FINANCIAL LLC 68051 RAMON RD CATHEDRAL CITY CA 92234</p> <p>Driver's license no. [last 4 digits] and state: <input checked="" type="checkbox"/> Unknown</p> <p>Social security no. [last 4 digits]: <input checked="" type="checkbox"/> Unknown</p> <p>Summons was personally served at or mailed to (address):</p> <p>DESERT SPRINGS FINANCIAL LLC 68051 RAMON RD CATHEDRAL CITY CA 92234</p>	<p>17. Name and last known address</p> <p>Driver's license no. [last 4 digits] and state: <input type="checkbox"/> Unknown</p> <p>Social security no. [last 4 digits]: <input type="checkbox"/> Unknown</p> <p>Summons was personally served at or mailed to (address):</p>
---	---

<p>18. Name and last known address</p> <p>Driver's license no. [last 4 digits] and state: <input type="checkbox"/> Unknown</p> <p>Social security no. [last 4 digits]: <input type="checkbox"/> Unknown</p> <p>Summons was personally served at or mailed to (address):</p>	<p>19. Name and last known address</p> <p>Driver's license no. [last 4 digits] and state: <input type="checkbox"/> Unknown</p> <p>Social security no. [last 4 digits]: <input type="checkbox"/> Unknown</p> <p>Summons was personally served at or mailed to (address):</p>
---	---

20. Continued on Attachment 20.

Exhibit "E"

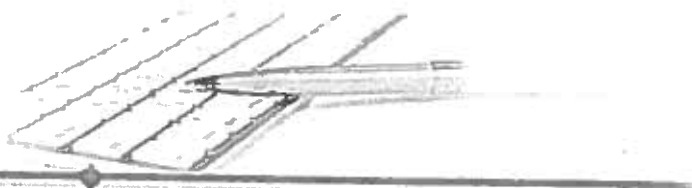
Exhibit "H"

Wayne Tucker

From: DeLap, Janette <Janette.DeLap@fnf.com>
Sent: Friday, December 16, 2016 3:54 PM
To: Wayne Tucker; MAltman582@aol.com; kevin@sarkisyan.com
Cc: MikeBrinkmanTeam; Mike Radlovic; McCully, Ginger; JanetteDeLapTeam
Subject: NOTICE OF OPENING ESCROW- File 25000616 - 68051 Ramon Road, Cathedral City, CA
Attachments: FE PSA.pdf; PrelimCommitment.pdf; Wiring Instructions - NCS.PDF



Fidelity National Title
National Commercial Services



RE: File 25000616 - 68051 Ramon Road, Cathedral City, CA

Thank you for selecting Fidelity National Title, National Commercial Services as your closing company. The file number for both title and escrow is 250000616. We are in receipt of the fully executed Purchase Agreement which is attached for your reference. Please find attached wire instructions for buyer's use.

Please find attached for your review the title report. We will order the Natural Hazard Disclosure Report (NHD) and circulate to all parties once received.

Please provide any additional email addresses you wish to include for this transaction.

Please find your closing team's contact information below and do not hesitate to call us with any questions or requests you might have. Have a great day and we look forward to working with all of you!

ESCROW:

Janette DeLap
Vice President
Sr. Commercial Escrow Officer
(909) 569-0225 Direct
(800) 507-0841 Fax
Janette.DeLap@fnf.com

Team Email: JanetteDeLapTeam@fnf.com

Escrow Assistant:

Autumn Thompson - (909) 569-0226
Commercial Escrow Assistant
AThompson@fnf.com

Kimberly Ecklund - (909) 472-3582
Commercial Escrow Assistant
kimberly.ecklund@fnf.com

TITLE:

Mike Brinkman
Commercial Title Officer
1300 Dove Street, Ste. 310
Newport Beach, CA 92660
(949) 221-4723
Mike.brinkman@fnf.com

Team Email: MikeBrinkmanTeam@fnf.com

Title Team:

Keith Masner - Title Officer
(949) 221-4702 Direct
Keith.Masner@fnf.com

Kim Strlekar - (949) 477-3614 Direct
kstrlekar@fnf.com

Tom Szopinski - (949) 622-4940 Direct
Thomas.Szopinski@fnf.com

Exhibit "I"

COMMITMENT FOR TITLE INSURANCE

Issued by

Fidelity National Title Insurance Company

Fidelity National Title Insurance Company, a California corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, Fidelity National Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Countersigned by:


Authorized Signature



By


Randy Quirk, President

Attest


Michael Gravelle, Secretary



Fidelity National Title Insurance Company

SCHEDULE A

Name and Address of Title Insurance Company: **Fidelity National Title Company
1300 Dove Street, Suite 310
Newport Beach, CA 92660**

Title Officer: **Mike Brinkman (MA)**

Escrow Officer: **Janette DeLap**

Order No.: **012-25000616-1MB**

1. Effective Date: **December 7, 2016 at 7:30 a.m.**

2. Policy or Policies to be issued: Amount

a. **ALTA Standard Owners Policy (6-17-06)** **\$TBD**

Proposed Insured:

TBD

b. **None** **\$0.00**

Proposed Insured:

c. **None** **\$0.00**

Proposed Insured:

3. The estate or interest in the land described or referred to in this Commitment is:

A FEE

4. Title to the estate or interest in the land is at the Effective Date vested in:

DESERT SPRINGS FINANCIAL, LLC, a California limited liability company, subject to proceedings pending in the bankruptcy court where a petition for relief was filed.

Name of Debtor: **Desert Springs Financial LLC**

Date of Filing: **May 30, 2016**

U.S. District Court: **Central District of California**

Case No: **6:16-bk-14859-MW**

5. The land referred to in this Commitment is described as follows:

See Exhibit A attached hereto and made a part hereof.



EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 2 PARCEL MAP NO. 30704, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 212, PAGES 4 THROUGH 7, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

EXCEPTING ALL URANIUM, THORIUM AND OTHER FISSIONABLE MATERIALS, ALL OIL, GAS PETROLEUM, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS AND MINERAL ORES OF EVERY KIND AND CHARACTER, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR WHICH MAY BE PRODUCED FROM THE HEREINBEFORE DESCRIBED LAND, TOGETHER WITH THE RIGHT TO USE THAT PORTION ONLY OF SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF SAID LAND, FOR THE PURPOSE OF PROSPECTING OR DEVELOPMENT AND/OR EXTRACTING SAID GAS, PETROLEUM, ASPHALTUM AND OTHER MINERAL OR HYDROCARBON SUBSTANCES FROM SAID LAND, IT BEING EXPRESSLY UNDERSTOOD AND AGREED THAT SAID SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, ITS SUCCESSORS AND ASSIGNS, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF SAID REAL PROPERTY, OR TO USE SAID REAL PROPERTY OR ANY PORTION THEREOF SAID DEPTH OF 500 FEET, FOR ANY PURPOSE WHATSOEVER, AS RESERVED UNTO SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, ITS SUCCESSORS AND ASSIGNS, IN THE DEED RECORDED FEBRUARY 27, 1979 AS INSTRUMENT NO. 38918 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 680-190-034-9

**SCHEDULE B – SECTION I
REQUIREMENTS**

- (A) Pay the agreed amounts for the interest in the Land and/or the Mortgage to be insured.
- (B) Pay Us the premiums, fees and charges for the Policy.
- (C) Documents Satisfactory to Us creating the interest in the Land and/or the Mortgage to be insured must be signed, delivered and recorded.
- (D) You must tell us in writing the name of anyone not referred to in this commitment who will get an interest in the Land or who will make a loan on the Land. We may then make additional requirements or exceptions.
- (E) Release(s) or Reconveyance(s) of Item No(s). 8, 9, 10, 13, 14 and 15.
- (F) The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Desert Springs Financial, LLC, a California limited liability company

- a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member
- d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

- (G) Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

END OF SCHEDULE B – SECTION I

**SCHEDULE B – SECTION II
EXCEPTIONS**

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 680-190-034-9
Fiscal Year: 2016-2017
1st Installment: \$2,861.18, OPEN (Delinquent after December 10)
Penalty: \$286.11
2nd Installment: \$2,861.18, OPEN (Delinquent after April 10)
Penalty and Cost: \$324.74
Homeowners Exemption: \$0.00
Code Area: 019-052

Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2015-2016.

APN No.: 680-190-034-9

Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:

Amount: \$3,351.62, by December 31, 2016
Amount: \$3,392.92, by January 31, 2017

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

D. A Notice

Entitled: Notice of Assessment
For: Assessment District No. 86-1
Executed by: City Clerk of the City of Cathedral City
Recording Date: January 08, 1988
Recording No: 6261 of Official Records

Reference is hereby made to said document for full particulars.

1. Water rights, claims or title to water, whether or not disclosed by the public records.



SCHEDULE B – Section II
(Continued)

2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: Southern California Edison Company
Purpose: Public utilities
Recording Date: February 15, 1980
Recording No: 32015 of Official Records
Affects: A portion of said land as more particularly described in said document
3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: The County of Riverside
Purpose: Temporary easements for driveway and detour purposes for use during the construction of the Ramon Road Bridge
Recording Date: June 17, 1981
Recording No: 112978 of Official Records
Affects: A portion of said land as more particularly described in said document
4. An ordinance of the City of Cathedral City adopting specific plan Right-of-Way Alignment Plan No. SP-10-017 for the area on Landau Boulevard south of Ramon Road to Dinah Shore Drive (34th Avenue), which recorded May 18, 1987 as Instrument No. 137805 of Official Records.
5. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.
- Redevelopment Agency: Cathedral City Redevelopment Agency
Recording Date: July 21, 2003
Recording No: 2003-542987 of Official Records
6. The recital on said Parcel Map No. 30704, in Book 212, Pages 4 through 7, inclusive of Parcel Maps:
- Improvement Note:
- Development of Parcel 3 may require the issuance of a permit or permits or other grant or grants of approval by the City of Cathedral City which may include the requirements to acquire street right of way for the West half of the Landau extension as shown hereon, to construct roadway fill and public street improvements and appurtenances on both sides of Landau Boulevard extensions and to construct traffic signal improvements striping and appurtenances at the intersection of Ramon Road and extension of Landau.
- Improvements Statement:
- Pursuant to section 66411.1 of the California Subdivision Map Act, fulfillment of the following conditions of approval of this parcel map as contained in City Council Resolution No. 03-33, adopted June 25, 2003 and the construction of offsite and onsite improvements on an individual lot basis, including but not limited to the following, shall be required when building permits for each lot are issued. etc. etc. (see sheet 4 of 4 of Parcel Map No. 30704).

SCHEDULE B – Section II
(Continued)

7. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, citizenship, immigration status, primary language, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: March 01, 2005
Recording No: 2005-0165081 of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

Said covenants, conditions and restrictions provide for an easement;

For: Maintenance, encroachment, access and other various easements shown therein

Modification(s) of said covenants, conditions and restrictions

Recording Date: March 17, 2005
Recording No: 2005-0212762 of Official Records

Modification(s) of said covenants, conditions and restrictions

Recording Date: August 24, 2016
Recording No: 2016-0363104 of Official Records

8. A construction deed of trust to secure an indebtedness in the amount shown below,

Amount: \$3,600,000.00
Dated: May 16, 2005
Trustor/Grantor: Desert Springs Financial LLC, a California limited liability company
Trustee: Palm Desert National Bank
Beneficiary: Palm Desert National Bank
Recording Date: May 19, 2005
Recording No: 2005-0400100 of Official Records

Affects: The herein described Land and other land.

An assignment of the beneficial interest under said deed of trust which names:

Assignee: Pacific Premier Bank, its successors and assigns
Recording Date: July 15, 2013
Recording No: 2013-0338906 of Official Records

A substitution of trustee under said deed of trust which names, as the substituted trustee, the following

Trustee: Peak Foreclosure Services, Inc., a California corporation
Recording Date: October 14, 2016
Recording No: 2016-0453135 of Official Records

SCHEDULE B – Section II
(Continued)

A notice of default under the terms of said trust deed

Executed by: Peak Foreclosure Services, Inc., as Trustee
Recording Date: October 14, 2016
Recording No: 2016-0453136 of Official Records

9. An assignment of all the moneys due, or to become due as rental, as additional security for the obligations secured by deed of trust shown as item no. 8.

Assigned to: Palm Desert National Bank
Recording Date: May 19, 2005
Recording No: 2005-0400101 of Official Records

An assignment of the beneficial interest under said deed of trust and assignment of rents which names:

Assignee: Pacific Premier Bank, its successors and assigns
Recording Date: July 15, 2013
Recording No: 2013-0338906 of Official Records

10. A financing statement as follows:

Debtor: Desert Springs Financial LLC
Secured Party: Palm Desert National Bank
Recording Date: May 19, 2005
Recording No: 2005-0400102 of Official Records

11. Any boundary discrepancies, rights or claims which may exist or arise as disclosed by a Record of Survey, as per map on file in Book 37, Page 67 of Records of Survey, in the Office of the County Recorder of Riverside County, California.

12. Matters contained in that certain document

Entitled: Memorandum of License
Dated: May 01, 2012
Executed by: Los Angeles SMSA Limited Partnership, a California limited partnership, d/b/a Verizon Wireless, and MetroPCS California, LLC, a Delaware limited liability company
Recording Date: August 09, 2012
Recording No: 2012-0378457 of Official Records

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

13. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$14,883.61
Debtor: Desert Springs Financial LLC
Creditor: J & K Drywall
Date entered: May 05, 2010
County: Riverside
Court: Superior Court
Case No.: INC 069033
Recording Date: September 30, 2010
Recording No: 2010-0467008 of Official Records

14. An abstract of judgment for the amount shown below and any other amounts due:

Amount: As provided therein
Debtor: Desert Springs Financial, LLC, a California limited liability company, et al.
Creditor: Ramon Palm Lane, Inc., a California corporation, et al.
Date entered: December 23, 2015
County: Riverside
Court: Superior Court
Case No.: INC 10003583
Recording Date: January 04, 2016
Recording No: 2016-0000427 of Official Records

15. Any matters arising out of or by virtue of that certain bankruptcy case:

Name of Debtor: Desert Springs Financial LLC
Date of Filing: May 30, 2016
U. S. District Court: Central District of California
State: California
Case No.: 6:16-BK-14859-MW
Chapter: 11
Attorney: M. Wayne Tucker
Attorney's Address: ORROCK, POPKA, FORTINO, TUCKER & DOLEN
1710 Plum Lane, Suite A
Redlands, CA 92374
Attorney's Phone No: (951) 683-6014

16. Any policy of title insurance issued under this application will not insure a legal right of access to and from said Land.

17. Any right, interest or claim that may exist, arise or be asserted against the Title under or pursuant to the Perishable Agricultural Commodities Act of 1930, as amended, 7 USC 499a et seq., the Packers and Stockyard Act of 1921, as amended, 7 USC 181 et seq., or any similar state laws.

18. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

19. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

**SCHEDULE B – Section II
(Continued)**

20. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

END OF SCHEDULE B – SECTION II

NOTES

- Note: Notwithstanding anything to the contrary in this Commitment, if the policy to be issued is other than an ALTA Owner's Policy (6/17/06) or ALTA Loan Policy (6/17/06), the policy may not contain an arbitration clause, or the terms of the arbitration clause may be different from those set forth in this Commitment. If the policy does contain an arbitration clause, and the Amount of Insurance is less than the amount, if any, set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the options of either the Company or the Insured as the exclusive remedy of the parties.
- Note: None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.
- Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a commercial property, known as 68051 Ramon Road, Cathedral City, CA 92234, to an Extended Coverage Loan Policy.
- Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

END OF NOTES

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.

OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
 - a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 012-25000616-1MB for full legal description (the "Land").
 - b. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 012-25000616-1MB for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
 - a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
 - b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$_____, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Insurance Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.
8. That, to the best of Owners knowledge, (i) the covenants and restrictions, if any, shown in the Commitment have not been violated by the erection of the improvements on the Property or the use of the Property or the use of the Property, (ii) there are no known facts which would cause such violation, and (iii) Owner has not received any notices of any violations thereof.

This declaration is made with the intention that Fidelity National Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at _____.

Signature: _____

**FIDELITY NATIONAL FINANCIAL
PRIVACY NOTICE**

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, “FNF”, “our” or “we”), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary.

<p>Types of Information Collected. You may provide us with certain personal information, like your contact information, social security number (SSN), driver’s license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.</p>	<p>How Information is Collected. We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.</p>
<p>Use of Your Information. We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.</p>	<p>Security Of Your Information. We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.</p>
<p>Choices With Your Information. Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.</p>	<p>When We Share Information. We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.</p>
<p>Information From Children. We do not knowingly collect information from children under the age of 13, and our websites are not intended to attract children.</p>	<p>Privacy Outside the Website. We are not responsible for the privacy practices of third parties, even if our website links to those parties’ websites.</p>
<p>Access and Correction. If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.</p>	<p>Do Not Track Disclosures. We do not recognize “do not track” requests from Internet browsers and similar devices.</p>
<p>The California Online Privacy Protection Act. Certain FNF websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.</p>	<p>International Use. By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p>Your Consent To This Privacy Notice. By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p>Contact FNF. If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.</p>

FIDELITY NATIONAL FINANCIAL, INC. PRIVACY NOTICE

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the "Website"), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

Types of Information Collected

We may collect two types of information: Personal Information and Browsing Information.

Personal Information. The types of personal information FNF collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver's license, and other government ID numbers; and
- financial account or loan information.

Browsing Information. The types of browsing information FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

How Information is Collected

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- Browser Log Files. Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- Cookies. From time to time, FNF may send a "cookie" to your computer when you visit the Website. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit the Website again, the cookie allows the

Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
- To improve our products and services; and
- To communicate with you and to inform you about FNF's products and services.

When We Share Information

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of this information in connection with any of the above-described proceedings. We cannot and will not be

responsible for any breach of security by any third party or for any actions of any third party that receives any of the information that is disclosed to us.

Choices With Your Information

Whether you submit your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances ("opt out"). You may opt out of receiving communications from us about our products and/or services.

Security And Retention Of Information

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF's privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

Information From Children

The Website is meant for adults. The Website is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

Privacy Outside the Website

The Website may contain links to other websites, including links to websites of third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

International Users

Because FNF's headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

Do Not Track Disclosures

Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

The California Online Privacy Protection Act

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer, including:

- first and last name;

- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- security questions and answers; and
- IP address.

The information you submit is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Information, and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, contact your mortgage loan servicer.

Access and Correction

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

Contact FNF

Please send questions and/or comments related to this Privacy Notice by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

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EFFECTIVE AS OF APRIL 1, 2016

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company

FNTC - Fidelity National Title Company

FNTCCA –Fidelity National Title Company of California

FNF Underwriter

FNTIC - Fidelity National Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

DISASTER LOANS (FNTIC)

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

ATTACHMENT ONE
CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land, (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy.
 - (c) resulting in no loss or damage to the insured claimant,
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof. (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8 a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A, and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

(Except as provided in Schedule B - Part II, (t or T) his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

(PART I

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records
6. Any lien or right to a lien for services, labor or material not shown by the Public Records

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10), or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of (The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. (Variable exceptions such as taxes, easements, CC&R's, etc. shown here.)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (04-02-15)

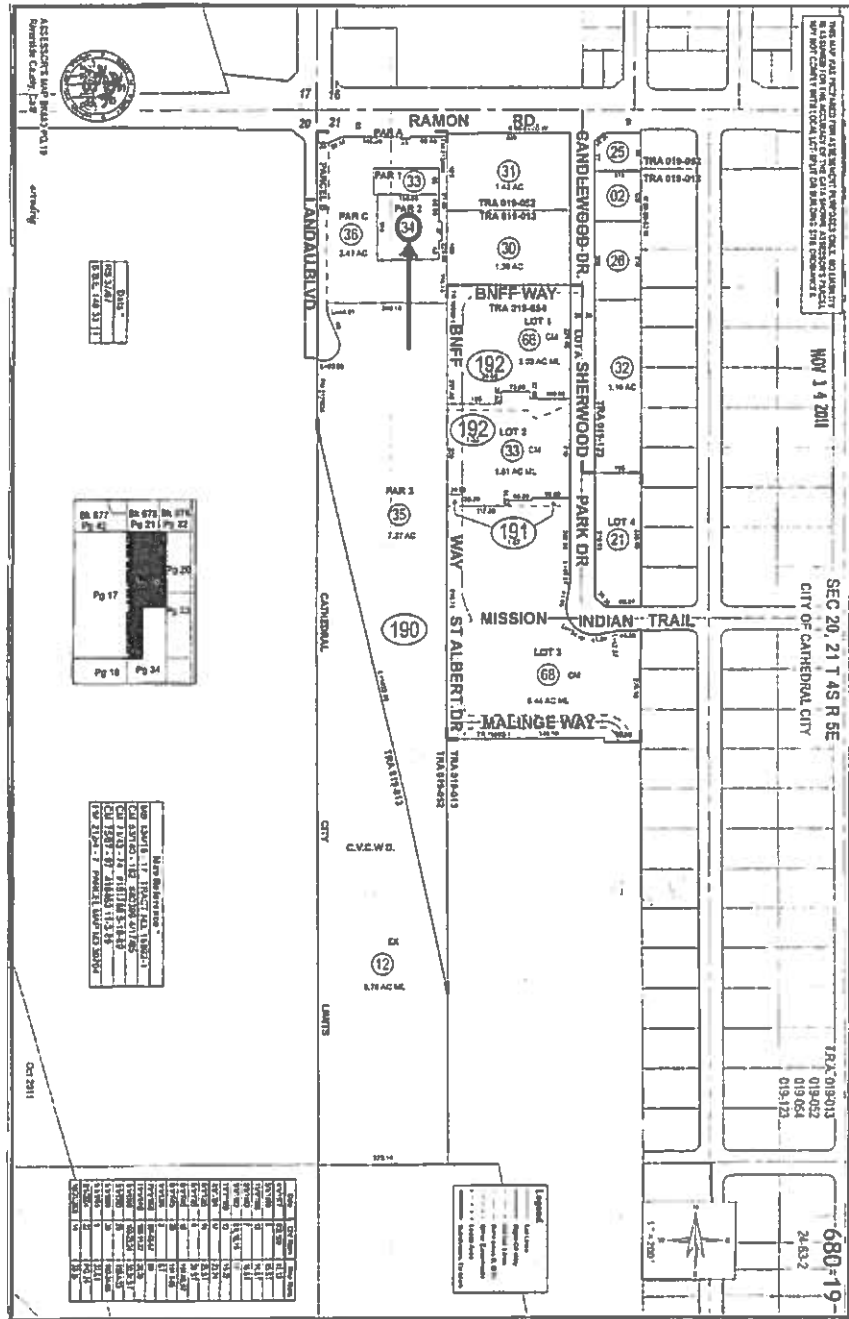
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28), or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26
 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
 8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6
 9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy
 10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

This map/plan is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, a crease or other matters shown thereon.



OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
 - a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 25000616-012-JDL-1MB for full legal description (the "Land").
 - b. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 25000616-012-JDL-1MB for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
 - a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
 - b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$ _____, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, special assessments, periodic assessments or any assessment from any source, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records. There are no violations of the covenants, conditions and restrictions as shown in the above-referenced Preliminary Report/Commitment.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.

This declaration is made with the intention that Fidelity National Title Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at _____.

Signature: _____

Exhibit "J"



EXCLUSIVE RIGHT TO REPRESENT OWNER FOR SALE OR LEASE OF REAL PROPERTY

(Non-Residential)

AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. BASIC PROVISIONS ("BASIC PROVISIONS").

1.1 Parties: This agency Agreement ("Agreement"), dated for reference purposes only April 27, 2016

is made by and between Desert Springs Financial LLC

whose address is 121 S. Palm Canyon Drive, #216, Palm Springs CA 92262

telephone number (760) 985-7742, Fax No. ()

("Owner"), and Coldwell Banker Commercial SC

whose address is 3998 Inland Empire Blvd. Suite 400, Ontario CA 91764

telephone number (909) 980-6868, Fax No. ()

("Agent").

1.2 Property/Premises: The real property, or a portion thereof, which is the subject of this Agreement is commonly known by the street address of 68031 Ramon Road

located in the City of Cathedral City, County of Riverside, State of California, and

generally described as (describe briefly the nature of the property): 17,776 Square Foot Office/Retail

APN# 680-190-033

("Property"). (See also Paragraph 3).

1.3 Term of Agreement: The term of this Agreement shall commence on April 27, 2016

and expire at 5:00 p.m. on February 27, 2017, except as it may be extended ("Term"). (See also paragraph 4)

1.4 Transaction: The nature of the transaction concerning the Property for which Agent is employed ("Transaction") is (check the appropriate box(es)):

(a) A sale for the following sale price and terms: \$2,550,000

and other additional standard terms reasonably similar to those contained in the "STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR THE PURCHASE OF REAL ESTATE" published by the AIR Commercial Real Estate Association ("AIR"), or for such other price and terms agreeable to Owner;

(b) A lease or other tenancy for the following rent and terms: _____

and other additional standard terms reasonably similar to those contained in the appropriate AIR lease form or for such other rent and terms agreeable to Owner.

2. EXCLUSIVE EMPLOYMENT AND RIGHTS.

2.1 Owner hereby employs Agent as Owner's sole and exclusive agent to represent Owner in the Transaction and to find buyers or lessees/tenants ("lessees"), as the case may be, for the Property. Agent shall use reasonably diligent efforts to find such buyers or lessees. All negotiations and discussions for a Transaction shall be conducted by Agent on behalf of Owner. Owner shall promptly disclose and refer to Agent all written or oral inquiries or contacts received by Owner from any source regarding a possible Transaction.

2.2 Owner authorizes Agent to:

(a) Place advertising signs on the Property;

(b) Place a lock box on the Property if vacant;

(c) Accept deposits from potential buyers or lessees; and

(d) Distribute information regarding the Property to participants in THE MULTIPLE ("MULTIPLE") of the AIR and/or any other appropriate

local commercial multiple listing service, to other brokers, and to potential buyers or lessees of the Property. Owner shall identify as "confidential" any

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Information provided to Agent that Owner considers confidential and does not want disclosed. All other information provided by Owner may be disclosed as Agent may deem appropriate or necessary. After consummation of a Transaction, Agent may publicize the terms of such Transaction.

2.3 Agent shall comply with the Rules of Professional Conduct of the AIR, if a member or if not, the Rules of Professional Conduct of the Society of Industrial and Office Realtors, and shall submit the Property to the MULTIPLE. Agent shall cooperate with participants in the MULTIPLE and may, at Agent's election, cooperate with other real estate brokers (collectively "Cooperating Broker").

2.4 If the Transaction is a sale and Agent finds a prospective buyer for the Property, or if the Transaction is a lease and Agent finds a prospective lessee for the Property, Owner hereby authorizes Agent also to represent and act as the agent for such buyer or lessee, and Owner consents to such dual agency. If a Cooperating Broker finds such a buyer or lessee, then Agent shall act as agent for Owner only, the Cooperating Broker shall act as agent for the buyer or lessee only, and the Cooperating Broker shall not be Owner's agent, even though the Cooperating Broker may share in the commission paid by Owner to Agent. A Cooperating Broker shall not be an agent or subagent of Owner or Agent.

2.5 Owner agrees that Agent may, during the ordinary and normal course of marketing the Property, respond to inquiries on the Property by showing and providing information on the Property, as well as on other compelling properties, to prospective buyers and lessees and that such activities may result in the payment of a commission to Agent by a third party.

3. PROPERTY.

3.1 The term "Property" shall include all of the following which are currently located on the Property and owned by Owner: permanent improvements, electrical distribution systems (power panels, buss ducting, conduits, disconnects, lighting fixtures, etc.), telephone distribution systems (lines, jacks and connections), space heaters, air conditioning equipment, air lines, carpets, window coverings, wall coverings, partitions, doors, suspended ceilings, built-ins such as cabinets, and _____

(if there are no additional items write "NONE"). If the Transaction is a sale, the term "Property" shall additionally include, to the extent owned by Owner, oil and mineral rights, leases and other agreements which will continue in effect after Owner's transfer of title to the Property.

3.2 Within five business days after the commencement of the Term hereof, Owner shall provide Agent with the following:

(a) A duly completed and fully executed Property Information Sheet on the most current form published by the AIR;

(b) Copies of all leases, subleases, rental agreements, option rights, rights of first refusal, rights of first offer, or other documents containing any other limitations on Owner's right, ability and capacity to consummate a Transaction, and

(c) If available to Owner, copies of building plans, and if the Transaction is a sale, title reports, boundary surveys, and existing notes and trust deeds which will continue to affect the Property after consummation of a sale.

3.3 Agent shall have no responsibility for maintenance, repair, replacement, operation, or security of the Property, all of which shall be Owner's sole responsibility. Unless caused by Agent's gross negligence, Agent shall not be liable for any loss, damage, or injury to the person or property of Owner, any lessees of the Property, any buyer, prospective buyer, lessee, or prospective lessee, including, but not limited to, those which may occur as a result of Agent's use of a lock box.

4. EXTENSION OF TERM.

If the Transaction is a sale, and a sale is not consummated for any reason after Owner accepts an offer to purchase the Property ("Sale Agreement"), then the expiration date of the Term of this Agreement shall be extended by the number of days that elapsed between the date Owner entered into the Sale Agreement and the later of the date on which the Sale Agreement is terminated or the date Owner is able to convey title to a new buyer free and clear of any claims by the prior buyer of the Property; provided, however, in no event shall the Term be so extended beyond one year from the date the Term would have otherwise expired.

5. COMMISSION.

5.1 Owner shall pay Agent a commission in the amount of five percent (5%) of purchase price

In accordance with the commission schedule attached hereto ("Agreed Commission"), for a Transaction, whether such Transaction is consummated as a result of the efforts of Agent, Owner, or some other person or entity. Agent shall also be entitled to the Agreed Commission if any of the Owner's representations and warranties described in paragraph 8 are shown to be false. Such Agreed Commission is payable:

(a) If the Transaction is a sale, (i) the Property is sold; (ii) Owner breaches or repudiates any Sale Agreement, escrow instructions or other documents executed by Owner regarding the sale of the Property; (iii) the Property or any interest therein is voluntarily or involuntarily sold, conveyed, contributed or transferred; (iv) the Property or any interest therein is taken under the power of Eminent Domain or sold under threat of condemnation, or (v) if Owner is a partnership, joint venture, limited liability company, corporation, trust or other entity, and any interest in Owner is voluntarily or involuntarily sold, contributed, conveyed or transferred to another person or entity that, as of the date hereof, does not have any ownership interest in Owner;

(b) If the Transaction is a lease and a lease of the Property, or a portion thereof is executed; or

(c) If Owner (i) removes or withdraws the Property from a Transaction or the market; (ii) acts as if the Property is not available for a Transaction; (iii) treats the Property as not available for a Transaction; (iv) breaches, terminates, cancels or repudiates this Agreement; (v) renders the Property unmarketable; or (vi) changes the status of the Property's title, leases, agreements, physical condition or other aspects thereof, which such change adversely impacts the value, use, desirability or marketability of the Property.

(d) If earnest money or similar deposits made by a prospective purchaser or tenant are forfeited Agent shall be entitled to one-half (1/2) thereof, but not to exceed the total amount of the commission that would have been payable had the sale or lease transaction been consummated.

5.2 If the Transaction is a sale, the purchase agreement and/or escrow instructions to be entered into by and between Owner and a buyer of the Property shall provide that:

(a) Owner irrevocably instructs the escrow holder to pay from Owner's proceeds accruing to the account of Owner at the close of escrow the Agreed Commission to Agent;

(b) A contingency to the consummation of the sale shall be the payment of the Agreed Commission to Agent at or prior to close of the escrow; and

(c) No change shall be made by Owner or buyer with respect to the time of, amount of, or the conditions to payment of the Agreed Commission, without Agent's written consent.

6. ALTERNATIVE TRANSACTION.

If the Transaction changes to any other transaction, including, but not limited to, a sale, exchange, option to buy, right of first refusal, ground lease, lease, sublease or assignment of lease (collectively "Alternative Transaction"), then Agent shall automatically be Owner's sole and exclusive Agent for such Alternative Transaction and represent Owner in such Alternative Transaction, under the terms and conditions of this Agreement. If, during the Term hereof, an Alternative Transaction is entered into, then Owner shall pay Agent the Agreed


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Commission.

7. EXCLUDED AND REGISTERED PERSONS.

7.1 Owner shall, within 5 business days after the date hereof, provide Agent, in writing, with the names of those persons or entities registered with Owner by any other broker under any prior agreement concerning the Property ("Excluded Persons", see paragraph 7.6). Owner shall also specify for each Excluded Person the type of transaction the consummation of which during the Term of this Agreement entitles such other broker to any compensation ("Excluded Transaction"). Agent may within 10 days of receiving such written list, either (a) accept the Excluded Persons and Excluded Transactions, (b) cancel this Agreement, or (c) attempt to renegotiate this portion of the Agreement with Owner. Once accepted by Agent, the written list shall automatically become an exhibit to this Agreement. If Owner timely provides Agent with the names of the Excluded Persons and specifies the Excluded Transaction for each Excluded Person, then the Agreed Commission paid to Agent with respect to consummation of such an Excluded Transaction with an Excluded Person shall be limited as follows: if such Excluded Transaction is concluded within the first 30 days of the commencement of the Term hereof, then Agent shall be paid a commission equal to the reasonable out-of-pocket expenses incurred by Agent in the marketing of the Property during said 30 days; or if such Excluded Transaction is concluded during the remainder of the Term hereof, then Agent shall be entitled to a commission equal to one-half of the Agreed Commission. If the specified information concerning Excluded Persons and Transactions is not provided as set forth herein, then it shall be conclusively deemed that there are no Excluded Persons.

7.2 Agent shall, within 5 business days after the expiration of the Term hereof, provide Owner, in writing, with the name of those persons or entities with whom Agent either directly or through another broker had negotiated during the Term hereof ("Registered Persons", see paragraph 7.6), and specify the type of transaction of the Property for which such negotiations were conducted ("Registered Transaction"). Those persons or entities who submitted written offers or letters of intent shall, however, automatically be deemed to be Registered Persons for the type of transaction which was the subject of such offer or letter of intent. If Agent fails to timely notify Owner of the existence of any other Registered Persons, then it shall be conclusively deemed that there are no other Registered Persons. A person or entity shall not be a Registered Person if Agent fails to timely specify a Registered Transaction for such person or entity. The parties are aware that the registration of certain individuals and/or entities might create a Dual Agency, and Owner hereby consents to any such Dual Agency.

7.3 If, within 180 days after the expiration of the Term hereof, Owner enters into a contract with a Registered Person for consummation of a Registered Transaction, then Owner shall, upon consummation of such Registered Transaction, pay Agent the Agreed Commission for the Registered Transaction.

7.4 If, within 180 days after the expiration of the Term hereof, Owner enters into another owner-agency or listing agreement with a broker other than Agent for any transaction concerning the Property, then Owner shall provide to Owner's new broker the names of the Registered Persons and the Registered Transaction for each Registered Person, and provide in such new agreement that the new broker shall not be entitled to receive any of the compensation payable to Agent hereunder for consummation of a Registered Transaction with a Registered Person.

7.5 In order to qualify to be an Excluded Person or a Registered Person the individual or entity must have: toured the Property, submitted a letter of interest or intent, and/or made an offer to buy or lease the Property. In addition, Excluded Persons may only be registered by a broker who previously had a valid listing agreement covering the Property, and such broker may only register individuals and entities actually procured by such listing broker.

8. OWNER'S REPRESENTATIONS.

Owner represents and warrants that:

- (a) Each person executing this Agreement on behalf of Owner has the full right, power and authority to execute this Agreement as or on behalf of Owner;
- (b) Owner owns the Property and/or has the full right, power and authority to execute this Agreement and to consummate a Transaction as provided herein, and to perform Owner's obligations hereunder;
- (c) Neither Owner nor the Property is the subject of a bankruptcy, insolvency, probate or conservatorship proceeding;
- (d) Owner has no notice or knowledge that any lessee or sublessee of the Property, if any, is the subject of a bankruptcy or insolvency proceeding;
- (e) There are no effective, valid or enforceable option rights, rights of first refusal, rights of first offer or any other restrictions, impediments or limitations on Owner's right, ability and capacity to consummate a Transaction, except as disclosed in writing pursuant to Paragraph 3.2(b).
- (f) That as of the date of this Agreement the asking sales price is not less than the total of all monetary encumbrances on the Property.

9. OWNER'S ACKNOWLEDGMENTS.

Owner acknowledges that it has been advised by Agent to consult and retain experts to advise and represent it concerning the legal and tax effects of this Agreement and consummation of a Transaction or Alternative Transaction, as well as the condition and/or legality of the Property, including, but not limited to, the Property's improvements, equipment, soil, tenancies, title and environmental aspects. Agent shall have no obligation to investigate any such matters unless expressly otherwise agreed to in writing by Owner and Agent. Owner further acknowledges that in determining the financial soundness of any prospective buyer, lessee or security offered, Owner will rely solely upon Owner's own investigation, notwithstanding Agent's assistance in gathering such information.

10. MISCELLANEOUS.

10.1 This Agreement shall not be construed either for or against Owner or Agent, but shall be interpreted, construed and enforced in accordance with the mutual intent of the parties ascertainable from the language of this Agreement.

10.2 All payments by Owner to Agent shall be made in lawful United States currency. If Owner fails to pay to Agent any amount when due under this Agreement, then such amount shall bear interest at the rate of 15% per annum or the maximum rate allowed by law, whichever is less.

10.3 In the event of litigation or arbitration between Owner and Agent arising under or relating to this Agreement or the Property, the prevailing party shall be paid its attorney's fees and costs by the losing party. The term, "Prevailing Party" shall include, without limitation, one who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be in an amount to fully reimburse all attorney's fees reasonably incurred in good faith.

10.4 Owner agrees to indemnify, defend (with counsel reasonably acceptable to Agent), and hold Agent harmless from and against any claim or liability asserted against Agent as a result of the failure of Owner to make a full and complete disclosure pursuant to law and paragraph 3.2(a) or as a result of the fact that any of the representations made by Owner (see paragraph 8) were not true at the time that this Agreement was signed.

10.5 Owner hereby releases and relieves Agent, and waives Owner's entire right of recovery against Agent, for direct or consequential loss or damage arising out of or incident to the perils covered by insurance carried by Owner, whether or not due to the negligence of Agent.

10.6 In the event that the Transaction is not an outright sale, Owner agrees that if Agent is not paid the Agreed Commission provided for herein


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within thirty days of the date due, that Agent shall have a lien in the amount of such commission, and may record a notice of such lien, against the Property.

10.7 Owner agrees that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to the services to be performed by Agent pursuant to this Agreement may be brought against Agent more than one year after the expiration of the Term of this Agreement (see paragraph 1.3) and that the liability (including court costs and attorney's fees) of Agent with respect to any such lawsuit and/or legal proceeding shall not exceed any fee received by Agent pursuant to this Agreement; provided, however, that the foregoing limitation on liability shall not be applicable to any gross negligence or willful misconduct of Agent.

11. ARBITRATION OF DISPUTES.

11.1 ANY CONTROVERSY ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE DETERMINED BY BINDING ARBITRATION TO BE CONDUCTED BY: THE AMERICAN ARBITRATION ASSOCIATION OR USING THE COMMERCIAL RULES ESTABLISHED BY SUCH ORGANIZATION OR IF NONE THE AMERICAN ARBITRATION ASSOCIATION'S COMMERCIAL RULES. ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED.

11.2 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

11.3 WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.



Owner's Initials



Agent's Initials

11.4 THE PROVISIONS OF THE ABOVE ARBITRATION CLAUSE SHALL NOT BE BINDING ON EITHER PARTY UNLESS BOTH PARTIES HAVE PLACED THEIR INITIALS UNDER PARAGRAPH 11.3.

12. Additional Provisions: Additional provisions of this Agreement are set forth in the following blank lines or in an addendum attached hereto and made a part hereof consisting of paragraphs _____ through _____ (If there are no additional provisions write "NONE"):

13. Disclosures Regarding The Nature of a Real Estate Agency Relationship. When entering into an agreement with a real estate agent an Owner should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction.


(i) Owner's Agent. An Owner's agent may act as an agent for the Owner only. An Owner's agent or subagent has the following affirmative obligations: To the Owner: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings. To a potential buyer/lessee and the Owner: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.


(ii) Agent Representing Both Parties. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both Parties in a transaction, but only with the knowledge and consent of the Parties. In a dual agency situation, the agent has the following affirmative obligations to both Parties: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Party. b. Other duties to the Owner as stated above in subparagraph (i). When representing both Parties, an agent may not without the express permission of the respective Party, disclose to the other Party that the Owner will accept rent/purchase price in an amount less than that indicated in the listing or that the buyer/lessee is willing to pay a higher rent/purchase price than that offered.

The above duties of the Agent do not relieve Owner from the responsibility to protect its own interests. Owner should carefully read all agreements to assure that they adequately express its understanding of the transaction.

"OWNER"

"AGENT"

Desert Springs Financial
By: 
Name Printed: Murray Altman
Title: MANAGER
Date: 4/28/16

Coldwell Banker Commercial SC
By: 
Name Printed: Mike Radlovic
Title: Senior Vice President
Date: April 28, 2016
Agent BRE License #: 0066020

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EXCLUSIVE RIGHT TO REPRESENT OWNER FOR SALE OR LEASE OF REAL PROPERTY

(Non-Residential)

AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. BASIC PROVISIONS ("BASIC PROVISIONS").

1.1 Parties: This agency Agreement ("Agreement"), dated for reference purposes only April 27, 2016, is made by and between Desert Springs Financial LLC whose address is 121 S. Palm Canyon Drive, #216, Palm Springs CA 92262 telephone number (760) 985-7742, Fax No. () ("Owner"), and Coldwell Banker Commercial SC whose address is 3998 Inland Empire Blvd. Suite 400, Ontario CA 91764 telephone number (909) 980-6868, Fax No. () ("Agent").

1.2 Property/Premises: The real property, or a portion thereof, which is the subject of this Agreement is commonly known by the street address of 68051 Ramon Road located in the City of Cathedral City, County of Riverside, State of California, and generally described as (describe briefly the nature of the property): Approximately 25,000 Square Foot Bowling Alley APN: 680-190-036 ("Property"). (See also Paragraph 3).

1.3 Term of Agreement: The term of this Agreement shall commence on April 27, 2016 and expire at 5:00 p.m. on February 27, 2017, except as it may be extended ("Term"). (See also paragraph 4)

1.4 Transaction: The nature of the transaction concerning the Property for which Agent is employed ("Transaction") is (check the appropriate box(es)):
(a) A sale for the following sale price and terms: \$6,588,000

and other additional standard terms reasonably similar to those contained in the "STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR THE PURCHASE OF REAL ESTATE" published by the AIR Commercial Real Estate Association ("AIR"), or for such other price and terms agreeable to Owner;

(b) A lease or other tenancy for the following rent and terms: _____

and other additional standard terms reasonably similar to those contained in the appropriate AIR lease form or for such other rent and terms agreeable to Owner.

2. EXCLUSIVE EMPLOYMENT AND RIGHTS.

2.1 Owner hereby employs Agent as Owner's sole and exclusive agent to represent Owner in the Transaction and to find buyers or lessees/tenants ("lessees"), as the case may be, for the Property. Agent shall use reasonably diligent efforts to find such buyers or lessees. All negotiations and discussions for a Transaction shall be conducted by Agent on behalf of Owner. Owner shall promptly disclose and refer to Agent all written or oral inquiries or contacts received by Owner from any source regarding a possible Transaction.

2.2 Owner authorizes Agent to:

- (a) Place advertising signs on the Property;
- (b) Place a lock box on the Property if vacant;
- (c) Accept deposits from potential buyers or lessees; and
- (d) Distribute information regarding the Property to participants in THE MULTIPLE ("MULTIPLE") of the AIR and/or any other appropriate local commercial multiple listing service, to other brokers, and to potential buyers or lessees of the Property. Owner shall identify as "confidential" any

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information provided to Agent that Owner considers confidential and does not want disclosed. All other information provided by Owner may be disclosed as Agent may deem appropriate or necessary. After consummation of a Transaction, Agent may publicize the terms of such Transaction.

2.3 Agent shall comply with the Rules of Professional Conduct of the AIR, if a member or if not, the Rules of Professional Conduct of the Society of Industrial and Office Realtors, and shall submit the Property to the MULTIPLE. Agent shall cooperate with participants in the MULTIPLE and may, at Agent's election, cooperate with other real estate brokers (collectively "Cooperating Broker").

2.4 If the Transaction is a sale and Agent finds a prospective buyer for the Property, or if the Transaction is a lease and Agent finds a prospective lessee for the Property, Owner hereby authorizes Agent also to represent and act as the agent for such buyer or lessee, and Owner consents to such dual agency. If a Cooperating Broker finds such a buyer or lessee, then Agent shall act as agent for Owner only, the Cooperating Broker shall act as agent for the buyer or lessee only, and the Cooperating Broker shall not be Owner's agent, even though the Cooperating Broker may share in the commission paid by Owner to Agent. A Cooperating Broker shall not be an agent or subagent of Owner or Agent.

2.5 Owner agrees that Agent may, during the ordinary and normal course of marketing the Property, respond to inquiries on the Property by showing and providing information on the Property, as well as on other competing properties, to prospective buyers and lessees and that such activities may result in the payment of a commission to Agent by a third party.

3. PROPERTY.

3.1 The term "Property" shall include all of the following which are currently located on the Property and owned by Owner: permanent improvements, electrical distribution systems (power panels, buss ducting, conduits, disconnects, lighting fixtures, etc.), telephone distribution systems (lines, jacks and connections), space heaters, air conditioning equipment, air lines, carpets, window coverings, wall coverings, partitions, doors, suspended ceilings, built-ins such as cabinets, and _____

(If there are no additional items write "NONE"). If the Transaction is a sale, the term "Property" shall additionally include, to the extent owned by Owner, oil and mineral rights, leases and other agreements which will continue in effect after Owner's transfer of title to the Property.

3.2 Within five business days after the commencement of the Term hereof, Owner shall provide Agent with the following:

(a) A duly completed and fully executed Property Information Sheet on the most current form published by the AIR;

(b) Copies of all leases, subleases, rental agreements, option rights, rights of first refusal, rights of first offer, or other documents containing any other limitations on Owner's right, ability and capacity to consummate a Transaction, and

(c) If available to Owner, copies of building plans, and if the Transaction is a sale, title reports, boundary surveys, and existing notes and trust deeds which will continue to affect the Property after consummation of a sale.

3.3 Agent shall have no responsibility for maintenance, repair, replacement, operation, or security of the Property, all of which shall be Owner's sole responsibility. Unless caused by Agent's gross negligence, Agent shall not be liable for any loss, damage, or injury to the person or property of Owner, any lessees of the Property, any buyer, prospective buyer, lessee, or prospective lessee, including, but not limited to, those which may occur as a result of Agent's use of a lock box.

4. EXTENSION OF TERM.

If the Transaction is a sale, and a sale is not consummated for any reason after Owner accepts an offer to purchase the Property ("Sale Agreement"), then the expiration date of the Term of this Agreement shall be extended by the number of days that elapsed between the date Owner entered into the Sale Agreement and the later of the date on which the Sale Agreement is terminated or the date Owner is able to convey title to a new buyer free and clear of any claims by the prior buyer of the Property; provided, however, in no event shall the Term be so extended beyond one year from the date the Term would have otherwise expired.

5. COMMISSION.

5.1 Owner shall pay Agent a commission in the amount of five percent (5%) of purchase price

In accordance with the commission schedule attached hereto ("Agreed Commission"), for a Transaction, whether such Transaction is consummated as a result of the efforts of Agent, Owner, or some other person or entity. Agent shall also be entitled to the Agreed Commission if any of the Owner's representations and warranties described in paragraph 8 are shown to be false. Such Agreed Commission is payable:

(a) If the Transaction is a sale, (i) the Property is sold; (ii) Owner breaches or repudiates any Sale Agreement, escrow instructions or other documents executed by Owner regarding the sale of the Property; (iii) the Property or any interest therein is voluntarily or involuntarily sold, conveyed, contributed or transferred; (iv) the Property or any interest therein is taken under the power of Eminent Domain or sold under threat of condemnation, or (v) if Owner is a partnership, joint venture, limited liability company, corporation, trust or other entity, and any interest in Owner is voluntarily or involuntarily sold, contributed, conveyed or transferred to another person or entity that, as of the date hereof, does not have any ownership interest in Owner;

(b) If the Transaction is a lease and a lease of the Property, or a portion thereof is executed; or

(c) If Owner (i) removes or withdraws the Property from a Transaction or the market; (ii) acts as if the Property is not available for a Transaction; (iii) treats the Property as not available for a Transaction; (iv) breaches, terminates, cancels or repudiates this Agreement; (v) renders the Property unmarketable; or (vi) changes the status of the Property's title, leases, agreements, physical condition or other aspects thereof, which such change adversely impacts the value, use, desirability or marketability of the Property.

(d) If earnest money or similar deposits made by a prospective purchaser or tenant are forfeited Agent shall be entitled to one-half (1/2) thereof, but not to exceed the total amount of the commission that would have been payable had the sale or lease transaction been consummated.

5.2 If the Transaction is a sale, the purchase agreement and/or escrow instructions to be entered into by and between Owner and a buyer of the Property shall provide that:

(a) Owner irrevocably instructs the escrow holder to pay from Owner's proceeds accruing to the account of Owner at the close of escrow the Agreed Commission to Agent;

(b) A contingency to the consummation of the sale shall be the payment of the Agreed Commission to Agent at or prior to close of the escrow; and

(c) No change shall be made by Owner or buyer with respect to the time of, amount of, or the conditions to payment of the Agreed Commission, without Agent's written consent.

6. ALTERNATIVE TRANSACTION.

If the Transaction changes to any other transaction, including, but not limited to, a sale, exchange, option to buy, right of first refusal, ground lease, lease, sublease or assignment of lease (collectively "Alternative Transaction"), then Agent shall automatically be Owner's sole and exclusive Agent for such Alternative Transaction and represent Owner in such Alternative Transaction, under the terms and conditions of this Agreement. If, during the Term hereof, an Alternative Transaction is entered into, then Owner shall pay Agent the Agreed


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Commission.

7. EXCLUDED AND REGISTERED PERSONS.

7.1 Owner shall, within 5 business days after the date hereof, provide Agent, in writing, with the names of those persons or entities registered with Owner by any other broker under any prior agreement concerning the Property ("Excluded Persons", see paragraph 7.5). Owner shall also specify for each Excluded Person the type of transaction the consummation of which during the Term of this Agreement entitles such other broker to any compensation ("Excluded Transaction"). Agent may within 10 days of receiving such written list, either (a) accept the Excluded Persons and Excluded Transactions, (b) cancel this Agreement, or (c) attempt to renegotiate this portion of the Agreement with Owner. Once accepted by Agent, the written list shall automatically become an exhibit to this Agreement. If Owner timely provides Agent with the names of the Excluded Persons and specifies the Excluded Transaction for each Excluded Person, then the Agreed Commission paid to Agent with respect to consummation of such an Excluded Transaction with an Excluded Person shall be limited as follows: if such Excluded Transaction is concluded within the first 30 days of the commencement of the Term hereof, then Agent shall be paid a commission equal to the reasonable out-of-pocket expenses incurred by Agent in the marketing of the Property during said 30 days; or if such Excluded Transaction is concluded during the remainder of the Term hereof, then Agent shall be entitled to a commission equal to one-half of the Agreed Commission. If the specified information concerning Excluded Persons and Transactions is not provided as set forth herein, then it shall be conclusively deemed that there are no Excluded Persons.

7.2 Agent shall, within 5 business days after the expiration of the Term hereof, provide Owner, in writing, with the name of those persons or entities with whom Agent either directly or through another broker had negotiated during the Term hereof ("Registered Persons", see paragraph 7.5), and specify the type of transaction of the Property for which such negotiations were conducted ("Registered Transaction"). Those persons or entities who submitted written offers or letters of intent shall, however, automatically be deemed to be Registered Persons for the type of transaction which was the subject of such offer or letter of intent. If Agent fails to timely notify Owner of the existence of any other Registered Persons, then it shall be conclusively deemed that there are no other Registered Persons. A person or entity shall not be a Registered Person if Agent fails to timely specify a Registered Transaction for such person or entity. The parties are aware that the registration of certain individuals and/or entities might create a Dual Agency, and Owner hereby consents to any such Dual Agency.

7.3 If, within 180 days after the expiration of the Term hereof, Owner enters into a contract with a Registered Person for consummation of a Registered Transaction, then Owner shall, upon consummation of such Registered Transaction, pay Agent the Agreed Commission for the Registered Transaction.

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- (c) Neither Owner nor the Property is the subject of a bankruptcy, insolvency, probate or conservatorship proceeding;
- (d) Owner has no notice or knowledge that any lessee or sublessee of the Property, if any, is the subject of a bankruptcy or insolvency proceeding;
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Owner's Initials



Agent's Initials

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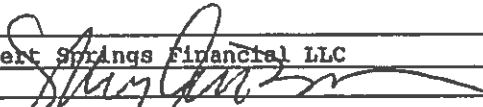
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"OWNER"

"AGENT"

Desert Springs Financial LLC
By: 
Name Printed: Murray Altman
Title: MANAGER
Date: 4/28/16

Coldwell Banker Commercial SC
By: 
Name Printed: Mike Radlovic
Title: Senior Vice President
Date: April 28, 2016
Agent BRE License #: 0066020

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EXCLUSIVE RIGHT TO REPRESENT OWNER FOR SALE OR LEASE OF REAL PROPERTY

(Non-Residential)

AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. BASIC PROVISIONS ("BASIC PROVISIONS").

1.1 Parties: This agency Agreement ("Agreement"), dated for reference purposes only April 27, 2016 is made by and between Desert Springs Financial LLC whose address is 121 S. Palm Canyon Drive, #216, Palm Springs CA 92262 telephone number (760) 985-7742, Fax No. () ("Owner"), and Coldwell Banker Commercial SC whose address is 3998 Inland Empire Blvd. Suite 400, Ontario CA 91764 telephone number (909) 980-6868, Fax No. () ("Agent").

1.2 Property/Premises: The real property, or a portion thereof, which is the subject of this Agreement is commonly known by the street address of Ramon Road Land located in the City of Cathedral City, County of Riverside, State of California, and generally described as (describe briefly the nature of the property): Approximately 7.27 Acre Lot APN: 680-190-035

1.3 Term of Agreement: The term of this Agreement shall commence on April 27, 2016 and expire at 5:00 p.m. on February 27, 2017, except as it may be extended ("Term"). (See also paragraph 4)

1.4 Transaction: The nature of the transaction concerning the Property for which Agent is employed ("Transaction") is (check the appropriate box(es)):
(a) A sale for the following sale price and terms: \$2,750,000.00

and other additional standard terms reasonably similar to those contained in the "STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR THE PURCHASE OF REAL ESTATE" published by the AIR Commercial Real Estate Association ("AIR"), or for such other price and terms agreeable to Owner;

(b) A lease or other tenancy for the following rent and terms: _____

and other additional standard terms reasonably similar to those contained in the appropriate AIR lease form or for such other rent and terms agreeable to Owner.

2. EXCLUSIVE EMPLOYMENT AND RIGHTS.

2.1 Owner hereby employs Agent as Owner's sole and exclusive agent to represent Owner in the Transaction and to find buyers or lessees/tenants ("lessees"), as the case may be, for the Property. Agent shall use reasonably diligent efforts to find such buyers or lessees. All negotiations and discussions for a Transaction shall be conducted by Agent on behalf of Owner. Owner shall promptly disclose and refer to Agent all written or oral inquiries or contacts received by Owner from any source regarding a possible Transaction.

- 2.2 Owner authorizes Agent to:
- (a) Place advertising signs on the Property;
 - (b) Place a lock box on the Property if vacant;
 - (c) Accept deposits from potential buyers or lessees; and
 - (d) Distribute information regarding the Property to participants in THE MULTIPLE ("MULTIPLE") of the AIR and/or any other appropriate local commercial multiple listing service, to other brokers, and to potential buyers or lessees of the Property. Owner shall identify as "confidential" any

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information provided to Agent that Owner considers confidential and does not want disclosed. All other information provided by Owner may be disclosed as Agent may deem appropriate or necessary. After consummation of a Transaction, Agent may publicize the terms of such Transaction.

2.3 Agent shall comply with the Rules of Professional Conduct of the AIR, if a member or if not, the Rules of Professional Conduct of the Society of Industrial and Office Realtors, and shall submit the Property to the MULTIPLE. Agent shall cooperate with participants in the MULTIPLE and may, at Agent's election, cooperate with other real estate brokers (collectively "Cooperating Broker").

2.4 If the Transaction is a sale and Agent finds a prospective buyer for the Property, or if the Transaction is a lease and Agent finds a prospective lessee for the Property, Owner hereby authorizes Agent also to represent and act as the agent for such buyer or lessee, and Owner consents to such dual agency. If a Cooperating Broker finds such a buyer or lessee, then Agent shall act as agent for Owner only, the Cooperating Broker shall act as agent for the buyer or lessee only, and the Cooperating Broker shall not be Owner's agent, even though the Cooperating Broker may share in the commission paid by Owner to Agent. A Cooperating Broker shall not be an agent or subagent of Owner or Agent.

2.5 Owner agrees that Agent may, during the ordinary and normal course of marketing the Property, respond to inquiries on the Property by showing and providing information on the Property, as well as on other competing properties, to prospective buyers and lessees and that such activities may result in the payment of a commission to Agent by a third party.

3. PROPERTY.

3.1 The term "Property" shall include all of the following which are currently located on the Property and owned by Owner: permanent improvements, electrical distribution systems (power panels, buss ducting, conduits, disconnects, lighting fixtures, etc.), telephone distribution systems (lines, jacks and connections), space heaters, air conditioning equipment, air lines, carpets, window coverings, wall coverings, partitions, doors, suspended ceilings, built-ins such as cabinets, and _____

(if there are no additional items write "NONE"). If the Transaction is a sale, the term "Property" shall additionally include, to the extent owned by Owner, oil and mineral rights, leases and other agreements which will continue in effect after Owner's transfer of title to the Property.

3.2 Within five business days after the commencement of the Term hereof, Owner shall provide Agent with the following:

- (a) A duly completed and fully executed Property Information Sheet on the most current form published by the AIR;
- (b) Copies of all leases, subleases, rental agreements, option rights, rights of first refusal, rights of first offer, or other documents containing any other limitations on Owner's right, ability and capacity to consummate a Transaction, and
- (c) If available to Owner, copies of building plans, and if the Transaction is a sale, title reports, boundary surveys, and existing notes and trust deeds which will continue to affect the Property after consummation of a sale.

3.3 Agent shall have no responsibility for maintenance, repair, replacement, operation, or security of the Property, all of which shall be Owner's sole responsibility. Unless caused by Agent's gross negligence, Agent shall not be liable for any loss, damage, or injury to the person or property of Owner, any lessees of the Property, any buyer, prospective buyer, lessee, or prospective lessee, including, but not limited to, those which may occur as a result of Agent's use of a lock box.

4. EXTENSION OF TERM.

If the Transaction is a sale, and a sale is not consummated for any reason after Owner accepts an offer to purchase the Property ("Sale Agreement"), then the expiration date of the Term of this Agreement shall be extended by the number of days that elapsed between the date Owner entered into the Sale Agreement and the later of the date on which the Sale Agreement is terminated or the date Owner is able to convey title to a new buyer free and clear of any claims by the prior buyer of the Property; provided, however, in no event shall the Term be so extended beyond one year from the date the Term would have otherwise expired.

5. COMMISSION.

5.1 Owner shall pay Agent a commission in the amount of five percent (5%) of purchase price

in accordance with the commission schedule attached hereto ("Agreed Commission"), for a Transaction, whether such Transaction is consummated as a result of the efforts of Agent, Owner, or some other person or entity. Agent shall also be entitled to the Agreed Commission if any of the Owner's representations and warranties described in paragraph 8 are shown to be false. Such Agreed Commission is payable:

- (a) If the Transaction is a sale, (i) the Property is sold; (ii) Owner breaches or repudiates any Sale Agreement, escrow instructions or other documents executed by Owner regarding the sale of the Property; (iii) the Property or any interest therein is voluntarily or involuntarily sold, conveyed, contributed or transferred; (iv) the Property or any interest therein is taken under the power of Eminent Domain or sold under threat of condemnation, or (v) if Owner is a partnership, joint venture, limited liability company, corporation, trust or other entity, and any interest in Owner is voluntarily or involuntarily sold, contributed, conveyed or transferred to another person or entity that, as of the date hereof, does not have any ownership interest in Owner;

(b) If the Transaction is a lease and a lease of the Property, or a portion thereof is executed; or

(c) If Owner (i) removes or withdraws the Property from a Transaction or the market; (ii) acts as if the Property is not available for a Transaction; (iii) treats the Property as not available for a Transaction; (iv) breaches, terminates, cancels or repudiates this Agreement; (v) renders the Property unmarketable; or (vi) changes the status of the Property's title, leases, agreements, physical condition or other aspects thereof, which such change adversely impacts the value, use, desirability or marketability of the Property.

(d) If earnest money or similar deposits made by a prospective purchaser or tenant are forfeited Agent shall be entitled to one-half (1/2) thereof, but not to exceed the total amount of the commission that would have been payable had the sale or lease transaction been consummated.

5.2 If the Transaction is a sale, the purchase agreement and/or escrow instructions to be entered into by and between Owner and a buyer of the Property shall provide that:

(a) Owner irrevocably instructs the escrow holder to pay from Owner's proceeds accruing to the account of Owner at the close of escrow the Agreed Commission to Agent;

(b) A contingency to the consummation of the sale shall be the payment of the Agreed Commission to Agent at or prior to close of the escrow; and

(c) No change shall be made by Owner or buyer with respect to the time of, amount of, or the conditions to payment of the Agreed Commission, without Agent's written consent.

6. ALTERNATIVE TRANSACTION.

If the Transaction changes to any other transaction, including, but not limited to, a sale, exchange, option to buy, right of first refusal, ground lease, lease, sublease or assignment of lease (collectively "Alternative Transaction"), then Agent shall automatically be Owner's sole and exclusive Agent for such Alternative Transaction and represent Owner in such Alternative Transaction, under the terms and conditions of this Agreement. If, during the Term hereof, an Alternative Transaction is entered into, then Owner shall pay Agent the Agreed



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Commission.

7. EXCLUDED AND REGISTERED PERSONS.

7.1 Owner shall, within 5 business days after the date hereof, provide Agent, in writing, with the names of those persons or entities registered with Owner by any other broker under any prior agreement concerning the Property ("Excluded Persons", see paragraph 7.5). Owner shall also specify for each Excluded Person the type of transaction the consummation of which during the Term of this Agreement entitles such other broker to any compensation ("Excluded Transaction"). Agent may within 10 days of receiving such written list, either (a) accept the Excluded Persons and Excluded Transactions, (b) cancel this Agreement, or (c) attempt to renegotiate this portion of the Agreement with Owner. Once accepted by Agent, the written list shall automatically become an exhibit to this Agreement. If Owner timely provides Agent with the names of the Excluded Persons and specifies the Excluded Transaction for each Excluded Person, then the Agreed Commission paid to Agent with respect to consummation of such an Excluded Transaction with an Excluded Person shall be limited as follows: If such Excluded Transaction is concluded within the first 30 days of the commencement of the Term hereof, then Agent shall be paid a commission equal to the reasonable out-of-pocket expenses incurred by Agent in the marketing of the Property during said 30 days; or if such Excluded Transaction is concluded during the remainder of the Term hereof, then Agent shall be entitled to a commission equal to one-half of the Agreed Commission. If the specified information concerning Excluded Persons and Transactions is not provided as set forth herein, then it shall be conclusively deemed that there are no Excluded Persons.

7.2 Agent shall, within 5 business days after the expiration of the Term hereof, provide Owner, in writing, with the name of those persons or entities with whom Agent either directly or through another broker had negotiated during the Term hereof ("Registered Persons", see paragraph 7.5), and specify the type of transaction of the Property for which such negotiations were conducted ("Registered Transaction"). Those persons or entities who submitted written offers or letters of intent shall, however, automatically be deemed to be Registered Persons for the type of transaction which was the subject of such offer or letter of intent. If Agent fails to timely notify Owner of the existence of any other Registered Persons, then it shall be conclusively deemed that there are no other Registered Persons. A person or entity shall not be a Registered Person if Agent fails to timely specify a Registered Transaction for such person or entity. The parties are aware that the registration of certain individuals and/or entities might create a Dual Agency, and Owner hereby consents to any such Dual Agency.

7.3 If, within 180 days after the expiration of the Term hereof, Owner enters into a contract with a Registered Person for consummation of a Registered Transaction, then Owner shall, upon consummation of such Registered Transaction, pay Agent the Agreed Commission for the Registered Transaction.

7.4 If, within 180 days after the expiration of the Term hereof, Owner enters into another owner-agency or listing agreement with a broker other than Agent for any transaction concerning the Property, then Owner shall provide to Owner's new broker the names of the Registered Persons and the Registered Transaction for each Registered Person, and provide in such new agreement that the new broker shall not be entitled to receive any of the compensation payable to Agent hereunder for consummation of a Registered Transaction with a Registered Person.

7.5 In order to qualify to be an Excluded Person or a Registered Person the individual or entity must have: toured the Property, submitted a letter of interest or intent, and/or made an offer to buy or lease the Property. In addition, Excluded Persons may only be registered by a broker who previously had a valid listing agreement covering the Property, and such broker may only register individuals and entities actually procured by such listing broker.

8. OWNER'S REPRESENTATIONS.

Owner represents and warrants that:

- (a) Each person executing this Agreement on behalf of Owner has the full right, power and authority to execute this Agreement as or on behalf of Owner;
- (b) Owner owns the Property and/or has the full right, power and authority to execute this Agreement and to consummate a Transaction as provided herein, and to perform Owner's obligations hereunder;
- (c) Neither Owner nor the Property is the subject of a bankruptcy, insolvency, probate or conservatorship proceeding;
- (d) Owner has no notice or knowledge that any lessee or sublessee of the Property, if any, is the subject of a bankruptcy or insolvency proceeding;
- (e) There are no effective, valid or enforceable option rights, rights of first refusal, rights of first offer or any other restrictions, impediments or limitations on Owner's right, ability and capacity to consummate a Transaction, except as disclosed in writing pursuant to Paragraph 3.2(b).
- (f) That as of the date of this Agreement the asking sales price is not less than the total of all monetary encumbrances on the Property.

9. OWNER'S ACKNOWLEDGMENTS.

Owner acknowledges that it has been advised by Agent to consult and retain experts to advise and represent it concerning the legal and tax effects of this Agreement and consummation of a Transaction or Alternative Transaction, as well as the condition and/or legality of the Property, including, but not limited to, the Property's improvements, equipment, soil, tenancies, title and environmental aspects. Agent shall have no obligation to investigate any such matters unless expressly otherwise agreed to in writing by Owner and Agent. Owner further acknowledges that in determining the financial soundness of any prospective buyer, lessee or security offered, Owner will rely solely upon Owner's own investigation, notwithstanding Agent's assistance in gathering such information.

10. MISCELLANEOUS.

10.1 This Agreement shall not be construed either for or against Owner or Agent, but shall be interpreted, construed and enforced in accordance with the mutual intent of the parties ascertainable from the language of this Agreement.

10.2 All payments by Owner to Agent shall be made in lawful United States currency. If Owner fails to pay to Agent any amount when due under this Agreement, then such amount shall bear interest at the rate of 15% per annum or the maximum rate allowed by law, whichever is less.

10.3 In the event of litigation or arbitration between Owner and Agent arising under or relating to this Agreement or the Property, the prevailing party shall be paid its attorney's fees and costs by the losing party. The term, "Prevailing Party" shall include, without limitation, one who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be in an amount to fully reimburse all attorney's fees reasonably incurred in good faith.

10.4 Owner agrees to indemnify, defend (with counsel reasonably acceptable to Agent), and hold Agent harmless from and against any claim or liability asserted against Agent as a result of the failure of Owner to make a full and complete disclosure pursuant to law and paragraph 3.2(a) or as a result of the fact that any of the representations made by Owner (see paragraph 8) were not true at the time that this Agreement was signed.

10.5 Owner hereby releases and relieves Agent, and waives Owner's entire right of recovery against Agent, for direct or consequential loss or damage arising out of or incident to the perils covered by insurance carried by Owner, whether or not due to the negligence of Agent.

10.6 In the event that the Transaction is not an outright sale, Owner agrees that if Agent is not paid the Agreed Commission provided for herein


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within thirty days of the date due, that Agent shall have a lien in the amount of such commission, and may record a notice of such lien, against the Property.

10.7 Owner agrees that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to the services to be performed by Agent pursuant to this Agreement may be brought against Agent more than one year after the expiration of the Term of this Agreement (see paragraph 1.3) and that the liability (including court costs and attorney's fees) of Agent with respect to any such lawsuit and/or legal proceeding shall not exceed any fee received by Agent pursuant to this Agreement; provided, however, that the foregoing limitation on liability shall not be applicable to any gross negligence or willful misconduct of Agent.

11. ARBITRATION OF DISPUTES.

11.1 ANY CONTROVERSY ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE DETERMINED BY BINDING ARBITRATION TO BE CONDUCTED BY: THE AMERICAN ARBITRATION ASSOCIATION OR THE COMMERCIAL RULES ESTABLISHED BY SUCH ORGANIZATION OR IF NONE THE AMERICAN ARBITRATION ASSOCIATION'S COMMERCIAL RULES. ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED.

11.2 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

11.3 WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.



Owner's Initials



Agent's Initials

11.4 THE PROVISIONS OF THE ABOVE ARBITRATION CLAUSE SHALL NOT BE BINDING ON EITHER PARTY UNLESS BOTH PARTIES HAVE PLACED THEIR INITIALS UNDER PARAGRAPH 11.3.

12. Additional Provisions: Additional provisions of this Agreement are set forth in the following blank lines or in an addendum attached hereto and made a part hereof consisting of paragraphs _____ through _____ (if there are no additional provisions write "NONE"):

13. Disclosures Regarding The Nature of a Real Estate Agency Relationship. When entering into an agreement with a real estate agent an Owner should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction.

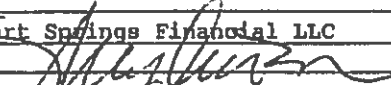
(i) **Owner's Agent.** An Owner's agent may act as an agent for the Owner only. An Owner's agent or subagent has the following affirmative obligations: *To the Owner:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings. *To a potential buyer/lessee and the Owner:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.


(ii) **Agent Representing Both Parties.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both Parties in a transaction, but only with the knowledge and consent of the Parties. In a dual agency situation, the agent has the following affirmative obligations to both Parties: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Party. b. Other duties to the Owner as stated above in subparagraph (i). When representing both Parties, an agent may not without the express permission of the respective Party, disclose to the other Party that the Owner will accept rent/purchase price in an amount less than that indicated in the listing or that the buyer/lessee is willing to pay a higher rent/purchase price than that offered.

The above duties of the Agent do not relieve Owner from the responsibility to protect its own interests. Owner should carefully read all agreements to assure that they adequately express its understanding of the transaction.

"OWNER"

"AGENT"

Desert Springs Financial LLC
By: 
Name Printed: Murray Altman
Title: MANAGER
Date: 4/28/16

Coldwell Banker Commercial SC
By: 
Name Printed: Mike Radlovic
Title: Senior Vice President
Date: April 28, 2016
Agent BRE License #: 0066020

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 600 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8618.



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Exhibit "K"



December 7, 2016

Kevin Sarkisyan

Delivery via email:
kevin@sarkisyan.com

Re: Letter of Intent/ Proof of Funds for the purpose of purchasing the property located at: 68051 Ramon Road, Cathedral City CA 92234

Socotra Capital acknowledges your request for a private money loan, and we are committed to making this loan and closing on or before the 23rd of January 2017. We value our long term relationship as your funding partner and intend to close this transaction under the following parameters:

Borrower: Palm Springs Financial Group, LLC
Guarantor: Kevin Sarkisyan
Loan amount: \$2,500,000.00
Collateral: First Deed of Trust on: 68051 Ramon Road, Cathedral City CA 92234
Other: Appropriate Financial Reporting

The property must pose no unremedied environmental risks and or concerns. The receipt and satisfactory review of all underwriting checklist items must be made. The Borrower will be responsible for all closing costs and associated fees.

CA Dept. of Real Estate- Real Estate Agent # 01907957
chris@socotracapital.com

CA Dept. of Real Estate- Real Estate Broker # 01859201 NMLS #266090
CFL #60DBO-52360
www.socotracapital.com

2208 29th Street #100 Sacramento, CA 95817
Phone: (916) 277-9304 Fax: (916) 277-9307

We reserve the right to request additional information, other than listed above, that is deemed necessary to facilitate the closing of this transaction. We are your direct lender and partner.

If you have any questions or comments regarding this matter, please feel free to contact the undersigned.

Thanks again.

Looking forward to being of service.

Sincerely,



Chris Baumann
Business Development
CA BRE# 01907957
CFL# 60DB052860

Socotra Capital
2208 29th Street
Sacramento, CA 95817
916-277-9304 (work)
916-308-8896 (cell)
916-277-9307 (fax)
chris@socotracapital.com

CA Dept. of Real Estate- Real Estate Agent# 01907957
chris@socotracapital.com

CA Dept. of Real Estate- Real Estate Broker # 01859201 NMLS #266090
CFL #60DB0-52860 www.socotracapital.com

2208 29th Street #100 Sacramento, CA 95817
Phone: (916) 617-2220 Fax: (916) 277-9307

Exhibit "L"

OVERVIEW

ACCOUNTS

E STATEMENTS

TRANSFERS

BILL PAY

MOBILE BANKING

INVOICING / PAY E

Summary

Activity

Export Transactions

Account Activity

Activity for your account is displayed below.
Click on the  to view a check image.

Related

eStateme

Manage /

Reorder (

Request

Comerica

Send Me

Help

View Ses

CHECKING (*****1608)

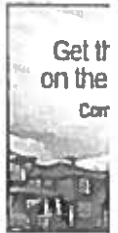
Available Balance: **\$550,000.00**

Current Balance: **\$550,000.00**

Account:

View:

From:  To: 



Pending/Authorized Transactions (Transaction amounts are reflected in your Current Balance.)

Date	Description	Amount
DEC 19 2016	PENDING - BK AMER NYC	\$500,000.00

Posted Transactions (Click on the to view an image of a check.)

Post Date	Check Number	Description	Amount	Balance
DEC 07 2016		DEPOSIT	\$50,000.00	\$50,000.00



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PRODUCT TERMS
TERMS OF USE
PRIVACY
SECURITY

CONSUMER COMPLAINT NOTICE
SECURITY PROTECTION
LOCATIONS

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HELP
CONTACT US

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Exhibit "N"

WHEN RECORDED RETURN TO:

Best Best & Krieger, LLP
74-760 Highway 111, Ste. 200
Indian Wells, CA 92210
Attn. Robert L. Patterson

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
DESERT SPRINGS BUSINESS PARK

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
DESERT SPRINGS BUSINESS PARK.**

THIS DECLARATION is made this 10th day of February, 2005, by Desert Springs Business Park, L.L.C., a California limited liability company ("Declarant"), with reference to the following:

A. Declarant is the owner of the real property legally described on Exhibit "A" attached hereto and incorporated herein by reference ("Property").

B. Declarant intends to develop the Property into a commercial planned development, as defined in California Civil Code Section 1351(k). The Property, and all improvements from time to time constructed thereon, shall hereinafter be referred to as the "Project".

C. If developed as currently planned, at full completion the Project will contain two Parcels intended for the construction and maintenance of commercial/office buildings ("Parcels"), one parcel intended for development as multifamily housing (Parcel 3 of Parcel Map 30704) and three parcels as Common Area (Parcels A, B and C) held in common interest and regulated in accordance with provisions herein contained ("Common Area Parcels"). Attached hereto as Exhibit "B" is a copy of Parcel Map 30704 showing numbered Parcels 1, 2 and 3 and lettered Parcels A, B and C. Parcels A and B respectively make up a part of Landau Road and the sidewalk on Ramon Road and have been or will be dedicated to the City of Cathedral City. As further provided in Section 5.1(A) after Parcels A and B have been dedicated and accepted by the City of Cathedral City, the Association shall continue to be responsible for the maintenance of the landscaped and parkway areas located on Parcels A and B. Parcel 3 is intended for development separate and apart from the Project and notwithstanding anything to the contrary said Parcel is not subject to any of the covenants, conditions, restrictions, easements or other rights or obligations contained in these CC&Rs except that Parcel 3 shall have an perpetual appurtenant easement for ingress and egress over Parcel B of Parcel Map 30704, being one half of Landau Road as provided in Section 2.18.

D. Declarant intends by this document to impose upon the Project mutually beneficial restrictions under a general plan of improvement for the benefit of all Owners of Parcels in the Project that become subject to this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Project shall be held, sold, leased, mortgaged, encumbered, leased, rented, used, occupied, improved and conveyed subject to the following declarations, limitations, easements, restrictions, covenants, and conditions, which are imposed as equitable servitude's pursuant to a general plan for the development of the Project for the purpose of enhancing and protecting the value and desirability of the Project and every part thereof, and which shall run with the Project and be binding on Declarant and its successors and assigns, and on all parties having or acquiring any legal or possessory right, title or interest in or to the described Project or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

**ARTICLE I
DEFINITIONS**

1.1 "Articles" shall mean and refer to the Articles of Incorporation of the Association, as amended from time to time.

1.2 "Annexed Property" shall mean property, if any, annexed to the Project pursuant to the provisions hereof.

1.3 "Architectural Control Committee" shall be the committee described in Section 6.3

1.4 "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project, in accordance with the provisions hereof, which is to be paid by each Owner as determined by the Association, and shall include regular and special Assessments, and each Owner's share of Common Expenses.

1.5 "Association" shall mean and refer to the Desert Springs Business Park Owner's Association, a California nonprofit mutual benefit corporation, the Members of which shall be the Owners of Parcels in the Project.

1.6 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

1.7 "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

1.8 "Common Area" or "Common Areas" shall mean and refer to the portions of the Project and all improvements thereon owned by the Association for the common use and enjoyment of the Owners. Common Areas within the Property are indicated on Exhibit "C" attached.

1.9 "Common Area Parcel" shall mean any legally subdivided parcel within the Project which is intended for use, in whole or in part, as Common Area as indicated on Exhibit "C".

1.10 "Common Expenses" means and includes the actual and estimated expenses of operating the Common Area (and pursuing, implementing and executing the intents, purposes, business and affairs of the Association), and any reasonable reserves for such purposes as found and determined by the Board, and all sums designated Common Expenses by or pursuant to this Declaration or other Project Documents. Common Expenses shall also include costs (and reserves if appropriate) incurred by the Association in connection with maintaining any areas at or adjacent to the Project, including, without limitation, public streets, sidewalks, bicycle trails, drainage easements, irrigation systems and/or landscape areas, or portions thereof, that are appropriate for maintenance by the Association in connection with obligations imposed on the Project by the City of Cathedral City under Parcel Map 30704. Funds to pay Common Expenses may be collected as part of Assessments, as provided herein.

1.11 "Declarant" shall mean and refer to Desert Springs Financial, LLC, a California limited liability company, and any successor or assign that expressly assumes the rights and duties of the Declarant hereunder in a recorded written document

1.12 "Declaration" shall mean and refer to this Declaration, as amended or supplemented from time to time..

1.13 "Eligible Holder Mortgages" shall mean mortgages held by "Eligible Mortgage Holders."

1.14 "Eligible Mortgage Holder" shall mean a First Lender who has requested notice of certain matters from the Association in accordance with section 9.5C.

1.15 "Eligible Insurer or Guarantor" shall mean an insurer or governmental guarantor of a First Mortgage who has requested notice of certain matters from the Association in accordance with section 9.5C.

1.16 "First Lender" shall mean any bank, savings and loan Association, insurance company, or other financial institution or any private lender holding a recorded first mortgage on any Parcel.

1.17 "First Mortgage" shall mean and refer to any recorded mortgage made in good faith and for value on a Parcel with first priority over other mortgages thereon.

1.18 "Foreclosure" shall mean and refer to the legal process by which the mortgaged property of a borrower in default under a Mortgage is sold, and the borrower's interest in such property is sold, pursuant to California Civil Code §§2924a, et. seq.; or by the Court pursuant to California Code of Civil Procedure §§725a, et. seq., and any other applicable law.

1.19 "Parcel" or "Commercial Parcel" shall mean any legally subdivided parcel within the Property or Project which is intended for the construction and maintenance of commercial/industrial/office buildings. As used herein, the term "Parcel" shall not include Common Areas or the Common Area Parcels, as defined above. Commercial Parcels are designated as numbered Parcels 1 and 2 on recorded Parcel Map 30704. A Commercial Parcel is a "separate interest" as that term is defined in Section 1351 (e) of the Civil Code.

1.20 "Member" shall mean and refer to a person entitled to membership in the Association as provided herein, and "Membership" shall refer to such entitlement.

1.21 "Mortgage" shall include a deed of trust as well as a mortgage.

1.22 "Mortgagee" shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

1.23 "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

1.24 "Owner" or "Owners" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Parcel which is a part of the Project but

excluding those Persons or entities having an interest merely as security for the performance of an obligation. If a Parcel is sold under a contract of sale and the contract is recorded, the purchaser, rather than the fee owner, shall be considered the "Owner" from and after the date the Association receives written notice of the recorded contract.

1.25 "Person" means a natural person, a corporation, a partnership, a limited liability company, a trust, or other legal entity.

1.26 "Project" shall mean the Property and all of the improvements from time to time constructed thereon.

1.27 "Project Documents" shall mean the basic organizational and governance documents of the Association including the Articles, Bylaws, this Declaration and the Rules.

1.28 "Property" shall mean the real property described on Exhibit "A" attached.

1.29 "Rules" shall mean and refer to the rules adopted from time to time by the Association pursuant to Section 5.2D.

1.30 "Parcel Map" shall mean Parcel Map 30704 recorded on ^{HAR. 1, 2005} ~~February~~ in the official records of the county recorder for the County of Riverside at book 212, page 4-7 number 2005-0165079

1.31 "Unit" or "Commercial Unit" shall mean any commercial/industrial/office (or any combination thereof) building constructed upon a Commercial Parcel.

1.32 "Vote or Written Assent of a Majority of the Voting Power of the Association", or words or similar import, whether or not initially capitalized, shall mean the vote (in person or by proxy) or written assent (by Parcel or other appropriate means) of a majority of the total voting power of the Membership; prior to termination of Declarant's Class B Membership (as provided in the Bylaws) the total voting power of the Association shall be equal to the sum of three (3) votes for each Parcel owned by Declarant as the Class B Member and one (1) vote for each Parcel not owned by Declarant, i.e., for each Parcel owned by a Class A Member; subsequent to the termination of Declarant's Class B Membership the total voting power of the Association shall be equal to the number of Commercial Parcels in the Project.

1.33 Other defined (initially capitalized) terms shall have meanings as ascribed to them herein and/or in the Bylaws or other Project Documents.

ARTICLE II DESCRIPTION OF PROJECT, DIVISION OF PROPERTY, AND CREATION OF PROPERTY RIGHTS

2.1 Description of Project. The Project is a planned development consisting of Common Area, the Commercial Parcels, and all improvements thereon. The Project is hereby divided into the Common Area and the Commercial Parcels as shown on the recorded Parcel Map 30704 covering the Property.

2.2 Easements; Over Common Area. Subject to the rights and easements in favor of Declarant as provided herein, each Parcel in the Property shall have appurtenant to it as the dominant tenement a perpetual easement over the Common Area Parcel and Common Area for ingress, egress, parking, use and enjoyment, and for the construction, maintenance, operation and use of utilities, subject to the following provisions:

A. The right of the Association to discipline Members and to suspend the voting rights of a Member for any period during which any Assessment against his Parcel remains unpaid, and for any infraction of the Project Documents, in accordance with the provisions of sections 4.10, 5.2.F, and 9.1 hereof.

B. The right of the Association to dedicate, sell, transfer and/or grant easements with respect to all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be determined by the Board, as provided in section 5.2.J.

C. The right of the Association to grant easements under, in, upon, across, over, above or through any portion of the Common Area for reasonable purposes, as approved by the Board, which are beneficial to the Association or the Project or the development of it.

D. The right of the Association or Declarant to install or have installed a cable or central television antenna system. The system, if and when installed, shall be maintained by the Association or cable television franchisee. To the extent required to effectuate the foregoing plan, there shall be an easement in favor of each Parcel for the purpose of connecting the same with the master cable television terminal, central television antenna or line. Each Parcel shall be subject to an easement in favor of all other Parcels and in favor of the entity holding the television access franchise, to provide for the passage through the Parcel and any structure thereon of television connections from any other Parcel to the cable system, and shall be subject to a further easement for the placement and maintenance of such connections.

E. Easements for work and activities necessary to complete development, construction and sale of the Project, as more particularly described in section 9.6.

F. Except to the limited extent provided herein, no Owner of a Commercial Parcel shall be authorized or allowed to install improvements in the Common Area.

G. An easement appurtenant to Parcel No. 2 as said Parcel is designated on Parcel Map 30704 shall be reserved on the Common Area for the purpose of the existing billboard located on the north east corner of the Common Area. Said easement shall be perpetual and all income derived from the rental of the billboard shall inure to the Owner of Parcel No. 2. Except as otherwise provided herein, said Owner shall have the right to allow others to use the current location of the billboard for billboard purposes pursuant to one or more leases or other agreements from time to time. This easement shall include the right to operate, maintain and rebuild the billboard located on the Common Area. In the event that said billboard permanently ceases to be located and maintained on the Common Area as the result of the operation of an ordinance of the City of Cathedral City terminating the right to lawfully and permanently maintain said billboard the easement provided for in this section shall also terminate.

H. The Owner of Parcel No. 1 as designated on Parcel Map 30704 shall have the nonexclusive perpetual right to use 79 parking spaces on Parcel C of the Common Area; and the Owner of Parcel No. 2 shall have the nonexclusive perpetual right to use 104 parking spaces on Parcel C of the Common Area. The total number of parking spaces is 183. The parking spaces shall be for the use of each Owners' tenants, visitors, invitees and guests.

I. The foregoing reservations are subject to the condition that their use and enjoyment shall not unreasonably interfere with the use, occupancy or enjoyment of all or any material part of the Parcel servient to them or to which they are appurtenant.

2.3 Easements to Accompany Conveyance of Parcel. Easements that benefit or burden any Parcel shall be appurtenant to that Parcel and shall automatically accompany the conveyance of such Parcel, even though the description in the instrument of conveyance may refer only to title to the Parcel.

2.4 Delegation of Use. Subject to the provisions of the Project Documents, any Owner may delegate his right to use the Common Area and facilities to such Owner's agents, employees, customers, guests, invitees, tenants and contract purchasers.

2.5 Conveyance of Common Area to Association; Reservations of Easements. On or before conveyance of title to the first Parcel in the Project, Declarant shall convey fee title to the Common Area to the Association to be held for the benefit of the Members of the Association. Whenever any Common Area is conveyed by Declarant to the Association, an easement is automatically reserved (whether or not expressed in the conveyance document) over, under and through such Common Area, for the benefit of remaining portions of the Property, for ingress, egress, access and all utilities and similar appurtenances, and for the construction, marketing and sale of Parcels and/or improvements on such remaining portions of the Property.

2.6 Owners' Rights and Easements for Utilities. The rights and duties of the Owners of Parcels within the Project with respect to sewer, drainage, water, electric, gas, television and telephone equipment, cables and lines (collectively "utility facilities") shall be as follows:

A. Whenever utility facilities are installed within the Project, which utility facilities or any portion thereof lie in or upon a Parcel or Parcels owned by other than the Owner of a Parcel served by said utility facilities, the Owners of any Parcels served by such utility facilities shall have the right of reasonable access for themselves or for utility companies or providers to repair, to replace and generally maintain said utility facilities as and when the same may be necessary, including where said necessity is due to failure or inability of the Board to take timely action to make such repairs or perform such maintenance.

B. Whenever utility facilities are installed within the Project which serve more than one Parcel, the Owner of each Parcel served by said utility facilities shall be entitled to the full use and enjoyment of such portions of said utility facilities as service said Owner's Parcel.

C. In the event of a dispute between Owners with respect to the repair or rebuilding of said utility facilities, or with respect to the sharing of the cost thereof, then, upon written request of any Owner addressed to the other Owner, the matter shall be submitted first to

the Board for mediation, and thereafter, if the dispute remains unresolved, to binding arbitration pursuant to the rules of the American Arbitration Association.

2.7 Annexation of Additional Property. Additional property may be annexed to the jurisdiction of the Association and become subject to this Declaration, without the necessity of amending individual sections hereof, by the following method of annexation:

A. Annexation Pursuant to Approval. Upon approval pursuant to the vote or written assent of a majority of the voting power of the Association, and the approval of Eligible Mortgage Holders as maybe required under section 9.5D, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may record a Declaration of Annexation covering the Annexed Property. The Declaration of Annexation may contain reasonable additions and/or modifications of the terms and provisions of this Declaration provided that they are not inconsistent with the scheme of this Declaration. The Declaration of Annexation may, among other things, provide (a) that regular and special Assessments shall commence with respect to Parcels in the Annexed Property on the first day of the first month following the conveyance of the first Parcel in the Annexed Property; (b) that effective as of the commencement of Assessments Membership in the Association shall be expanded to include all of the Owners of Parcels in the Annexed Property, including Declarant for any Parcels owned by Declarant, and each of said Owners shall be entitled to each of the rights, privileges and benefits of an Owner, as provided in this Declaration and in the Declaration of Annexation, and shall be obligated to comply with each of the obligations and responsibilities of an Owner, as provided in this Declaration and in the Declaration of Annexation; and (c) that subsequent thereto all of the Annexed Property shall be deemed annexed to the Project and made subject to the Declaration and the jurisdiction of the Association, and shall be held, sold, leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, reservations and easements of the Declaration, and the Declaration of Annexation.

B. Effect of Annexation. Assessments collected from Owners in the Project may be expended by the Association without regard to the source of the Assessments, i. e., whether from Owners of Parcels in the original Property or in the Annexed Property. All Owners shall have ingress and egress to all portions of the Common Area throughout the Project, subject to the provisions of the Project Documents.

2.8 Encroachment Easements. Each Parcel as the dominant tenement shall have an easement over adjoining Parcels and Common Area as the servient tenements for the purpose of accommodating any encroachment built in accordance with the original plans and specifications approved by Declarant or the Association. In the event of such an encroachment, a correcting modification may (at the discretion of Declarant) be made. Said modification shall be in the form of a certificate of correction or lot line adjustment approved by the City of Cathedral City.

2.9 Party Walls. Each wall that is built as part of original construction and is located on the boundary line with an adjacent Parcel, and either is used in common with the adjacent Parcel or abuts against a similar wall on the adjacent Parcel, shall constitute a party wall. To the extent not inconsistent with this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. If it becomes necessary to repair or rebuild any portion of the party wall, as constructed or

extended, the cost of repairing or rebuilding shall be borne by both parties equally. The party walls shall be repaired or rebuilt in the same location as the present party wall and shall be constructed of materials similar to and of the same quality as the present party wall, and shall conform to the same general appearance as the present party wall. If the party wall is destroyed, either of the parties shall have the right to reconstruct the party wall at his or her own expense if he or she alone continues to use the wall, or at the expense of both parties if both intend to or do at any time in the future use the wall as a party wall.

2.10 Maintenance Easement. An easement over each Parcel as the servient tenement is reserved by Declarant in favor of each other Parcel as the dominant tenement, and in favor of the Association, for the purpose of allowing the Association and its agents and employees the right, but not the obligation, to enter the Parcel to perform such maintenance, if any, as the Association may do in accordance with the provisions of section 5.1.A of this Declaration.

2.11 Drainage Easements. Each Owner shall properly maintain drainage facilities on such Owner's Parcel installed as part of original construction, and the Association shall have the right, but not the obligation, to enter each Parcel to insure such proper maintenance. No Owner or occupant shall commit any act that would interfere with the operation of any such drainage facilities installed on the Owner's Parcel. The Owner shall maintain the facilities free of debris and other obstacles at all times.

2.12 Other Easements. The Common Area and each Parcel are subject to all easements, dedications, and rights of way granted or reserved in, on, over and under the Project as shown on the Tract Map for the Project, and as otherwise provided or contemplated in this Declaration.

2.13 Rights of Entry and Use. The Parcels and Common Area shall be subject to the following rights of entry and use:

A. The right, but not the obligation, of the Association's agents and employees to enter any Parcel to cure any violation of the Project Documents, provided that the Owner has received notice and a hearing as required by the Bylaws (except in the case of an emergency) and the Owner has failed to cure the violation or take steps necessary to cure the violation within thirty (30) days after the finding of a violation by the Association;

B. The access rights of the Association to maintain, repair or replace improvements or property located in the Common Area as described in section 5.2E;

C. The easements described in this Article II;

D. The right of the Association's agents to enter any Parcel to perform maintenance to the extent described herein; and

E. The rights and easements of the Declarant during construction and sales as described in section 9.6.

2.14 No Partition of Common Area. There shall be no subdivision or partition of the Common Area.

2.15 No Subdivision of Parcels. There shall be no further subdivision of any Commercial Parcel without written approval of the Board of Directors of the Association, which approval may be withheld or conditioned in the discretion of the Board.

2.16 No View Rights. This Declaration is not intended and shall not in any way confer or grant (or be construed to confer or grant) to any Commercial Parcel or Unit or the Owner thereof any right to the maintenance of any view, viewscape or scenic corridor or area.

2.17 All Easements Part of Common Plan. Whenever any easements are reserved or created or are to be reserved or created herein, such easements shall, to the extent reasonably appropriate, constitute equitable servitudes for the mutual benefit of all property in the Project, and be deemed to be part of the common plan created by this Declaration for the benefit of all property Owners within the Project

2.18 A permanent appurtenant easement is hereby reserved and created for the benefit of Parcel 3 of Parcel Map 30704 over Parcel B of Parcel Map 30704 for ingress and egress to Parcel 3. It is intended that the City of Cathedral City will accept the dedication of said Parcel B in the future at which time the easement over Parcel B for the benefit of Parcel 3 will terminate.

ARTICLE III ASSOCIATION ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

3.1 Association to Own and Manage Common Area. The Association shall own, administer and manage the Common Area in accordance with the provisions of the Project Documents.

3.2 Membership. The Owner of a Parcel shall automatically upon becoming the Owner of same, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of a Parcel. Membership shall be held in accordance with the Project Documents.

3.3 Transferred Membership. Membership in the Association shall not be transferred, encumbered, pledged, or alienated in any way, except upon the sale or transfer of the Parcel to which it is appurtenant, and then only to the purchaser, in the case of a sale, or to a Mortgagee that has foreclosed or received a deed in lieu of foreclosure, in the case of an encumbrance. On any transfer of title to an Owner's Parcel, Membership shall automatically pass with such transfer. A Mortgagee shall not have Membership rights until it obtains title to the Parcel through foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer is void. No Member may resign his, her or its Membership. On receipt of notice of a transfer, the Association shall record the transfer on its books.

3.4 Membership Voting Rights. Membership voting rights shall be as set forth in the Bylaws.

**ARTICLE IV
MAINTENANCE AND ASSESSMENTS**

4.1 Creation of the Lien and Personal Obligation of Assessments. With respect to maintenance and Assessments, the following shall apply:

A. The Declarant, for each Parcel owned within the Project, hereby covenants, and each Owner of any Parcel by acceptance of a deed or conveyance thereto, whether or not it shall be so expressed in such deed or conveyance, covenants and agrees: (1) to pay to the Association regular and special Assessments, to be established and collected as hereinafter provided; and (2) to allow the Association to enforce any Assessment lien established hereunder by nonjudicial proceedings under a power of sale or by any other means authorized by law.

B. The regular and special Assessments, together with interest, late charges, collection costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment is made, the lien to become effective upon recordation of a notice of delinquent Assessment. Each such Assessment, together with interest, late charges, collection costs, and reasonable attorneys' fees, shall also be the personal obligation (joint and several) of each Person who was the Owner of such property at the time when the Assessment fell due. No Owner of a Parcel may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his Parcel.

C. The interest of any Owner in the amounts paid pursuant to any Assessment upon the transfer of ownership shall pass to the new Owner.

4.2 Purpose of Assessments. The Assessments levied by the Association shall be used to pay Common Expenses, to promote the economic interests, health, safety and welfare of Owners in the Project, and to enable the Board and the Association to perform their obligations hereunder.

4.3 Assessments. Regular and Special Assessments may be levied as follows:

A. Regular Assessments. The Board shall annually establish and levy regular Assessments in an amount that the Board estimates will be sufficient to raise the funds needed to pay Common Expenses and perform the duties of the Association during each fiscal year. The Regular Assessments shall include a portion for reserves in such amounts as the Board in its discretion considers appropriate to meet the costs of the future repair, replacement or additions to the major improvements and fixtures that the Association is obligated to maintain and repair. Reserve funds shall be deposited in a separate account and the signatures of at least two (2) Persons, who shall either be Members of the Board or one officer who is not a Member of the Board and one Member of the Board, shall be required to withdraw monies from the reserve account. Except to the limited extent otherwise provided herein, reserve funds may not be expended for any purpose other than repairing, restoring, maintaining or replacing the major components that the Association is obligated to maintain without the consent of Owners holding a majority of the voting power either at a duly held meeting or by written ballot.

B. Special Assessments. The Board may at any time levy a special assessment in order to raise funds for unexpected operating or other costs, insufficient operating or reserve funds, or such other purposes as the Board in its discretion considers appropriate. Special Assessments shall be allocated among the Parcels in the same manner as Regular Assessments, except in the case of an Assessment levied by the Board against a Member to reimburse the Association for costs incurred in bringing the Member and his Parcel into compliance with provisions of the Project Documents.

4.4 Restrictions on Increases in Regular and Special Assessments. With respect to increasing Assessments, the following shall apply:

A. Specific Limitations. The Board may not (1) impose a regular Assessment on any Parcel which is more than twenty percent (20%) greater than the regular Assessment for the immediately preceding fiscal year, or (2) levy a special Assessment to defray the cost of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, without the vote or written assent of a majority of voting power of the Association. The Association shall provide by first-class mail notice to the Owners of any increase in the regular or special Assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

B. Emergency Situations. Notwithstanding the foregoing, the Board, without Membership approval, may increase regular Assessments or levy special Assessments necessary for an emergency situation. For purposes of this section, an emergency situation is one of the following: (1) an extraordinary expense required by an order of a court; (2) an extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible where a threat to personal safety on the Project is discovered; or (3) an extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget, provided, however that prior to the imposition or collection of the Assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process and the resolution shall be distributed to the Members with the notice of the Assessment.

4.5 Actions Under Section 4.4. Any action authorized under section 4.4 which requires a vote of the Membership shall be taken at a meeting called for that purpose pursuant to the notice provisions of the Bylaws, however, the action may also be taken without a meeting pursuant to the provisions of California Corporations Code §7513.

4.6 Division of Assessments. All Assessments, both regular and special, shall be levied in the following proportions, except to the limited extent otherwise provided herein. Parcel 1 as designated on Parcel Map 30704 shall pay 43%; and Parcel 2 shall pay 57%. Regular Assessments shall be collected on a monthly basis unless the Board directs otherwise. Special Assessments may be collected in one payment or periodically as the Board shall direct.

4.7 Date of Commencement of Regular Assessment; Due Dates. The regular Assessments provided for herein shall commence as to all Parcels in the Project on the first day of the month following the first conveyance of a Parcel to an Owner in the Project. Subject to the provisions of section 4.3, the Board of Directors shall use its best efforts to fix the amount of the regular Assessments against each Parcel and send written notice thereof to every Owner at least forty-five (45) days in advance of each fiscal year, provided that failure to comply with the foregoing shall not affect the validity of any Assessment levied by the Board. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association stating whether the Assessments on a specified Parcel have been paid. Such a certificate shall be conclusive evidence of such payment.

4.8 Effect of Nonpayment of Assessments. Any Assessment not paid within fifteen (15) days after the due date shall be delinquent, shall bear interest at the rate of twelve percent (12%) per annum from thirty (30) days after the due date until paid, and shall incur a late payment penalty in an amount to be set by the Board from time to time, not to exceed the maximum permitted by Civil Code § 1366(e)(2), or other applicable law.

4.9 Transfer of Parcel by Sale or Foreclosure. With respect to the sale or foreclosure of any Parcel, the following shall apply:

A. Sale or transfer of any Parcel shall not affect the Assessment lien. However, the sale of any Parcel pursuant to Foreclosure of a First Mortgage shall extinguish the lien of such Assessments including attorneys fees, late charges and interest levied in connection therewith, as to payments which became due prior to such sale by Foreclosure (except for Assessment liens recorded prior to the Mortgage). No Foreclosure sale shall relieve such Parcel from liability for any Assessments thereafter becoming due or from the lien thereof.

B. Where the Mortgagee of a First Mortgage of record or other purchaser of a Parcel obtains title to the same as a result of Foreclosure, such acquirer of title, and his successor and assigns, shall not be liable for Assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such acquirer (except for assessment liens recorded prior to the Mortgage). No amendment of the preceding sentence may be made without the consent of Owners of Parcels to which at least sixty seven percent (67%) of the votes in the Association are allocated, and the consent of the Eligible Mortgage Holders holding First Mortgages on Parcels comprising fifty one percent (51%) of the Parcels subject to First Mortgages. The unpaid share of such Assessments shall be deemed to be Common Expenses collectible from all Owners of the Parcels including such acquirer, and his successors or assigns.

C. If a Parcel is transferred, the grantor shall remain liable to the Association for all unpaid Assessments against the Parcel through and including the date of the transfer. The grantee shall be entitled to a statement from the Association, dated as of the date of transfer, setting forth the amount of the unpaid Assessments against the Parcel to be transferred and the Parcel shall not be subject to a lien for unpaid Assessments in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any Assessments that become due after the date of the transfer.

4.10 Priorities; Enforcement; Remedies. With respect to Assessments, the following additional provisions shall apply:

A. If an Owner fails to pay an Assessment when due, the Association has the right, and option, to bring legal action against the Owner to enforce collection of the unpaid and past due Assessment, or may impose a lien on the Parcel owned by the Owner pursuant to the provisions of Civil Code §1367, or both. Suit to recover a money judgment for unpaid Assessments and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. Before the Association may place a lien upon a Parcel, pursuant to Civil Code § 1367(a), the Association shall notify the Owner in writing by certified mail of the fee and penalty procedures of the Association, provide an itemized statement of the charges owed by the Owner, including the principal owed, any late charges, and the method of collection, any attorneys' fees, and the collection practices used by the Association, including the right of the Association to the reasonable costs of collection. After compliance with the provisions of Civil Code § 1367(a), the Association may record a notice of delinquent Assessment and establish a lien against the Parcel of the delinquent Owner prior and superior to all other liens except (1) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value. The notice of delinquent Assessment shall state the amount of the Assessment, collection costs, attorneys' fees, late charges and interest, a description of the Parcel against which the Assessment and other sums are levied, the name of the record owner, and the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by any officer of the Association or any management agent retained by the Association and shall be mailed in the manner set forth in Civil Code §2924b to all record owners of the Parcel no later than 10 days after recordation.

B. After the expiration of thirty days following the recordation of the lien, an Assessment lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent Assessment, or sale by a trustee substituted pursuant to California Civil Code §2934(a). Any sale by the trustee shall be conducted in accordance with the provisions of §§2924, 2924b, 2924c, 2924f, 2924g and 2924h of the California Civil Code, including any successor statutes thereto, applicable to the exercise of powers of sale in Mortgages and deeds of trust, or in any other manner permitted by law. Nothing herein shall preclude the Association from bringing an action directly against an Owner for breach of the personal obligation to pay Assessments.

C. The Association, acting on behalf of the Owners, shall have the power to bid for the Parcel at Foreclosure sale, and to acquire and hold, lease, Mortgage and convey the same. Where the purchase of a Foreclosure Parcel will result in a five percent (5%) or greater increase in Assessments, the purchase shall require the vote or written consent of a majority of the total voting power of the Association, including a majority of Members other than Declarant. During the period a Parcel is owned by the Association, following Foreclosure: (1) no right to vote shall be exercised on behalf of the Parcel; (2) no Assessment shall be assessed or levied on the Parcel; and (3) each other Parcel shall be charged, in addition to its usual Assessment, its share of the Assessment that would have been charged to such Parcel had it not been acquired by the Association as a result of Foreclosure.

D. After acquiring title to the Parcel at foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the Parcel which deed shall be binding upon the Owners, successors, and all other parties.

E. The Board may temporarily suspend the voting rights of a Member who is in default in payment of any Assessment, after notice and hearing, as provided in the Bylaws.

F. Fines and penalties for violation of restrictions are "Assessments," and are enforceable by lien. Monetary levies imposed by the Association to reimburse the Association for costs incurred for repair of damage to Common Area or facilities for which an owner, his agents, employees, guests or invitees were responsible are "Assessments," and are enforceable by lien.

G. The Association is not empowered to cause a forfeiture or abridgement of an Owners right to the full use and enjoyment of his Parcel on account of the failure by the Owner to comply with provisions of the Project Documents or Rules, except by judgment of a court or a decision arising out of binding arbitration or on account of a foreclosure or sale under power of sale for failure of the Owner to pay Assessments duly levied by the Association.

H. Each Owner waives, to the maximum extent permitted by law, the benefit of any California homestead or exemption laws in effect when any Assessment or installment becomes delinquent or a lien is imposed.

4.11 Unallocated Taxes. In the event that any real property taxes or assessments are assessed against the Common Area rather than spread against the Parcels, said taxes shall be included in the Assessments made under the provisions of section 4.1 and, if necessary, a special Assessment may be levied to pay such taxes. The same shall apply with respect to any taxes imposed on personal property owned by the Association.

ARTICLE V DUTIES AND POWERS OF THE ASSOCIATION

5.1 Duties. In addition to the duties enumerated in this Declaration and the Project Documents, and without limiting the generality thereof, the Association (acting by and through the Board) shall perform the following duties:

A. Maintenance: The Association shall maintain and repair the Common Area being Parcel C of Parcel Map 30704, and the landscaping and parkway areas of Parcels A and B of Parcel Map 30704. The Association shall also pay all Common Expenses, as defined herein, and arrange for the maintenance of all areas for which Common Expenses are payable, including without limitation, drainage easements as shown on the Parcel Map, public streets, sidewalk, bike paths and/or landscape areas, or portions thereof, that the Association is required to maintain. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or omission of any Owner, or his guest, tenant, invitee or pet. Any such repairs or replacements not covered by insurance carried by the Association shall be made by the responsible Owner, provided the Board approves the person or entity actually making the repairs and the method of repair. If the responsible Owner fails to take the necessary steps to make the repairs within a reasonable time

under the circumstances, the Association may cause the repairs to be made and charge the cost thereof to the responsible Owner, which costs shall bear interest at the rate of twelve percent (12%) per annum (but no greater than the maximum rate allowed by law) until paid in full. If such repair is covered by the insurance carried by the Association, the Association shall be responsible for making the repairs, and the responsible Owner shall pay any deductible pursuant to the insurance policy. If the Owner fails to make such payment, then the Association may make such payment and shall charge the responsible Owner, which charge shall bear interest at the rate of twelve percent (12%) per annum (but no greater than the maximum rate allowed by law) until paid in full. If the Owner disputes the charge, the Owner shall be entitled to a notice and a hearing as provided in the Bylaws before the charge may be collected.

B. Insurance: The Association shall obtain and maintain such policy or policies of insurance as are required by Section 8. I of this Declaration.

C. Discharge of Liens: The Association shall discharge by payment, if necessary, any lien against the Common Area and charge the cost thereof to the Member or Members responsible for the existence of the lien after notice and hearing as provided in the Project Documents.

D. Assessments: The Association shall fix, levy; collect and enforce Assessments as set forth in Article IV hereof.

E. Payment of Expenses and Taxes: The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, assessments and governmental charges levied or imposed upon, or which are or may become a lien against, the property of the Association.

F. Enforcement: The Association shall be responsible for the enforcement of the Project Documents. The Association shall maintain and operate the Common Area of the Project in accordance with all applicable municipal, state, and federal laws, statutes and ordinances, as the case may be. The Association shall also, as a separate and distinct responsibility, exert commercially reasonable efforts to endeavor to ensure that third parties (including Owners, their agents, employees, guests and invitees) utilize the Common Area in accordance with the Project Documents. The Association shall, when it becomes aware of any violation of the aforementioned regulations, endeavor to expeditiously correct such violations.

G. Inspection and Maintenance Guidelines: The Association shall adopt inspection and maintenance guidelines for the periodic inspection and maintenance of the Common Area improvements and landscaping and any other improvements outside the Common Area which the Association has the responsibility to maintain. The Board periodically and at least once every two years shall review and update the inspection and maintenance guidelines. The Board shall take all appropriate steps to implement and comply with the inspection and maintenance guidelines.

H. Preparation of Financial Documents: The Association shall cause the preparation of budgets and financial statements as required by Sections 12.1 and 12.2 of the Bylaws.

I. City Requirements: Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply:

The Association established herein shall manage and continuously maintain the "Common Area" as provided in Section 5.1(A), and shall not sell or transfer the Common Area or any part thereof, absent the prior written consent of the Planning Department of the City of Cathedral City or the City's successor-in-interest.

The Association shall have the right to assess the Owners of each individual parcel (i.e., Parcel) for the reasonable cost of maintaining such Common Area, and shall have the right to lien the property of any such Owner who defaults in the payment of a maintenance assessment. An assessment lien, once created, shall be prior to all other liens recorded subsequent to the notice of assessment or other document creating the assessment lien.

This Declaration shall not be terminated, "substantially" amended, or property deannexed therefrom absent the prior written consent of the Planning Director of the City of Cathedral City or the City's successor in interest. A proposed amendment shall be considered "substantial" if it affects the extent, usage, or maintenance of the Common Area or any reciprocal easement established pursuant to the Declaration.

In the event of any conflicts between this Declaration and the Articles of Incorporation, the Bylaws, or the Association Rules and Regulations, if any, this Declaration shall control.

J. Best Management Practices: The management and maintenance of the Common Area shall include the applicable best management practices (BMP's) to reduce storm water pollution:

Initial occupants, or tenants of this site shall receive educational materials on good housekeeping practices which contribute to the protection of storm water quality. These educational materials shall be provided by the City of Cathedral City and shall be distributed by the Association. These materials shall address good housekeeping practices associated with the site's land use or uses (e.g., good housekeeping practices for office, commercial, retail commercial, vehicle related commercial, or industrial land use). Employers at this site shall adapt these materials for training their employees in good housekeeping practices (BMP NI & N13).

Only pesticide applicators who are certified by the State of California as Qualified Applicators or who are directly supervised by a Qualified Applicator shall apply pesticides to Common Area landscaping. The applicator shall apply all pesticides in strict accordance with the pesticide application laws as stated in the California Food and Agricultural Code. Fertilizer shall be applied to Common Area landscaping in accordance with the manufacturer's recommendations. Application to hardscape surfaces shall be avoided (BMP N3).

The "catch basin(s)" located within the Common Area shall be inspected and, if necessary, cleaned by the Association no later than October 15" of each year. "ONLY RAIN IN THE DRAIN" and "NO DUMPING" stencils shall be repainted as necessary to maintain legibility (BMP N4 & S 12).

The “water quality inlet(s), oil/water separators) and trash racks)”, more particularly described on Exhibit “A” shall be inspected and, if necessary, cleaned by the Association no later than October 15” of each year (BMP S4 & S 13).

The Association shall keep the Common Area free of litter. Litter shall be removed from the Common Area, and litter receptacles shall be emptied at least once a month. Where improper disposal of trash has occurred, the Association shall take corrective action within forty-eight hours of discovery (BMP N5).

The street(s) and parking Parcel(s), more particularly described on Exhibit “C”, shall be swept by the Association at least once a year and shall be swept no later than October 15” of each year (BMP N6).

The Association shall keep loading docks in a clean and orderly condition through a regular program of sweeping, litter control, and the immediate cleanup of spills and broken containers. In accordance with the City of Cathedral City’s duly adopted rules Establishing Storm Water/Urban Runoff Management and Discharge Controls, illicit discharges and non-storm water discharges (e.g., wash water) from loading docks to storm drains shall not be allowed (BMP N 12).

The Association shall maintain an up-to-date list identifying the party or parties responsible for the implementation and maintenance of each of the BMP’s described herein. The list shall include the party’s name, organization, address, a phone number at which the party may be reached 24 hours a day, and a description of the party’s responsibility for implementation and maintenance of a particular BMP (BMP N14).

K. Method of Maintenance: The Declarant shall, prior to recordation of the final Parcel Map, file with the Department of Environmental Health, the method of maintenance and operation of the Common Area, including but not limited to the retention basin located on the Common Area, all Common Area private drainage easements and any recreational facilities, if any, within the Project.

5.2 Powers. In addition to the powers enumerated in this Declaration or the other Project Documents, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the following powers:

A. Utility Service. The Association shall have the authority (but not the obligation) to obtain, for the benefit of all of the Owners, all utilities and utility services including, without limitation, water, sewer, gas; electric service, refuse collection and cable access television.

B. Easements. Subject to Section 5.1(1) above, the Association shall have the right to grant easements under, in, upon, across, over, above or through any portion of the Common Area for reasonable purposes, as approved by the Board, which are beneficial to the Association or the Project or the development of same.

C. **Manager.** The Association may employ a manager and/or contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.

D. **Adoption of Rules.** The Board shall have the right to adopt, promulgate and enforce reasonable rules and regulations ("Rules"), not in conflict or inconsistent with this Declaration relating to the Project and all aspects thereof including, without limitation, the operation, maintenance, use and enjoyment of the Common Areas and individual Parcels. It is the intent of this section that the Board have broad discretion with respect to the Rules and that the Board's authority in this regard be construed liberally in order to effectuate the objectives of the Board with respect to the Rules. In general, the objectives of the Board should be to promote and enhance the Project, its attractiveness and economic viability, and provide for the orderly operation, maintenance, repair and upkeep of the Project, including procedures relating to the conduct of Association business. Written copies of such Rules and any schedule of fines and penalties adopted by the Board shall be furnished to Owners. Anything contained herein to the contrary notwithstanding, until ninety percent (90%) of the Parcels planned for the Project have been sold, the adoption or amendment of any Rules shall require the consent of Declarant. Adopted Rules shall be reasonable and not arbitrary or capricious, and fairly applied and enforced to ensure equal treatment of Owners and Members under similar circumstances.

E. **Access:** For the purpose of performing construction, maintenance or emergency repair for the benefit of the Common Area or the Owners in common and/or to perform maintenance work which the Parcel Owner has failed to perform as provided herein, the Association's agents and employees shall have the right, after reasonable notice (except in emergencies) to the Owner thereof, to enter any Parcel at reasonable hours. Such entry shall be made with as little inconvenience to the Owner as practicable and, except as otherwise provided herein, any damage caused thereby shall be repaired by the Board at the expense of the Association.

F. **Assessments, Liens, Penalties, and Fines:** The Association shall have the power to levy and collect Assessments in accordance with the provisions of Article IV hereof. The Association may impose fines or take disciplinary action against any Owner for failure to pay Assessments or for violation of any provision of the Project Documents and the unrecorded Rules adopted by the Board or the Association. Penalties may include but are not limited to fines, temporary suspension of voting rights, rights to the use of recreational facilities, if any, or other appropriate discipline, provided the Member is given notice and a hearing as provided in the Bylaws before the imposition of any fine or disciplinary action. The Board shall have the power to adopt a schedule of reasonable fines and penalties for violations of the terms of this Declaration, and for violations of any Rules adopted pursuant to section 5.2D. The penalties prescribed may include suspension of all rights and privileges of Membership; provided, however, that suspension for failure to pay Assessments shall be for a maximum period of thirty (30) days, renewable by the Board for an additional thirty (30) day period or periods until paid; and provided further that suspension for infraction of Rules or violation of this Declaration, other than for failure to pay Assessments, shall be limited to a maximum period of thirty (30) days per infraction or violation, and shall be imposed only after a hearing before the Board. The Board may extend said period for an additional period or periods in the case of a continuing infraction or violation, and no hearing need be held for such extension. Written copies of Rules and the

schedule of Penalties shall be furnished to Owners. The Board shall assess fines and penalties and shall enforce such Assessments as appropriate under applicable law.

G. Enforcement: The Association shall have the power to enforce the Project Documents.

H. Acquisition and Disposition of Property: The Association shall have the power to acquire (by gift, purchase or otherwise), own, hold, improve, operate and maintain real or personal property in connection with the affairs of the Association. The Board shall also have the power to convey, sell, lease, transfer or otherwise dispose of real or personal property in connection with the affairs of the Association; provided, however, the Board shall only have the power to convey any material portion of the Common Area with the vote or assent of a majority of the voting power of the Association and subject to section 5.1(1) above. The foregoing notwithstanding, the Board shall have the right to make reasonable lot line adjustments adjusting boundary lines between the Common Area and Commercial Parcels and to grant reasonable easements over, under, across and through portions of the Common Area to the extent that the Board determines that to do so would be appropriate and in the best interests of the Association.

I. Loans: The Association shall have the power to borrow money, and, with the vote or assent of a majority of the voting power of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property, as security for money borrowed or debts incurred.

J. Dedication: The Association shall have the power to dedicate, sell, transfer and/or grant easements with respect to all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be determined by the Board, subject to Section 5.1(1) above.

K. Contracts: The Association shall have the power to contract for goods and/or services for the Common Areas, facilities and interests or for the Association, subject to limitations set forth in the Project Documents.

L. Delegation: The Association, the Board, and the officers of the Association shall have the power to delegate their authority and powers to committees, officers, agents or employees of the Association, or to a manager employed by the Association, provided that the Board shall maintain ultimate oversight thereof and responsibility therefor.

M. Recreational Facilities: The Association shall have the authority to limit the number of an Owner's agents, employees, guests or invitees that may use recreational facilities within the Project, if any, provided that such limitations apply equally to all Owners, unless imposed for disciplinary reasons.

N. Appointment of Trustee: The Association, or the Board acting on behalf of the Association, has the power to appoint or designate a trustee to enforce Assessment liens by sale as provided in section 4.10 and California Civil Code §1367(b).

O. Litigation/Arbitration: The Association shall have the power to institute, defend, settle or intervene in litigation, arbitration, mediation or administrative proceedings in

matters pertaining to affairs of the Association; provided, however, anything in this Declaration or the other Project Documents to the contrary notwithstanding, the Association shall at all times comply with the intents, purposes and provisions of Civil Code Sections 1368.4 and 1375, without regard to the fact that the Project is a commercial/office rather than a residential development.

P. Other Powers: In addition to the powers contained herein, the Association may exercise the powers granted to a nonprofit mutual benefit corporation under California Corporations Code §7140.

ARTICLE VI ARCHITECTURAL CONTROL

6.1 Purpose of Architectural Controls. The purpose and intent of this Article is to empower the Association primarily to enhance, preserve and protect property values within the Project. The Board shall have ultimate responsibility, but may delegate that authority to an Architectural Control Committee.

6.2 Requirement for Approval of Plans. No building, fence, wall, pool, spa, obstruction, outside or exterior wiring, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, trellis, landscaping, structure or improvement of any kind shall be commenced, installed, erected, painted or maintained upon the Project, nor shall any alteration or improvement of any kind be made thereto, or to any Parcel, until the same has been approved in writing by the Board, or by an Architectural Control Committee appointed by the Board. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Board or to the Architectural Control Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with Declarant's original color scheme or a color scheme previously approved by the Committee or the Board, or to rebuild in accordance with Declarant's original plans and specifications or in accordance with plans and specifications previously approved by the Committee or by the Board. The Committee, or the Board, shall have the right to adopt and promulgate reasonable architectural rules and guidelines to implement the intents, purposes and provisions hereof, which, upon adoption, shall have the same force and effect as other Rules as provided herein.

In addition to the approval of the Board or the Architectural Control Committee, the construction or substantial alteration of any improvement upon the Project as described above shall also require the approval of Declarant until the later of (a) ninety percent (90%) of all the Parcels in the Project have been sold; or (b) five (5) years have elapsed since the closing of the sale of the first Parcel in the Project. Upon receipt of any plans and specifications as described above, the Board or the Architectural Control Committee, as the case may be, shall forward copies of such plans and specifications to the Declarant for review, in the exercise of its reasonable discretion. The Declarant shall have thirty (30) days after receipt of same to either approve or disapprove said plans and specifications in writing via a notice to the applicant and the Board. In the event that Declarant fails to either approve or disapprove such plans and specifications within said thirty day period, then Declarant's approval of same shall be deemed given.

6.3 Architectural Control Committee Membership. The Architectural Control Committee shall consist of three (3) Members. Declarant may appoint all of the original Members of the Committee and all replacements until ninety percent (90%) of all the Parcels in the Project have been sold. Members appointed to the Architectural Control Committee by the Declarant need not be Members of the Association. Members appointed to the Architectural Control Committee by the Board shall be from the Membership of the Association. A majority of the Architectural Control Committee may designate a representative to act for it. Neither the Members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant hereto. The Architectural Control Committee (or the Board) shall have the right, but not the obligation, to engage (on a case by case basis or otherwise) an independent architect or draftsman to assist the Committee (or the Board) in the review process, and to charge all costs reasonably incurred in connection therewith to the applicant for architectural approval.

6.4 Architectural Control Committee Action. In the event the Committee fails to approve or disapprove plans and specifications in writing within thirty (30) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with. Approval of plans by the Committee or the Board shall in no way make the Committee or its Members or the Board or its Members responsible for or liable for the improvements built after approval of the plans, and the Owner whose plans are approved shall defend, indemnify and hold the Committee and the Board, and the Members thereof, harmless from any and all liability arising out of such approval.

6.5 Landscaping. No landscaping or other physical improvements or additions shall be made to any Parcels until plans and specifications showing the nature, kind, shape, and location of the materials shall have been submitted to and approved in writing by the Architectural Control Committee, or the Board.

6.6 Initial Landscaping. Unless installed by Declarant, the first purchaser of each Parcel shall submit landscaping plans the purchaser's Parcel to the Architectural Control Committee within one hundred eighty (180) days after close of escrow and shall complete the installation of the landscaping within one (1) year after close of escrow or by such later date as the Committee may approve.

6.7 Solar Energy. The Architectural Control Committee may impose such restrictions on the installation of solar panels as are permitted by applicable state laws.

6.8 Governmental Approval. Before commencement of any alteration or improvements approved by the Architectural Control Committee, the Owner shall comply with all appropriate governmental laws and regulations, including, without limitation, any zoning ordinance then in effect with respect to such Owner's Parcel. Approval by the Committee does not satisfy the appropriate approvals that may be required by any governmental entity with appropriate jurisdiction.

6.9 Structural Integrity. Nothing shall be done in or on any Parcel or in or on the Common Area which will impair the structural integrity of any building or structure.

6.10 Appeals to Board. Any final decision of the Architectural Control Committee may be appealed in writing to the Board of Directors. Any such appeal must be submitted in writing to the Board within fifteen (15) days after the date the appealing Member receives notice of the final decision by the Architectural Control Committee. The written notice of the appeal shall specifically state the appealing member's grounds for appeal. The Board may adopt and promulgate Rules setting forth procedures and grounds for appeals. The decision of the Board with respect to all appeals shall be final and determinative. Decisions by the Board and/or Architectural Control Committee shall be reasonable and not arbitrary or capricious, and fairly applied and enforced to ensure equal treatment of Owners and Members under similar circumstances.

ARTICLE VII USE RESTRICTIONS

7.1 Use of Parcel. Parcels in the Project shall be used for purposes of constructing and maintaining commercial, industrial and/or office buildings and related appurtenances, and purposes reasonably incidental thereto, in compliance with the Project Documents. Use of Parcels shall at all times be in compliance with the conditions of approval of the Project by any governmental entity with jurisdiction. No Parcels within the Project shall be used for the operation of any adult bookstores, tattoo parlors, massage parlors, gentlemen's club or other adult business.

7.2 Nuisances. No noxious, illegal, or seriously offensive activities shall be carried on upon any Parcel, or in any part of the Project, nor shall anything be done thereon which may be or may become a serious annoyance or a nuisance to or which may in any way unreasonably interfere with the quiet enjoyment of any other Owner of his respective Parcel. In evaluating such issues, standards of governmental entities with jurisdiction, if any, shall be used as guidelines. Decisions shall be reasonable and not arbitrary or capricious, and fairly applied and enforced to ensure equal treatment of Owners and Members under similar circumstances.

7.3 Vehicle Restrictions. Vehicles may be operated, maintained, and/or located in the Project only in strict compliance with the Rules. In general, only normal and reasonable transportation and service vehicles shall be allowed. Inoperable, noisy, smoky, unregistered or unlicensed vehicles shall not be allowed, and vehicles may not be stored within the Project.

7.4 Parking Restrictions. Parking of vehicles shall be allowed only in compliance with the Rules.

7.5 Residential Activity Prohibited. No Parcel within the Project shall be used for residential or permanent habitation purposes.

7.6 Storage. No machinery, equipment or other personal property shall be placed or stored on the Common Area, except in compliance with the Rules.

7.7 Signs. Commercial advertising signs shall be allowed subject to the requirements of the City of Cathedral City and the Rules of the Association, and the provisions of applicable laws.

7.8 Animals. No animals, pets or insects of any kind shall be raised, bred, or kept on any Parcel or in the Common Area except to the extent, if any, allowed by the Rules. After making a reasonable attempt to notify the Owner; the Board may cause any pet found within the Common Area in violation of the Rules to be removed to a pound or animal shelter under the jurisdiction of the City of Cathedral City.

7.9 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Parcels, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition, and shall be screened from view of neighboring Parcels, Common Areas and streets. No toxic or hazardous materials shall be disposed of within the Project by dumping in the garbage containers or down the drains, or otherwise. All issues regarding collection, storage and distribution of garbage shall be subject to Rules adopted as provided herein.

7.10 Antennas. Antennas shall be authorized on Parcels for purposes of transmitting or receiving radio, video, television and related signals, to the extent allowed by Civil Code §1376 and the Rules.

7.11 Power Equipment Maintenance. No power equipment shall be stored or operated in the Project, except in compliance with the Rules.

7.12 Liability of Owners for Damage to Common Area. The Owner of each Parcel shall be liable to the Association for all damage to the Common Area improvements (including landscaping) caused by such Owner, his, her or its agents, employees, guests, invitees or pets, except for that portion of damage covered by insurance carried by the Association. The responsible Owner shall be charged with the cost of repairing such damage (including interest thereon) as described in section 5.1A.

7.13 Commonly Metered Utilities. The Board may establish restrictions regarding the individual use of any utility on a common meter, if any, and may impose reasonable charges for the individual use thereof.

7.14 Activities Causing Increase in Insurance Rates. Nothing shall be done or kept on any Parcel or in any improvements constructed thereon, or in the Common Area, which will materially increase or cause the cancellation of insurance on any Parcel or the Common Area, or which would be in violation of any law.

7.15 Temporary Structures. No structure; facility or appurtenance of a temporary character shall be placed upon any Parcel, except in accordance with the Rules.

7.16 Owner's Right and Obligation to Maintain and Repair. Each Owner shall, at his sole cost and expense maintain and repair his Parcel and all improvements and landscaping thereon, keeping the same in a neat, clean, safe, sanitary and attractive condition. In the event an Owner of any Parcel shall fail to so maintain his Parcel, the Association or its agents or employees may, after notice and a hearing as provided in the Project Documents, enter the Parcel and perform the necessary maintenance. The cost of such maintenance shall immediately be paid to the Association by the Owner of such Parcel, together With interest at the rate of twelve

percent (12%) per annum (but not to exceed the maximum interest rate authorized by law) from the date the cost was incurred by the Association until the date the cost is paid by the Owner.

**ARTICLE VIII
INSURANCE; DAMAGE OR DESTRUCTION; CONDEMNATION**

8.1 Insurance. The following shall apply with respect to insurance:

A. The Association shall obtain and maintain the following insurance:

(1) a hazard policy insuring all improvements, equipment, and fixtures owned by the Association, unless the Board determines, in its sole discretion, that such insurance is not necessary;

(2) a comprehensive general liability policy insuring the Association, its agents, the Owners and their respective family Members, against liability incident to the ownership or use of the Common Area or any other Association owned or maintained real or personal property (in occurrence version form if obtainable); the amount of general liability insurance which the Association shall carry at all times shall be not less than the minimum amounts required by California Civil Code §§1365.7 and 1365.9;

(3) workers' compensation insurance to the extent required by law (or such greater amount as the Board deems necessary); the Association shall obtain a Certificate of Insurance naming it as an additional insured in regard to workers' compensation claims from any independent contractor who performs any service for the Association, if the receipt of such a certificate is practicable;

(4) fidelity bonds or insurance covering officers, directors, and employees that have access to any Association funds;

(5) officers and directors liability insurance in the minimum amounts required by California Civil Code §§1365.7 and 1365.9;

(6) flood insurance if the Project is located in an area designated by an appropriate governmental agency as a special flood hazard area;

(7) earthquake insurance to the extent deemed appropriate by the Board, in its discretion, provided same is available at commercially reasonable rates, in the opinion of the Board;

(8) water damage coverage, to the extent deemed appropriate by the Board, in its discretion;

(9) liability for non-owned and hired automobiles; and

(10) such other insurance as the Board in its discretion considers necessary or advisable.

B. To the extent applicable, the Board may, in its discretion, consider including the following endorsements:

- (1) changes in building codes, and demolition coverage;
- (2) inflation guard coverage;
- (3) "agreed-amount" endorsement (to eliminate coinsurance problems);
- (4) replacement cost endorsement;
- (5) primary coverage endorsement.

C. Each Owner appoints the Association or any insurance trustee designated by the Association to act on behalf of the Owners in connection With all insurance matters arising from any insurance policy maintained by the Association, including without limitation, representing the Owners in any proceeding, negotiation, settlement or agreement. Any insurance maintained by the Association shall "waiver of subrogation" as to the Association and its officers, directors and Members, the Owners and occupants of the Parcels (including Declarant) and Mortgagees, and cross-liability and severability of interest coverage insuring each insured against liability to each other insured. The Association shall periodically (and not less than once every three years) review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly.

D. All individually owned insurance shall contain a waiver of subrogation as to the Association and its officers, directors and Members, the Owners and occupants of the Parcels and Mortgagees, and all Members are deemed to have waived subrogation rights as to the Association and/or other Members, whether or not their policies so provide.

E. Each Owner shall be responsible for obtaining, maintaining and paying for such insurance as the Owner may deem reasonably necessary with respect to fire, casualty and liability involving such Owner's Parcel. All such individually carried insurance shall contain a waiver of subrogation by the carrier as to the other Owners, the Association, Declarant, and the Mortgagees of such Parcel.

F. The Association shall make available to Members upon request copies of the Association's policies to enable Members to insure their Parcels without duplicating insurance carried by the Association.

G. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, it is unable to obtain the insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Assessment increase needed to fund the insurance premiums. In such event, the Board immediately shall notify each Member and any Mortgagee entitled to notice that the insurance will not be obtained or renewed.

H. Except to the limited extent, if any, otherwise provided in the Project Documents, the provisions of Civil Code Section 1365.7 relating to director and officer liability shall be fully applicable to the Association, the common interest development (Project) for which the Association is responsible, and Members of the Association, notwithstanding the fact that the Project is not an exclusively residential common interest development.

8.2 Damage or Destruction. The following shall apply with respect to damage or destruction of improvements in the Project:

A. If any improvements or landscaping on any Parcel are damaged or destroyed by fire or other casualty, the Owner of such Parcel may repair or reconstruct the improvement only in accordance with the plans and specifications approved by the Association or its representative as provided herein including but not limited to approval by the Architectural Control Committee. In the event that such an Owner elects not to rebuild any structures, said Owner shall be responsible for promptly removing from the Parcel any and all debris, including any portion of a structure which may remain standing after partial damage or destruction, and the Owner shall landscape the Parcel in the manner approved by the Architectural Control Committee and the Association. If such an Owner elects to rebuild the damaged or destroyed improvements, the Owner of such Parcel is responsible for the cost of all such reconstruction that is not covered by insurance or is within the deductible amount. If an Owner fails to pay the cost of required demolition or relandscaping, the Association may elect to pay for the uninsured portion of the cost and shall have the right to assess the Owner for the cost thereof and to enforce the Assessment as provided in this Declaration.

B. If Common Area improvements are damaged or destroyed by fire or other casualty, the improvements shall be repaired or reconstructed substantially in accordance with the original as-built plans and specifications, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction, and subject to such alterations or upgrades as may be approved by the Architectural Control Committee, unless either of the following occurs: (1) the cost of repair or reconstruction is more than fifty percent (50%) of the current replacement cost of all Common Area improvements, available insurance proceeds are not sufficient to pay for at least eighty-five percent (85%) of the cost of such repairs or reconstruction, and three-fourths (3/4) of the total voting power of the Association residing in Members and their First Lenders vote against such repair and reconstruction; or (2) available insurance proceeds are not sufficient to substantially repair or reconstruct the improvements within a reasonable time as determined by the Board, a special Assessment levied to supplement the insurance fails to receive the requisite approval (if such approval is required) as provided in section 4.4, and the Board, without the requirement of approval by the Owners, is unable to supplement the insurance by borrowing on behalf of the Association sufficient monies to enable the improvements to be substantially repaired or reconstructed within a reasonable time.

C. If the Common Area improvements are to be repaired or reconstructed and the cost for repair or reconstruction is in excess of twenty-five percent (25%) of the current replacement cost of all the Common Area improvements in the Project, the Board shall designate a construction consultant, a general contractor, and an architect for the repair or reconstruction. All insurance proceeds, Association monies allocated for the repair or reconstruction, and any

borrowings by the Association for the repair or reconstruction shall be deposited with a commercial lending institution experienced in the disbursement of construction loan funds (the "depository") as selected by the Board. Funds shall be disbursed in accordance with the normal construction loan practices of the depository that require as a minimum that the construction consultant, general contractor and architect certify within ten (10) days prior to any disbursement substantially the following:

(1) that all of the work completed as of the date of such request for disbursement has been done in compliance with the approved plans and specifications;

(2) that such disbursement request represents monies which either have been paid by or on behalf of the construction consultant, the general contractor or the architect and/or are justly due to contractors, subcontractors, material men, engineers, or other Persons (whose name and address shall be stated) who have rendered or furnished certain services or materials for the work" and giving a brief description of such services and materials and the principal subdivisions or categories thereof and the respective amounts paid or due to each of said Persons in respect thereof and stating the progress of the work up to the date of said certificate;

(3) that the sum then requested to be disbursed plus all sums previously disbursed does not exceed the cost of the work insofar as actually accomplished up to the date of such certificate;

(4) that no part of the cost of the services and materials described in the foregoing paragraph 8.2A(1) has been or is being made the basis for the disbursement of any funds in any previous or then pending application; and

(5) that the amount held by the depository, after payment of the amount requested in the pending disbursement request, will be sufficient to pay in full the costs necessary to complete the repair or reconstruction.

D. If the cost of repair or reconstruction is less than twenty-five percent (25%) of the current replacement cost of all the Common Area improvements in the Project, the Board shall disburse the available funds for the repair and reconstruction under such procedures as the Board deems appropriate under the circumstances.

E. The repair or reconstruction shall commence no later than ninety (90) days after the date of such damage or destruction and shall be completed no later than one hundred eighty (180) days after commencement of reconstruction, subject to delays that are beyond the control of the party responsible for making the repairs. Steps shall be taken as reasonably necessary to secure any hazardous condition and to screen any unsightly views resulting from the damage or destruction.

F. In the event the work required to maintain or to repair or restore damage or destruction involves work that is the responsibility of Owner and the Association, then all of such work shall be directed by the Board, with the expense to be allocated as appropriate between Owner and the Association. If more than one Owner is involved, the expense to be paid by each Owner shall be apportioned by the Board.

G. If the Association undertakes any work which this Declaration requires an Owner to undertake, or any work which, pursuant to this Declaration, the Association is required to undertake at the expense of the Owner, the Board shall assess the Parcel of the Owner for such work and shall so inform the Owner thereof in writing; provided, however, that the Assessment shall be reduced by the amount of any insurance proceeds paid to the Association as a result of damage to or destruction of the Parcel involved. Such Assessment shall be a lien upon the Parcel of the Owner and may be foreclosed, as set forth in section 4.10.

H. If the Common Area improvement is not repaired or reconstructed in accordance with the foregoing, all available insurance proceeds shall be disbursed among all Owners and their respective Mortgagees in the same proportion that the Owners are assessed, subject to the rights of the Owners' Mortgagees, after first applying the proceeds to the cost of mitigating hazardous conditions on the Project, making provision for the continuance of public liability insurance to protect the interests of the Owners until the property can be sold, and complying with all other applicable requirements of governmental agencies.

8.3 Condemnation. If all or any part of a Parcel (except the Common Area) is taken by eminent domain, the award shall be disbursed to the Owner of the Parcel, subject to the rights of the Owner's Mortgagees. If the taking renders the Parcel uninhabitable, the Owner shall be divested of any-further interest in the Project, including Membership in the Association, and the interest of the remaining Owners shall be adjusted accordingly. If all or any part of the Common Area is taken by eminent domain, the proceeds of condemnation shall be used to restore or replace: the portion of the Common Area affected by condemnation, if restoration or replacement is impossible, and any remaining funds, after payment of any and all fees and expenses incurred by the Association relating to such condemnation, shall be distributed among the Owners in the same proportion as such Owners are assessed, subject to the rights of Mortgagees. If necessary, the remaining portion of the Project shall be resurveyed to reflect such taking. The Association shall participate in the negotiation, and shall propose the method of division of the proceeds of condemnation, where Parcels are not valued separately by the condemning authority or by the court. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Area or part thereof.

ARTICLE IX GENERAL PROVISIONS

9.1 Enforcement. Subject to the provisions and requirements of this Article IX, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens; and charges now or hereafter imposed by the provisions of the Project. Documents, and in such action shall be entitled to recover reasonable attorneys' fees as are ordered by the Court. The Association has the right to record a Notice of Violation against the Parcel of an Owner who is not in compliance with the provisions of the Project Documents. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

9.2 **Invalidity of Any Provision.** Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this Project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

9.3 **Term.** The covenants and restrictions of this Declaration shall run with and bind the Project, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners of the Parcels, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions in whole or in part, or to terminate the same.

9.4 **Amendments.** Subject to the provisions of Section 5.1 (I) above, prior to close of escrow on the sale of the first Parcel in the Project, this Declaration may be amended by Declarant. After close of escrow on the sale of the first Parcel, this Declaration may be amended only by the vote or written assent of a majority of the voting power of the Association and subject to Section 5.1 (I) above. Any amendment shall be certified in a writing executed and acknowledged by the President or Vice President of the Association and recorded in the Recorder's Office of the County of Riverside. No amendment shall materially adversely affect the rights of the holder of any Mortgage of record prior to the recordation of such amendment.

9.5 **Rights of First Lenders.** No breach of any of the covenants, conditions and restrictions contained herein, nor the enforcement of any lien provisions herein, shall render invalid the lien of any First Mortgage (meaning a Mortgage with first priority over any other Mortgage) on any Lot made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through Foreclosure or trustee's sale, or otherwise. Notwithstanding any provision in this Declaration to the contrary, First Lenders shall have the following rights:

A. **Copies of Project Documents:** The Association shall make available to Owners and First Lenders, and to holders, insurers or guarantors of any First Mortgage, current copies of the Declaration, Bylaws, Articles or other Rules concerning the Project and the books, records and financial statements of the Association. "Available" means available for inspection and copying, upon request, during normal business hours or under other reasonable circumstances. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents

B. **Financial Statement:** Any holder, insurer or guarantor of a First Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year, free of charge to the party so requesting. Such statement shall be furnished within one hundred twenty (120) days of the end of the Association's fiscal year.

C. **Notice of Action:** Upon written request to the Association, identifying the name and address of the Eligible Mortgage Holder or Eligible Insurer or Guarantor, and the Lot number or address, such Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of: (1) any condemnation loss or any casualty loss which affects

a material portion of the Project or any Lot on which there is a First Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable; (2) any default in performance of obligations under the Project Documents or delinquency in the payment of Assessments or charges owed by an Owner of a Lot subject to a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, which remains incurred for a period of sixty (60) days; (3) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (4) any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in section 9.50. The Association shall discharge its obligation to notify Eligible Mortgage Holders or Eligible Insurers or Guarantors by sending written notices required herein to such parties, at the address given on the current request for notice, in the manner prescribed by section 9.9.

D. Consent to Action:

(1) Except as provided by statute or by other provision of the Project Documents in case of substantial destruction or condemnation of the Project, and further excepting any reallocation of interests in the Common Area(s) which might occur pursuant to any plan of expansion or phased development contained in the original Project Documents:

(a) the consent of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of Eligible Mortgage Holders holding Mortgages on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to Eligible Holder Mortgages, shall be required to terminate the legal status of the Project as a planned development project; provided, however, that if termination is for reasons other than substantial destruction or condemnation the agreement of Eligible Mortgage Holders representing at least sixty. seven percent (67%) of the votes of the Mortgaged Lot is required;

(b) the consent of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of Eligible Mortgage Holders holding Mortgages on Lots which have at least fifty-one percent (51%) of the votes of the Lots subject to Eligible Holder Mortgages, shall be required to add or amend any material provisions of the Project Documents which establish, provide for, govern or regulate, any of the following: (i) voting rights; (ii) increases in Assessments that raise the previously assessed amount by more than twenty percent (20%), Assessment liens, or the priority of Assessment liens; (iii) reductions in reserves for maintenance, repair, and replacement of Common Areas; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in the Common Areas, or rights to its use; (vi) convertibility of Lots into Common Areas or vice versa; (vii) expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project; (viii) hazard or fidelity insurance requirements; (ix) restoration or repair of the Project (after damage or partial condemnation,) in a manner other than that specified in the Project Documents; or (x) any provisions that expressly benefit Mortgage holders, insurers, or guarantors;

(c) except as otherwise specifically provided herein, the consent of Owners of Lots to which at least ninety-five percent (95%) of the votes in the Association are allocated and the approval of Eligible Mortgage Holders holding Mortgages on

Lots which have at least fifty-one percent (51%) of the votes of the Lots subject to Eligible Holder Mortgages, shall be required to add or amend any material provisions of the Project Documents which establish, provide for, govern or regulate, any of the following: (i) imposition of any restrictions on the leasing of Lots and (ii) imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;

(d) an Eligible Mortgage Holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days after the notice of the proposed addition or amendment shall be deemed to have approved such request, provided the notice has been delivered to the Mortgage holder by certified or registered mail, return receipt requested.

(2) Unless the holder(s) of at least two-thirds (2/3) of the First Mortgages (based upon one vote for each First Mortgage owned), or two-thirds (2/3) of the Owners (other than Declarant) of the individual Parcels in the Project have given their prior written approval, the Association and/or the Owners shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the Project, or abandon, partition, subdivide, encumber, sell or transfer the Common Area or property owned directly or indirectly, by the Association (the granting of easements for public utilities or for other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause) except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty, or in the case of a taking by condemnation or eminent domain; or

(b) change the method of determining the obligations, Assessments or dues or other charges which may be levied against an Owner; or

(c) by act or omission, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Parcels, the exterior maintenance of Parcels, the maintenance of the Common Area walks or fences and driveways, or the upkeep of landscaping in the Common Area; or

(d) fail to maintain fire and extended coverage uninsurable Association Common Area improvements on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs); or

(e) use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction of such Common Area property.

E. Right of First Refusal: The right of an Owner to sell, transfer, or otherwise convey his or her Parcel shall not be subject to any right of first refusal or similar restriction.

F. Reserves: Association dues or charges shall include an adequate reserve fund for maintenance, repairs, and replacement of those improvements which the Association is

obligated to maintain and that must be replaced on a periodic basis, and the Assessments therefor shall be payable in regular installments rather than by special Assessments.

G. Priority of Liens: Any First Lender who obtains title to a Parcel pursuant to the remedies provided in the Mortgage or Foreclosure of the Mortgage will not be liable for such Parcel's unpaid Assessments and fees, late charges, fines or interest levied in connection therewith which accrue prior to the acquisition of title to such Parcel by the Mortgagee (except for claims for a pro rata share of such Assessments or charges resulting from a pro rata reallocation of such Assessments or charges to all Project Parcels including the Mortgaged Parcel, and except for assessment liens recorded prior to the Mortgage).

H. Distribution of Insurance or Condemnation Proceeds: No Owner or any other party shall have priority over any rights of First Lenders pursuant to their Mortgages in the case of a distribution to Parcel Owners of insurance proceeds or condemnation awards for losses to or taking of Common Area property.

I. Payment of Taxes or Insurance by Lenders: First Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area property and First Lenders making such payment shall be owed immediate reimbursement therefor from the Association, provided that said lender(s) have given notice to the Association prior to the making of such payment(s) and the Association has failed to pay the same.

9.6 Limitation of Restrictions on Declarant. Declarant is undertaking the work of construction of a planned development and incidental improvements upon the Project. The completion of that work and the sale, rental, and other disposal of said Parcels is essential to the establishment of the Project as a planned development. In order that said work may be completed and said Project be established as a fully occupied and functional planned development as rapidly as possible, nothing in this Declaration shall be understood or construed to:

A. Prevent Declarant, its contractors, or subcontractors from doing on the Project or any Parcel, whatever is reasonably necessary or advisable in connection with the completion of said work; or

B. Prevent Declarant or its representatives from erecting, constructing and maintaining on the Project (except upon Parcels owned by others), such structures as may be reasonable and necessary for developing said Project as a planned development and disposing of the same by sale, lease or otherwise; or

C. Prevent Declarant from conducting on the Project (except upon Parcels owned by others) its business of completing said work and of establishing a plan of ownership and of disposing of said Project in Parcels by sale, lease or otherwise;

D. Prevent Declarant from maintaining or displaying such signs, pennants and flags(s) on the Project (except upon Parcels owned by others) as may be necessary for the sale, lease or disposition thereof; or

E. Subject Declarant to the architectural control provisions of Article VI for the construction of any improvement on the Project.

F. Declarant reserves and shall have the right and easement, both while Declarant is still the Owner of Parcels in the Project and thereafter, to enter upon the Project, and all portions thereof, for purposes of inspecting and correcting any alleged defect in the design or construction of improvements in the Project.

9.7 Termination of Any Responsibility of Declarant. In the event Declarant shall convey all of its rights, title and interest in and to the Project to any successor Person or entity, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such successor Person or entity shall be obligated to perform all such duties and obligations of the Declarant.

9.8 Owners' Compliance. With respect to compliance, the following shall apply:

A. Each Owner, his agents, employees, guests, invitees, tenants and occupants shall comply with the provisions of the Project Documents, and the decisions and resolutions of the Association or the Board, as lawfully amended from time to time. Failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action (1) to recover sums due, (2) for damages, (3) for injunctive relief, (4) for costs and attorneys fees, or (5) any combination of the foregoing.

B. In the event of a violation of the Project Documents, the Association may record a Notice of Violation against the Parcel of the non complying Owner. Upon recording a Notice of Violation, the Association shall have complete discretion in deciding whether, when and how to proceed with enforcement, and any delay after recording a Notice of Violation shall not give rise to a defense of waiver or estoppel in favor of a noncomplying Owner. The Association may take action to enforce compliance against a subsequent Owner who acquires a Parcel with a recorded Notice of Violation. The right of the Association to record a Notice of Violation shall be in addition to all other rights and remedies the Association may have at law or under the Project Documents.

C. All agreements, determinations and amendments lawfully made by the Association in accordance with the voting percentages established in this Declaration, or in the Articles or the Bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

9.9 Notice. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be (i) delivered personally, in which case notice shall be deemed to have been given upon delivery, (ii) delivered by United States registered or certified mail, return receipt requested and postage prepaid, in which case notice shall be deemed to have been given as of the third business day after mailing, (iii) delivered by a reputable and nationally recognized overnight courier, in which case notice shall be deemed to have been given upon delivery, or (iv) transmitted telephonically via facsimile, in which case notice shall be deemed to have been given upon receipt by the sender of certification of transmission.

9.10 Number; Gender. The singular and plural number and the masculine, feminine and neuter gender shall each include the other where the context requires.

9.11 Captions. The captions and headings herein are for convenience only and shall not be used to limit or expand the terms or provisions hereof.

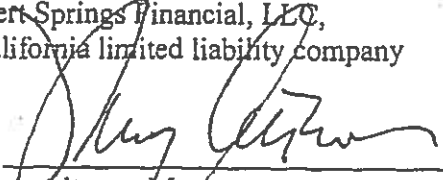
9.12 Exhibits. All Exhibits attached hereto are deemed incorporated herein by reference as though set forth in full.

9.13 Attorneys' Fees. In the event of any arbitration or litigation regarding this Declaration, or the breach or performance of the terms and provisions of it, the prevailing party shall be entitled reasonable costs and attorneys' fees incurred in connection therewith.

IN WITNESS WHERE OF, the undersigned, being the Declarant herein, has executed this Declaration this 10th day of February, 2005.

DECLARANT:

Desert Springs Financial, LLC,
a California limited liability company

By: 
Murray Altman, Manager

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)

COUNTY OF RIVERSIDE)

)
) SS.
)

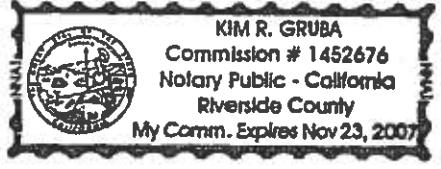
On February 10, 2005, before me,

Kim Gruba, Notary Public
Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Murray Altman

Name of Signer(s)

~~" personally known to me -~~ OR -proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

Kim Gruba
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER		DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> Individual <input type="checkbox"/> Corporate Officer	_____ Title(s)	<u>Quitclaim Deed</u> Title or Type of Document
<input type="checkbox"/> Partner(s) <input type="checkbox"/> Attorney-In-Fact <input type="checkbox"/> Trustee(s) <input type="checkbox"/> Guardian/Conservator <input type="checkbox"/> Other: _____	<input type="checkbox"/> Limited <input type="checkbox"/> General	<u>2</u> Number Of Pages
Signer is representing: Name Of Person(s) Or Entity(ies) _____ _____		_____ Date Of Document
		_____ Signer(s) Other Than Named Above

EXHIBIT "A"

LEGAL DESCRIPTION

Real property in the City of Cathedral City, County of Riverside, State of California,
described as follows:

PARCEL MAP NO. 30704, BEING A DIVISION OF THE FOLLOWING:

THE NORTHERLY 50 ACRES OF THE WESTERLY 100 ACRES OF SECTION 21,
TOWNSHIP 4 SOUTH, RANGE 5 EAST, SAN BERNARDINO BASE AND MERIDIAN,
ACCORDING TO THE OFFICIAL PLAT THEREOF;

EXCEPTING THEREFROM THE EASTERLY 484 FEET, SAID 484 FEET BEING
MEASURED ALONG THE NORTHERLY LINE OF SAID SECTION;

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE
COACHELLA VALLEY COUNTY WATER DISTRICT BY DEED RECORDED MARCH
23, 1961 AS INSTRUMENT NO. 24681 OF OFFICIAL RECORDS OF RIVERSIDE
COUNTY, CALIFORNIA;

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE
COUNTY OF RIVERSIDE BY DOCUMENT RECORDED OCTOBER 20, 1980 AS
INSTRUMENT NO. 194175 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY,
CALIFORNIA;

ALSO EXCEPTING ALL URANIUM, THORIUM AND OTHER FISSIONABLE
MATERIALS, ALL OIL, GAS PETROLEUM, ASPHALTUM, AND OTHER
HYDROCARBON SUBSTANCES AND OTHER MINERALS AND MINERAL ORES OF
EVERY KIND AND CHARACTER, WHETHER SIMILAR TO THOSE HEREIN
SPECIFIED OR NOT, WITHIN OR UNDERLYING OR WHICH MAY BE PRODUCED
FROM THE HEREINBEFORE DESCRIBED LAND, TOGETHER WITH THE RIGHT TO
USE THAT PORTION ONLY OF SAID LAND WHICH UNDERLIES A PLANE
PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF SAID LAND,
FOR THE PURPOSE OF PROSPECTING OR DEVELOPING AND/OR EXTRACTING
SAID GAS, PETROLEUM, ASPHALTUM AND OTHER MINERAL OR
HYDROCARBON SUBSTANCES FROM SAID LAND, IT BEING EXPRESSLY
UNDERSTOOD AND AGREED THAT SAID SOUTHERN CALIFORNIA EDISON
COMPANY, A CORPORATION, ITS SUCCESSORS AND ASSIGNS, SHALL HAVE NO
RIGHT TO ENTER UPON THE SURFACE OF SAID REAL PROPERTY, OR TO USE
SAID REAL PROPERTY OR ANY PORTION THEREOF SAID DEPTH OF 500 FEET,
FOR ANY PURPOSE WHATSOEVER, AS RESERVED UNTO SOUTHERN
CALIFORNIA EDISON COMPANY, A CORPORATION, ITS SUCCESSORS AND
ASSIGNS IN THE DEED RECORDED FEBRUARY 27, 1979 AS INSTRUMENT NO.
38918 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

EXHIBIT "B"

ATTACH PARCEL MAP 30704.

SHEET 3 OF 4 SHEETS

IN THE CITY OF CATHEDRAL CITY,
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
PARCEL MAP NO. 30704
 BEING A SUBDIVISION OF A PORTION OF WEST 1/2 OF THE
 NORTHWEST 1/4 OF SECTION 21, T4S, 6E, S8M
 SANBORN A/E INC. OCTOBER 2003



NO. COVERED FLASH FOR RS
 307, 311 IN LEFT OF 1/2" BARS
 307, 311 IN LEFT OF 1/2" BARS
 15.547 PER PER PLAN OF REC. 21
 ACCEPTED AS NW CORN. OF SEC. 21

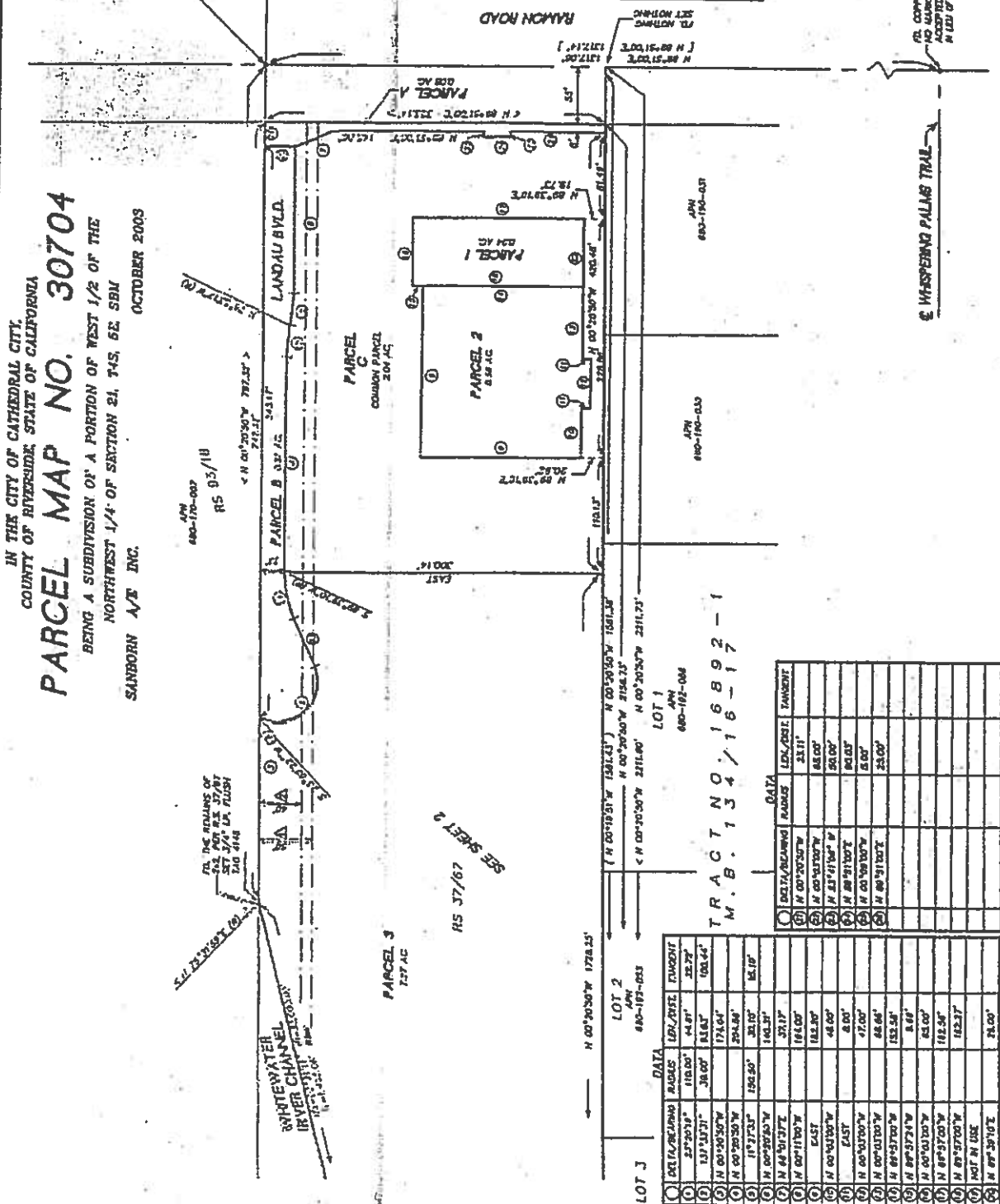
RELEVANT NOTES
 (1) DONOTES RECORD DATA FOR
 M.B. 154/18-17
 <-> DONOTES RECORD DATA FOR
 R.S. 37/167
 (2) DONOTES RECORD DATA FOR
 U.B. 21/50-31

THIS PARCEL MAP CONTAINS 10,378 CROSS ACRES
 WHEN THE DISTRINGUISH BOUNDARY
 SET 3/4" TO 1/2" FLASH TAPPED L.S. 4148 AT ALL LOT
 CORNERS EXCEPT LOT CORNERS THAT ADJUT A STREET
 IN THE MIDDLE OF THE CORNER OF THE CORNER BY A LEAS
 AND TACK TAPPED L.S. 4148 ON THE SEEDLINGS PRODUCED
 BY THE LANDLORD UNLESS OTHERWISE NOTED
 AND TACK'S THAT ADJUT A STREET TAPPED UNLESS OTHERWISE NOTED

BASES OF BEARINGS
 SET BY THE U.S. G.S. 1/3 OF
 SECTION 21, P. 154 FOR L.S. 154/18-17
 BEING N 00°20'30"W
 AN ELEMENT IN FAVOR OF SOUTHERN CALIFORNIA Edison
 CO. AS INSTRUMENT NO. 14824, O.G.
 AN ELEMENT IN FAVOR OF SOUTHERN CALIFORNIA Edison
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 AN ELEMENT IN FAVOR OF SOUTHERN CALIFORNIA Edison
 CO. AS INSTRUMENT NO. 14824, O.G.



NO. COVERED ON 01"
 NO. WARRER NO. 107
 ACCEPTED AS S INTERSECTION
 P. 154 OF P. 154 FOR REC. 21



TRACT NO. 16892-1
 M.B. 134/16-17

DATA	BEARINGS	DISTANCE	AREA	REMARKS
(1)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(2)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(3)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(4)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(5)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(6)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(7)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(8)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(9)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(10)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(11)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(12)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(13)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(14)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(15)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(16)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(17)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(18)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(19)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(20)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(21)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(22)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(23)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(24)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(25)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(26)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(27)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(28)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(29)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(30)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(31)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(32)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(33)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(34)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(35)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(36)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(37)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(38)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(39)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(40)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(41)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(42)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(43)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(44)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(45)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(46)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(47)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(48)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(49)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(50)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(51)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(52)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(53)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(54)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(55)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(56)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(57)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(58)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(59)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(60)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(61)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(62)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(63)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(64)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(65)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(66)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(67)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(68)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(69)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(70)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(71)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(72)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(73)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(74)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(75)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(76)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(77)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(78)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(79)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(80)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(81)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(82)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(83)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(84)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(85)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(86)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(87)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(88)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(89)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(90)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(91)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(92)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(93)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(94)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(95)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(96)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(97)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(98)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(99)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3
(100)	N 00°20'30"W	178.25'	1.27 AC	PARCEL 3

S.E. 07-95

EXHIBIT "C"

PARCELS A, B AND C OF PARCEL MAP 30704

(Parcels A and B will be dedicated to the City of Cathedral City and upon acceptance by the City the Association shall be responsible for the care and maintenance of the landscaped and parkway areas only on said Parcels A and B.)