

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	Case No. 16-16247-MER
LBH NATIONAL CORPORATION	)	
EIN: 46-4574404	)	Chapter 11
	)	
Debtor.	)	

**MOTION TO SELL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, AND ENCUMBRANCES PURSUANT TO 11 U.S.C. § 363**

The Debtor, LBH National Corporation (“Debtor”), by and through its attorneys, Kutner Brinen, P.C., moves this Court for entry of an Order authorizing the Debtor to sell certain of its property free and clear of all liens, claims, and encumbrances pursuant to 11 U.S.C. § 363, and in support thereof states as follows:

**I. BACKGROUND**

1. The Debtor filed its voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code on June 23, 2016 and the Debtor remains a debtor in possession.

2. The Debtor’s business consists of the ownership and operation of a real estate brokerage firm operating primarily in Southern California.

3. The Debtor currently operates under the business name of Shorewood Realtors. However, pre-petition the Debtor operated as a franchise of ERA Franchise Systems, LLC (“ERA”). On the Petition Date, the Debtor employed approximately 258 real estate sales agents as independent contractors. The Debtor’s agents are engaged in buying and selling high-end residential real estate in Southern California. Since the Petition Date the Debtor has lost a number of sales agents

4. ERA is the principal secured lender in this case holding a asserting a claim in excess of \$6 million. ERA holds a lien to secure its claim encumbering all of the Debtor’s assets, leases, and contracts. ERA has consented to the Debtor’s use of cash collateral in which it holds an interest on a limited basis to enable the Debtor to sell its business.

5. The Debtor has decided to sell the bulk of its California business operations in light of the financial difficulties it has been operating under prior to and during this case.

6. A purchaser for the Debtor’s business has been located. The proposed purchaser is Vista Realty, Inc. (“Vista”). Vista has provided the Debtor with a letter of intent and has now

provided and the parties have negotiated an Asset Purchase Agreement (“APA”). The APA is attached hereto as Exhibit A.

7. The APA provides for the sale of certain of the Debtor’s offices and the assignment of their corresponding leases. In addition, certain personal property, leases, and contracts including but not limited to listing agreements, sales agent independent contractor agreements and pending sale contracts will be sold. A full list of the assets to be sold is set forth in the APA.

8. Pursuant to the APA, the Debtor will convey all assets to be sold to Vista for a total price of \$250,000, plus certain added amounts that are needed to cure the arrearages on any leases and contracts that Vista would like to purchase (the “Purchase Price”). The \$250,000 will be in the form of a promissory note secured by a lien encumbering all of the assets that Vista acquires from the Debtor. The amounts necessary to cure any assumed and assigned leases and contracts will also have to be paid by Vista.

9. ERA has consented to the sale of the assets to Vista. ERA has agreed to release its lien encumbering the assets being sold to Vista in exchange for the Debtor’s assignment to ERA of the \$250,000 promissory note and security agreement.

10. ERA is consenting to the sale of its collateral for the Purchase Price and will release its lien in exchange for the promissory note. The Debtor therefore requests authorization to sell certain of the Debtor’s property to Vista free and clear of all liens, claims, and encumbrances pursuant to 11 U.S.C. § 363.

11. The Debtor does not have sufficient funds to maintain the leases and operations being acquired by Vista and if the sale is not closed soon, the value of the assets will be lost to the Debtor and the estate. The leases that are not being acquired by Vista will be rejected.

## **II. Relief Requested**

12. The Bankruptcy Court’s power to authorize a sale under section 363(b) is to be exercised at the Court’s discretion. *In re WPRV-TV, Inc.*, 983 F.2d 336, 340 (1st Cir. 1993); *New Haven Radio, Inc. v. Meister (In re Martin-Trigona)*, 760 F.2d 1334, 1346 (2d Cir. 1985); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1069 (2d Cir. 1983).

13. “In order to approve a sale of substantially all the Debtor’s assets outside the ordinary course of business, the following elements must be met. The Debtor must show (1) that a sound business reason exists for the sale; (2) there has been adequate and reasonable notice to interested parties, including full disclosure of the sale terms and the Debtor’s relationship with the buyer; (3)

that the sale price is fair and reasonable; and (4) that the proposed buyer is proceeding in good faith.” *In re Med. Software Solutions*, 286 B.R. 431, 439-440 (Bankr. D. Utah 2002).

14. A sound business reason exists for the sale of substantially all of the Debtor’s assets. The sale of the Debtor’s assets will maximize the recovery of the secured creditor with a lien on the assets, ERA. The failure to sell the assets will cause their value to be lost since the Debtor will be unable to operate with the assets, retain sales agents, and pay leases.

15. There has been adequate and reasonable notice to interested parties. Additionally, notice is being provided to all creditors in accordance with Fed.R.Bankr.P. 2002 and L.B.R. 2002-1.

16. The Purchase Price is fair and reasonable. The Debtor believes that the value of the brokerage in California has declined since the case was filed. The Debtor has lost a number of high producing sales agents since the case was filed and has suffered from adverse publicity concerning the brokerage. The sale will also preserve jobs and provide the sales agents with an office to associate in order to continue to provide services.

17. Vista is proceeding in good faith. While the Bankruptcy Code does not define “good faith,” courts have held that for purposes of section 363(m), a “good faith purchaser” is one who buys “in good faith” and “for value” and that lack of good faith is shown by fraud, collusion, or an attempt to take grossly unfair advantage of other bidders. *In re Abbots Diaries of PA.*, 788 F.2d 143, 147 (3d Cir. Pa. 1986); *In re Tempo Technology Corp.*, 202 B.R. 363, 367 (D. Del. 1996).

18. The sale is the product of arm’s length negotiations between the Debtor and Vista. Vista is a neutral third party buyer with no prior connection to the Debtor or its management. The sale to Vista is in good faith and for fair market value.

19. The Debtor requests that the sale of assets to Vista be free and clear of all liens, claims, and encumbrances. Pursuant to 11 U.S.C. § 363(f), the debtor may sell property “free and clear of any interest in such property of an entity other than the estate, only if – . . . (2) such entity consents”.

20. ERA has consented to the sale to Vista free and clear of any liens, claims, and encumbrances and the sale is appropriate pursuant to 11 U.S.C. § 363(f)(2).

21. The sale of substantially all of the Debtor’s operating assets is in the best interests of the Debtor, its estate, and its creditors. Sale of the Debtor’s assets will provide for satisfaction of a portion of the ERA claim and will provide the Debtor’s sales agents and certain employees with a job at a high end brokerage firm.

22. The Debtor further requests suspension of the operation of the fourteen (14) day stay under Fed.R.Bankr.P. 6004(h). The APA provides for closing within two (2) days of the satisfaction or waiver of all conditions to the obligations of the parties to consummate such transactions or as otherwise agreed. Closing within two (2) days of satisfaction of such conditions is important because the Debtor cannot afford to maintain its agents and continue operations for two additional weeks following approval of the APA.

WHEREFORE the Debtor prays that the Court enter an Order authorizing the Debtor to sell certain of its assets pursuant to the APA, suspending of the fourteen (14) day stay of the sale, and for such further and additional relief as to the Court may appear proper.

DATED: August 5, 2016

Respectfully submitted,

By: /s/ Lee M. Kutner  
Lee M. Kutner, #10966  
**KUTNER BRINEN, P.C.**  
1660 Lincoln Street, Suite 1850  
Denver, Colorado 80264  
Telephone: (303) 832-2400  
Telecopy: (303) 832-1510  
E-Mail: lmk@kutnerlaw.com

### CERTIFICATE OF SERVICE

The undersigned certifies that on August 5, 2016, I served by prepaid first class mail a copy of the foregoing **MOTION TO SELL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, AND ENCUMBRANCES PURSUANT TO 11 U.S.C. SECTION 363 AND NOTICE OF MOTION TO SELL PROPERTY FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES PURSUANT TO 11 U.S.C. SECTION 363** on all parties against whom relief is sought and those otherwise entitled to service pursuant to the FED. R. BANKR. P. and these L.B.R. at the following addresses:

Shorewood Realtors  
201 Columbine Street  
Suite 300  
Denver, CO 80206

Arnold Goldstein  
Lawrence Wolf  
1050 Duncan Avenue  
Suite E  
Manhattan Beach, CA 90266

Vista Realty, Inc.  
ATTN: Rich Edler, President  
608 Silver Spur Road  
Suite 250  
Rolling Hills Estates, CA 90274

Stevens-Baker, LLC  
c/o Rob Saehmann  
1120 Loma Drive  
Hermosa Beach, CA 90254

John D. Whitcombe, Esq.  
Greenberg, Whitcombe, Takeuchi,  
Gibson and Grayver, LLP  
21515 Hawthorne Blvd.  
Suite 450  
Torrance, CA 90503


ERA Franchise Systems, LLC  
175 Park Avenue  
Madison, NJ 07940-1123

Paul V. Moss, Esq.  
United States Trustee's Office  
1961 Stout Street  
Suite 12-200  
Denver, CO 80294

Daniel M. Eliades, Esq.  
LeClair Ryan, P.C.  
One Riverfront Plaza  
1037 Raymond Boulevard  
16<sup>th</sup> Floor  
Newark, New Jersey 07102

John F. Young, Esq.  
Donald D. Allen, Esq.  
Markus Williams Young & Zimmerman,  
LLC  
1700 Lincoln Street, Suite 4550  
Denver, CO 80203

Duncan E. Barber, Esq.  
Shapiro Biegling Barber Otteson, LLP  
4582 South Ulster Street Parkway  
Suite 1650  
Denver, CO 80237

  
Vicky Martina

**ASSET PURCHASE AGREEMENT**

**Dated as of August 4, 2016,**

**By and between**

**VISTA REALTY, INC., a California corporation, as Buyer**

**and**

**LBH NATIONAL CORPORATION, a California corporation, as Seller**

**EXHIBIT A**

**ASSET PURCHASE AGREEMENT**

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of August 4, 2016, by and between VISTA REALTY, INC., a California corporation ("Buyer"), and LBH NATIONAL CORPORATION, a California corporation ("Seller").

This Agreement is entered into with respect to the following facts:

A. Seller is engaged in the real estate brokerage business (the "Business"), doing business under the name "Shorewood Realtors" at, among other locations, (i) 3300 Highland Avenue, Manhattan Beach, California 90266, (ii) 916 Manhattan Avenue, Manhattan Beach, California 90266, (iii) 2141 Rosecrans Avenue, Suite 1160, El Segundo, California 90245, and (iv) 1009 Torrance Avenue, Redondo Beach, California 90277 (each an "Office," and collectively, the "Offices").

B. On June 23, 2016, Seller filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") in a case entitled In re LBH National Corporation, Case No. 16-16247-MER (the "Bankruptcy Case"). The Bankruptcy Case is pending in the United States Bankruptcy Court for the District of Colorado (the "Bankruptcy Case").

C. Buyer is also engaged in the real estate brokerage business, doing business under the name "Vista Sotheby's International Realty."

D. Subject to the Bankruptcy Court's approval, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, selected assets of Seller used in the Business.

E. Seller desires to assign to Buyer, and Buyer desires to assume from Seller, certain obligations of Seller incurred in connection with the Business.

NOW THEREFORE, in consideration of the mutual representations, warranties, and covenants contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Sale of Assets and Assumption of Liabilities**

(a) Transfer of the Assets. Upon the terms of this Agreement, Seller agrees to sell, transfer, and deliver to Buyer, and Buyer agrees to purchase from Seller, all of Seller's right, title, and interest in and to the following assets of Seller used in or related to the operation of the Business (the "Assets"):

(i) all of Seller's rights under the real property leases relating to the Offices, including the security deposits relating thereto, copies of which are attached hereto as **Schedule 1(a)(i)** (the "Leases");

(ii) all furniture, fixtures, leasehold improvements, and equipment listed on **Schedule 1(a)(ii)** attached hereto (“Fixed Assets”);

(iii) all of Seller’s rights under the equipment leases listed on **Schedule 1(a)(iii)** attached hereto (the “Equipment Leases”), including any security deposits relating thereto;

(iv) all of Seller’s rights under open real estate listing contracts between Seller and owners of real property, a list of which is set forth on **Schedule 1(a)(iv)** attached hereto (“Listings”);

(v) all of Seller’s rights under real estate listing contracts that pertain to pending real estate sales and closings to be consummated subsequent to the Closing (as defined herein), a list of which is set forth on **Schedule 1(a)(v)** attached hereto (“Pendings”); and

(vi) copies of all contracts, books, records, and other documents and information relating to the Assets.

(b) Assumption of Liabilities. Buyer agrees to assume the liabilities and obligations of Seller under the Leases, Equipment Leases, Listings, and Pendings, in each case solely to the extent that such (i) such liabilities or obligations have accrued or will accrue prior to the Closing, and have been approved by Buyer in writing within two (2) business days following the disclosure of the exact amounts to Buyer in writing, or (ii) such liabilities or obligations will accrue, and will relate to matters arising, on or after the Closing (the “Assumed Liabilities”). In the event that Buyer does not approve any liability or obligation described in subsection (b)(i) with respect to an Asset, such Asset shall no longer be subject to this Agreement. It is expressly understood and agreed that, except for the Assumed Liabilities, and except as otherwise specifically provided for herein, Buyer is not assuming and shall not become liable or be deemed to be liable for any liabilities, obligations, contracts, or commitments of Seller, or otherwise related to the Business or the Assets, whether they accrue prior to or after the Closing and whether a claim is made against Buyer under contract, law, or otherwise.

## **2. Bankruptcy Court Approval; The Closing; Purchase Price; Payment**

(a) Bankruptcy Court Approval. The parties are entering into this Agreement with the express understanding that it is subject to approval by the Bankruptcy Court and to all applicable provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure. Promptly following the execution of this Agreement, Seller shall file a motion with the Bankruptcy Court (the “Sale Motion”) seeking authority to consummate the transactions contemplated hereunder, including authority to convey and assign the Assets to Buyer and to permit the assumption of the Assumed Liabilities by Buyer. In conjunction with the Sale Motion, ERA Franchise Systems, LLC, shall file a declaration consenting to the transactions set forth herein, and consenting to the release of its security interest in the Assets at the Closing in exchange for assignment of the Note and the Security Agreement (as defined below) to ERA Franchise Systems, LLC or its designee (collectively, “ERA”).



(b) The Closing. The closing of the transactions contemplated hereunder (the “Closing”) shall take place via an electronic exchange of documents, which exchange shall be deemed to occur at the offices of Greenberg, Whitcombe, Takeuchi, Gibson & Grayver, LLP, located at 21515 Hawthorne Boulevard, Suite 450, Torrance, California 90503, commencing at 9:00 a.m. local time on the second business day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate such transactions, or such other date as Buyer and Seller may mutually determine (the “Closing Date”).

(c) Purchase Price; Payment at Closing. The total purchase price for the Assets (the “Purchase Price”) shall be Two Hundred Fifty Thousand Dollars (\$250,000.00). At the Closing, Buyer shall deliver a promissory note in the amount of the Purchase Price to Seller in the form attached hereto as **Schedule 2(c)(i)** (the “Note”), which Note shall then be immediately assigned to ERA as permitted by the terms of such Note. Buyer’s payment and performance under the Note shall be secured by the terms of a security agreement which Buyer shall deliver to Seller in the form attached hereto as **Schedule 2(c)(ii)** (the “Security Agreement”), which shall also be immediately assigned to ERA. In addition, immediately following the Closing, Buyer shall pay, to the respective creditors, the total amount of the Assumed Liabilities that have accrued and are due and payable as of the Closing.

### 3. Conditions to Closing

(a) Buyer Conditions to Closing. The obligations of Buyer under this Agreement are subject, at its option, to the satisfaction at or prior to the Closing of each of the following conditions:

(i) Accuracy of Representations and Warranties. The representations and warranties of Seller contained in this Agreement or in any certificate or document delivered pursuant hereto shall be true and correct in all respects on and as of the Closing Date as though made at and as of that date.

(ii) Compliance with Covenants. Seller shall have performed and complied in all respects with all terms, agreements, covenants, and conditions of this Agreement to be performed or complied with by it at or prior to the Closing Date.

(iii) No Legal Actions or Proceedings. No legal action or proceeding shall have been instituted or threatened seeking to restrain, prohibit, invalidate, or otherwise affect the consummation of the transactions contemplated hereby.

(iv) No Material Adverse Change. Between the date hereof and the Closing Date, there shall have been no material adverse change in the Assets.

(v) Leases. Seller shall have delivered to Buyer assignments and/or other requested documentation concerning the Leases, executed in favor of Buyer, in each case in form and substance satisfactory to Buyer.

(vi) Bills of Sale and Assignments. Seller shall have executed and delivered to Buyer appropriate bills of sale and assignments for purposes of conveying the Assets to Buyer.

(vii) Consents and Terminations. Seller shall have delivered to Buyer all consents and terminations necessary or desirable to effect the transactions contemplated hereby, executed by the appropriate parties in each case in form and substance satisfactory to Buyer.

(viii) Seller Approval. Seller shall have delivered to Buyer an Action by Unanimous Written Consent of Seller's Board of Directors authorizing and approving the transactions contemplated hereby.

(ix) Bankruptcy Court Approval. The Bankruptcy Court shall have approved the Sale Motion.

(x) Other Documents. Seller shall have executed and delivered to Buyer such other documents and agreements as reasonably requested by Buyer.

(b) Seller Conditions to Closing. The obligations of Seller under this Agreement are subject, at its option, to the satisfaction at or prior to the Closing Date of each of the following conditions:

(i) Accuracy of Representations and Warranties. The representations and warranties of Buyer contained in the Agreement or in any certificate or document delivered pursuant hereto shall be true and correct in all material respects on and as of the Closing Date as though made at and as of that date.

(ii) Compliance with Covenants. Buyer shall have performed and complied in all material respects with all terms, agreements, covenants and conditions of this Agreement to be performed or complied with by Buyer at or prior to the Closing Date.

(iii) No Legal Actions or Proceedings. No legal action or proceeding shall have been instituted or threatened seeking to restrain, prohibit, invalidate, or otherwise affect the consummation of the transactions contemplated hereby.

(iv) Instrument of Assumption. Buyer shall have executed and delivered to Seller appropriate written instruments for purposes of assuming the Assumed Liabilities.

(v) Bankruptcy Court Approval. The Bankruptcy Court shall have approved the Sale Motion.

**4. Representations and Warranties of Seller**

Seller represents and warrants to Buyer that:

(a) Organization of Seller. Seller is a corporation duly organized, validly existing, qualified to do business, and in good standing under the laws of the State of California, and has full power to carry on the Business as now being conducted.

(b) Corporate Power. Seller has: (i) all requisite corporate power and authority to own or lease its property and carry on the Business as now conducted, and to execute and deliver

this Agreement and to consummate the transactions contemplated hereby, including transfer of legal title to the Assets to Buyer; (ii) obtained all licenses, permits or other authorizations and has taken all actions required by applicable law or governmental regulations in connection with the Business as now conducted; (iii) conducted the Business in compliance with all applicable laws and regulations; and (iv) taken (or will take prior to Closing) all necessary action to consummate the transactions contemplated by this Agreement.

(c) No Violation; Enforceability. The execution of this Agreement by Seller and the consummation of the transactions contemplated hereby and the performance by Seller of this Agreement will not require the consent or approval of any governmental authority or agency other than the Bankruptcy Court or constitute a violation by Seller of any law, rule, regulation, or order of any governmental authority or agency, or any judicial order to which Seller is subject, and does not violate the articles of incorporation or bylaws of Seller. This Agreement has been duly and validly executed and delivered by Seller and, assuming due execution and delivery by Buyer, is a valid and binding obligation of Seller enforceable against it in accordance with its terms.

(d) The Assets.

(i) **Schedules 1(a)(i) through 1(a)(v)** attached hereto contain a complete and accurate list of all of the Assets. Seller has, and is transferring to Buyer, good and marketable title to all of the Assets, free and clear of all liens, pledges, charges, encumbrances, claims, easements, security interests, covenants, options, preemptive rights, or rights of first refusal or restrictions of any kind.

(ii) The Fixed Assets are in good physical condition and fit for their intended use.

(iii) Seller holds a valid leasehold interest in each of the Leases. Seller enjoys peaceful and undisturbed possession under each of the Leases.

(iv) Seller holds a valid leasehold interest in each Equipment Lease. All of the equipment under the Equipment Leases is in good physical condition and fit for its intended use.

(v) The contracts representing the Listings and Pendencies confer upon Seller and its assigns, including Buyer, the exclusive right to list and sell the real property referenced in such listing contracts.

(e) Liabilities. Seller represents and warrants to Buyer that with respect to the contractual commitments representing the Assumed Liabilities (i) each and all are in full force and effect according to their respective terms, (ii) except as disclosed to Buyer in writing under Section 1(b)(i), Seller is current thereunder, (iii) each respective lessor or other creditor is not in default thereunder, and (iv) other than Seller's existing monetary defaults disclosed under Section 1(b)(i), Seller knows of no existing facts or circumstances which, with or without the giving of notice or the passage of time, or both, would constitute a default or an event of default thereunder. In the event of any breach of Seller's representations or warranties hereunder, in

addition to any other rights or remedies Buyer may have, Buyer shall not be obligated to assume any such liability, obligation, debt, or commitment.

(f) Sales Associates. **Schedule 4(f)** attached hereto sets forth a true, accurate and complete list of the sales associates affiliated with Seller immediately prior to the Closing (the "Sales Associates"), showing each such Sales Associates' commission split in effect immediately prior to Closing and the amount due to the Sales Associate for any unpaid prior commission.

(g) Independent Contractors. Each of the Sales Associates is an independent contractor of Seller and each has executed independent contractor agreements which are legally valid and enforceable for all purposes, including tax purposes. Such independent contractor agreements are terminable by Seller at any time without any cost or penalty to Seller. Seller has paid all of Seller's obligations to the Sales Associates as of the Closing with the exception of the amounts set forth on Schedule 4(f).

(h) Litigation. Except as set forth on **Schedule 4(h)** hereto and as disclosed by Seller in the Bankruptcy Case, Seller is not subject to, nor it have knowledge of, any litigation, legal action, arbitration, proceeding, demand, claim, or investigation pending, threatened, planned, or reasonably probable, affecting the Assets.

(i) Errors & Omissions Insurance. Seller maintained an E&O insurance policy in effect through August 1, 2016 (the "E&O Policy").

(j) Disclosure. Neither this Agreement nor any schedule, exhibit, statement, list, or other information furnished or to be furnished to Buyer in connection with this Agreement and the transactions contemplated hereby contains or will contain any untrue statement of a material fact or will omit to state a material fact necessary to make the statements made, in light of the circumstances in which they are made, not misleading.

## **5. Representations and Warranties of Buyer**

Buyer represents and warrants to Seller that:

(a) Organization of Buyer. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of California, and has full power to carry on the Business as now being conducted.

(b) Corporate Power. Buyer has (i) all requisite corporate power and authority to own or lease its property and carry on the Business as now conducted and to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and (ii) taken all necessary action to consummate the transactions contemplated by this Agreement.

(c) No Violation; Enforceability. The execution of this Agreement by Buyer and the consummation of the transactions contemplated hereby and the performance by Buyer of this Agreement will not require the consent or approval of any governmental authority or agency other than the Bankruptcy Court or constitute a violation by Buyer of any law, rule, regulation, or order of any governmental authority or agency, or any judicial order to which Buyer is subject,

and does not violate the articles of incorporation or bylaws of Buyer. This Agreement has been duly and validly executed and delivered by Buyer and, assuming due execution and delivery by Seller and Shareholder, is a valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

**6. Certain Covenants**

(a) Updating Schedules. Seller represents, warrants, and covenants that (i) Seller shall update and finalize all of the schedules exchanged prior to the Closing, and (ii) the final schedules attached hereto as of the Closing (collectively, the “Schedules”) shall be true, correct, and complete as of the Closing. Notwithstanding the preceding sentence, Buyer acknowledges that Seller may have obtained additional Listings, certain Listings may have become Pendencies, and certain Pendencies may have become closed transactions, in each case prior to the Closing. Seller will deliver to Buyer within five business days following the Closing updated Schedules with respect to such matters, and such updated Schedules shall be deemed the Schedules as of the Closing; provided that such updates do not adversely affect the economics to Buyer of the transactions contemplated by this Agreement.

(b) Announcement to Sales Associates and Publicity. Seller acknowledges that the method and timing of the announcement of the transactions contemplated hereby to the Sales Associates is critical if Buyer is to receive the benefit of such transactions. Seller represents and warrants that it has complied with all of Buyer’s instructions regarding the method and timing of such announcement. In addition, all notices to third parties and all other publicity concerning this Agreement and the transactions contemplated hereby shall be coordinated and planned by Buyer, and Seller shall not take any such actions without the prior written approval of Buyer. The parties acknowledge that Buyer has already informed its own sales associates that this asset purchase is pending.

(c) Retention of Sales Associates. Seller and its principal, Roger Herman (“Herman”), shall use their best efforts to cause the Sales Associates to execute new independent contractor agreements with Buyer as soon as practicable following the Closing, if requested by Buyer. Seller and Herman shall use their best efforts to cause the Sales Associates to transfer their real estate licenses to Buyer immediately subsequent to Closing.

(d) Taxes. Seller shall pay all taxes, including sales and use taxes, arising out of the transfer of the Assets, and shall pay all state and local real and personal property taxes accruing in connection with the Assets prior to the Closing Date. Buyer shall not be responsible for any taxes of any kind related to any period ending on or prior to the Closing. Notwithstanding the foregoing, if the taxes described in the first sentence of this subsection (d) that are payable by Seller exceed Five Hundred Dollars (\$500.00), Seller may elect to terminate this transaction unless Buyer agrees to pay the amount due that is in excess of Five Hundred Dollars (\$500.00). Buyer and Seller shall use their reasonable best efforts to agree upon an allocation of the Purchase Price for tax purposes subsequent to Closing.

(e) Further Assurances; Other Documents. Seller agrees to use its best efforts to cause the conditions to Buyer’s obligations herein set forth to be satisfied at or prior to the

Closing and to complete the transactions contemplated hereby as promptly as practicable. Each of the parties hereto agrees to cooperate in the orderly transfer of the Assets to Buyer. In addition, from time to time after the Closing, each of the parties hereto agrees to execute and deliver any and all further agreements, documents, or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby, or reasonably requested by the other party to perfect or evidence such party's rights hereunder. Without limiting the foregoing, Seller agrees to cooperate with Buyer in Buyer's acquisition of tail coverage pertaining to the E&O Policy, should Buyer elect to obtain such coverage at Buyer's own expense.

**7. Survival of Representations and Warranties**

All of the representations and warranties contained in or made pursuant to this Agreement shall survive the Closing, and shall continue to survive the Closing, notwithstanding any investigations by or on behalf of Buyer or Seller at any time.

**8. Miscellaneous**

(a) Notices. Any notice hereunder shall be in writing and shall be given by personal delivery, by commercial overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by electronic transmission at the following address:

If to Buyer:	Vista Realty, Inc. Attention: Rick Edler, President 608 Silver Spur Road, Suite 250 Rolling Hills Estates, CA 90274 Email: Chris@chrisadlam.com
With a copy to:	John D. Whitcombe, Esq. Greenberg, Whitcombe, Takeuchi, Gibson & Grayver, LLP 21515 Hawthorne Blvd., Suite 450 Torrance, CA 90503 Email: jwhitcombe@gwtllp.com
If to Seller:	LBH National Corporation Attention: Roger Herman, President 201 Columbine Street, Suite 300 Denver, CO 80206 Email: daviddonnelly@hermangroup.net
With a copy to:	Lee M. Kutner, Esq. Kutner Brinen P.C. 1660 Lincoln St., Suite 850 Denver, CO 80264 Email: LMK@kutnerlaw.com

Either party may, by like notice at any time and from time to time, designate a different address to which such notice shall be sent. Such notice shall be deemed sufficiently given (a) if personally served, upon such service, (b) if sent by commercial overnight delivery service, upon the next business day following such sending, (c) if mailed, forty-eight (48) hours following the first attempt of the postal service to deliver same, or (d) if sent by electronic transmission, upon receipt of confirmation of transmission.

(b) Successors; Assignment. This Agreement shall be binding upon and shall inure to the benefit of Seller and its respective successors and assigns and of Buyer and its respective successors and assigns. This Agreement and the rights and obligations hereunder shall not be assignable without the consent of the other parties hereto; provided that Buyer may assign this Agreement in whole or in part to one or more of its subsidiaries or affiliates.

(c) Entire Agreement. This Agreement, together with the disclosures, notices, and letters referred to herein and the schedules and exhibits hereto, constitutes the entire agreement of the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection herewith.

(d) Amendments; Waivers. Any amendment hereof must be in writing duly executed by the parties hereto. Any provision hereof may be waived in writing by the party entitled to the benefit of such provision. No waiver of the breach of any provision shall be deemed or construed to be a waiver of other or subsequent breaches. Nothing herein is intended to confer any rights or remedies upon any person not a party hereto, except as expressly provided to the contrary herein.

(e) Gender; Number. Except where the context otherwise requires, words used in the masculine gender include the feminine and neuter; the singular number includes the plural, and the plural the singular; and the word "person" includes a corporation or other entity or association as well as a natural person.

(f) Counterparts; Facsimile. This Agreement and the documents referenced herein may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

(g) Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by the laws of the State of California, without regard to the conflicts of laws principles thereof.

(h) Expenses. Except as otherwise set forth herein, each party to this Agreement shall bear all of its own expenses in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby, including without limitation all fees and expenses of its agents, representatives, counsel, and accountants.

(i) Attorneys' Fees. If any legal action, including arbitration or an action for declaratory relief, is brought to interpret or enforce the provisions of this Agreement, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees from the other party or parties. These fees, which may be set by the court in the same action or in a separate

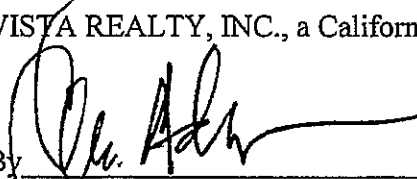
action brought for that purpose, are in addition to any other relief to which the prevailing party or parties may be entitled.

[SIGNATURES ON FOLLOWING PAGE]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year hereinabove first set forth.

VISTA REALTY, INC., a California corporation



By \_\_\_\_\_  
Name: CITRUS ADAMS  
Title: CFO

LBH NATIONAL CORPORATION, a California corporation

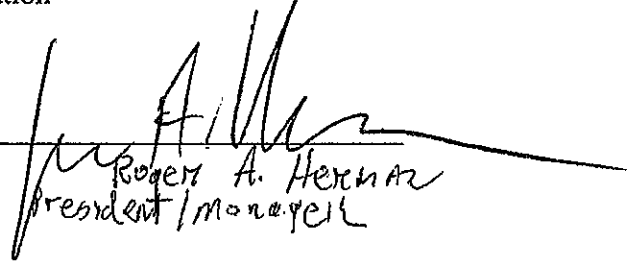
By \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year hereinabove first set forth.

VISTA REALTY, INC., a California corporation

By \_\_\_\_\_  
Name:  
Title:

LBH NATIONAL CORPORATION, a California corporation

By   
Name: Roger A. Hernandez  
Title: president/manager

**SCHEDULES**

Schedule 1(a)(i)	Leases
Schedule 1(a)(ii)	Fixed Assets
Schedule 1(a)(iii)	Equipment Leases
Schedule 1(a)(iv)	Listings
Schedule 1(a)(v)	Pendings
Schedule 2(c)(i)	Form of Promissory Note
Schedule 2(c)(ii)	Form of Security Agreement
Schedule 4(f)	Sales Associates
Schedule 4(h)	Litigation

## SCHEDULES

Schedule 1(a)(i)	Leases
Schedule 1(a)(ii)	Fixed Assets
Schedule 1(a)(iii)	Equipment Leases
Schedule 1(a)(iv)	Listings
Schedule 1(a)(v)	Pendings
Schedule 2(c)(i)	Form of Promissory Note
Schedule 2(c)(ii)	Form of Security Agreement
Schedule 4(f)	Sales Associates
Schedule 4(h)	Litigation

Schedule 1(a)(i)

Leases

1. Standard Industrial/Commercial Single Tenant Lease – Net dated April 3, 2014, between Arnold D. Goldstein and Lawrence M. Wolf, as Lessor, and LBH National Corporation, as Lessee, for premises located at 3300 Highland Avenue, Manhattan Beach, California 90266, as amended

2. Commercial Lease Agreement dated November 15, 2012, between Stevens Baker, LLC, as Landlord, and Shorewood Realtors, as Tenant, for premises located at 916 Manhattan Avenue, Manhattan Beach, California 90266, as subsequently assigned and amended

See Attachments



AIR COMMERCIAL REAL ESTATE ASSOCIATION
STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE -- NET
(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 April 3, 2014
is made by and between Arnold D. Goldstein and Lawrence H. Wolf (Lessor)
and LBH National Corporation (Lessee)

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 3300 Highland Avenue, Manhattan Beach 90265
located in the County of Los Angeles, 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)
General Office Use

1.3 Term: Five (5) years and Zero (0) months ("Original Term") commencing March 1, 2014
("Commencement Date") and ending February 28, 2019 ("Expiration Date"). (See also Paragraph 3)
1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing
N/A ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)
1.5 Base Rent: \$9,750.00 per month ("Base Rent"), payable on the 1st day of
each month commencing March 1, 2014 (See also Paragraph 4)

1.6 If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 5.1
1.6 Base Rent and Other Monies Paid Upon Execution:
(a) Base Rent: \$9,750.00 for the period March 1, 2014-March 31, 2014
(b) Security Deposit: \$10,973.71 ("Security Deposit") (See also Paragraph 5)
(c) Association Fees: \$ for the period
(d) Other: \$ for

1.7 Agreed Use: General Office (See also Paragraph 6)

1.8 Insuring Party: Lessor is the "insuring Party" unless otherwise stated herein. (See also Paragraph 8)
1.9 Real Estate Brokers: (See also Paragraph 14 and 26)

(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 Brokers for the brokerage
services rendered by the Brokers the fee agreed to in the attached separate written agreement or if no such agreement is attached, the sum of
% of the total Base Rent payable for the Original Term, the sum of or of the total Base
Rent payable during any period of time that the Lessee occupies the Premises subsequent to the Original Term, and/or the sum of
% of the purchase price in the event that the Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises.

1.10 Guarantor: The obligations of the Lessee under this Lease are to be guaranteed by (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 5.1 through 5.2;
[ ] a plot 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
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upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. 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, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading docks, 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, that the 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 Premises do 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.

2.3 Compliance. Lessor warrants that in 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 5.0), or to any Abandonment 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 Lessee'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 Substances, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("Capital Expenditure"), 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 Lessee 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 or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th 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 Expenditure are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditure 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 Acknowledgments. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and 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, (c) 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, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) 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.

  
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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. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. 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 or change the Expiration Date. 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, as the same may be extended under the terms of any Work Letter executed by Parties, 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 8.5). 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 ("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 (1) 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 or 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 all future Rent be paid 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, Insurance and Real Property Taxes, 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 obligations 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 already 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 Lessor 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 transfer 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 of 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 therein, 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

  
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The Agreed Use.

8.2 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 subsidence 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 of the Premises of a Hazardous Substance with respect to which any Applicable Requirements require 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). Lessee'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. Except as otherwise provided in paragraph 8.7, 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 8.1(e)) 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 8.2(f) 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.

8.3 Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's

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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 mudflows or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lessor" (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 Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1) 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), 9 (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 repairs, 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 systems, stairs, wells (interior and exterior), foundations, ceilings, roofs, roof drainage systems, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. 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. Lessee's obligations shall include restoration, 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, (v) roof covering and drains, and (vi) elevators. 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 118% of the cost thereof.

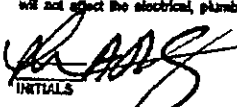
(d) Replacement. Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a 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 (i.e. 12x12x12) 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), 9 (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. 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 Alterations or Utility Installations to the interior of the Premises (including 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 an extended does not

  
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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, at its discretion 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: (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 or for use on the Premises, which claims are or may be secured by any mechanic's or materialman'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 attorney's fees and costs.

7.4 Ownership; Removal; Surrender; and Reinstatement.

(a) Ownership. Subject to Lessor's right to require removal or select 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 90 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; Reinstatement. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof brown 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) 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.

8. Insurance; Indemnity.

8.1 Payment For Insurance. Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy periods corresponding prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within 10 days following receipt of an invoice.

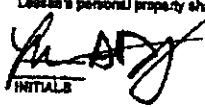
8.2 Liability Insurance.

(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 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 retro-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. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies

  
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shall insure against all risks of direct physical loss or damage (except the parts of roof and/or earthquake unless required by a Lender), 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 infection 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 \$5,000 per occurrence, and Lessee shall be liable for such deductible amount in the event of an Injured Lessee.

(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 Lessor's Property; Business Interruption Insurance; Worker's Compensation 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.

(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 parts 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 parts.

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **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.

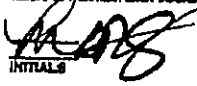
**8.5 Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not 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 with copies of the required endorsements 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. Each policy 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 releases and relieves the other, and waives their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the parts 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, firm and against any and all claims, loss of rents and/or damages, fees, 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, obstruction 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 existing 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. Inasmuch, 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 Lessor, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increases 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

  
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maintain the insurance specified in this Lease.

2. Damage or Destruction.

2.1 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.

(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 8.3(e) 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, in, on, or under the Premises which requires remediation.

2.2 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 assurance 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 8.3, 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.

2.3 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 on the date specified in the termination notice.

2.4 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 8.5.

2.5 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.

2.6 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 Partial 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 accrue, Lessee may, at any time prior to the commencement of such repair or

  
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restoration, give written notice to Lessor and to any Lender 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.

6.7 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) 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 charge in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. In addition to Base Rent, Lessee shall pay to Lessor an amount equal to the Real Property Tax installment due at least 20 days prior to the applicable delinquency date. If any such installment shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee's share of such installment shall be prorated. In the event Lessee incurs a late charge on any Real payment, Lessor may estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payments shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sum as is necessary. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a breach by Lessee in its performance of its obligations under this Lease, then any such advance payments may be treated by Lessor as an additional Security Deposit.

10.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be 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 disputes, 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.

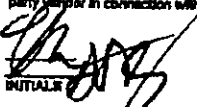
(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 20% 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 guarantees) 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 13.1(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.

  
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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 Guarantor 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 \$500 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 36.2)

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 assign to Lessor, in which event Lessor shall undertake the obligations of the sublessee 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 deposits paid by such sublessee to such sublessee or for any prior Defaults or Breaches of such sublessee.

(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 of Lessee within the grace period, if any, specified in such notice. 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:

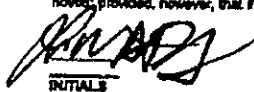
(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurance to reimburse potential 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 its or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR 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 execution of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 4.2, (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 4.0 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

  
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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 therein (unless, in the case of a petition filed against Lessee, the same is dismissed within 90 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 received 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 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 less 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 less 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 retaking, including necessary renovation and alteration of the Premises, reasonable attorney's 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 of the amount referred to in provision (ii) 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 any damages to which Lessor is otherwise entitled. 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.

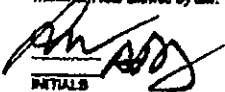
(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not 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 Provisions. Any agreement for fee or stated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other loan, 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 theretofore stated, 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 shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of 18% 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.

  
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13.8 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 Lessee, 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 trust 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 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. Brokers Fee.

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.9 above, and unless Lessor and the Broker 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 fee in accordance with the fee schedule of the Broker in effect at the time the Lease was executed.

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 Lessee's Broker when due, Lessee'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.

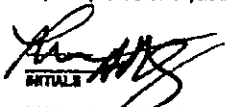
15.3 Representations and Indemnities of Broker Relationships. Lessor and Lessee each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Broker, if any) in connection with this Lease, and that no one other than said named Broker is entitled 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 obtained 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 (a "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 AIR Commercial Real Estate Association, plus such additional information, certification 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 unsecured 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. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risk and potentially cause Lessor to incur costs not contemplated by the Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly 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 for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(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

  
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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 and 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 hereafter 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 guarantees 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 agents 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 has the following affirmative obligations: To the Lessor: a. Fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings 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.

(ii) **Lessee's Agent.** An agent can agree to act as agent for the Lessee only. In those 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 Lessee: 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

  
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confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(RE) **Agent Representation Both Lessor and Lessee.** A real estate agent, either acting directly or through one or more associates licensed, 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 (f) or (g). 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.

26. **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. **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.

28. **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.

29. **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 instituted in the county in which the Premises are located.

30. **Subordination; Assignment; Non-Disturbance.**

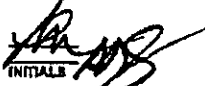
30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (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 any Option granted hereby superior to the lien 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 recording thereof.

30.2 **Assignment.** 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, assign 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 claims or defenses which Lessee might have against any prior lessor, (c) be bound by proration 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 attests 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 attempt to 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, assignment 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 fact, 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 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. 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).

  
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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 seating, 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 subleases. 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, whenever 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 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, and each such Guarantor shall have the same obligations as Lessee under this Lease.
- 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 any 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 **Options 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 Default, 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 recording of parcel maps and restrictions, so long as such easements, rights,

  
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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 "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees 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 Lessee'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. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease  is  is not attached to this Lease.

50. **Accessibility; Americans with Disabilities Act.**

(a) The Premises:  have not undergone an inspection by a Certified Access Specialist (CASp).  have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.  have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) 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 THEREOF. 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, 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.**

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

Executed at: MANHATTAN BEACH, CA Executed at: Denver, CO  
On: DEC 9, 2014 On: December 7, 2014

By LESSOR: Arnold D. Goldstein and Lawrence H. Wolf By LESSEE: LBH National Corporation

By: <u>Lawrence H. Wolf</u>	By: <u>[Signature]</u>
Name Printed: <u>LAWRENCE H. WOLF</u>	Name Printed: <u>Roger A. Horner</u>
Title: <u>OWNER</u>	Title: <u>President</u>
By: <u>Arnold D. Goldstein</u>	By: _____
Name Printed: <u>ARNOLD D. GOLDSTEIN</u>	Name Printed: _____
Title: <u>OWNER</u>	Title: _____
Address: <u>1050 Dupont Ave #E</u>	Address: <u>201 Columbine St, Ste 300</u>
<u>Manhattan Beach, CA 90266</u>	<u>Denver, CO 80206</u>
Telephone: <u>310 376-8021</u>	Telephone: ( ) _____
Facsimile ( ) _____	Facsimile: ( ) _____
Email: _____	Email: _____
Federal ID No. <u>L. Wolf: 338-30-4052</u>	Federal ID No. <u>46-4574404</u>
<u>A. Goldstein: 362-32-8587</u>	

BROKER: _____	BROKER: _____
Address: _____	Address: _____
Telephone: ( ) _____	Telephone: ( ) _____
Facsimile: ( ) _____	Facsimile: ( ) _____
Email: _____	Email: _____
Federal ID No. _____	Federal ID No. _____
Broker/Agent-DRE License # _____	Broker/Agent-DRE License # _____

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, 500 N Brand Blvd, Suite 800, Glendale, CA 91201. Telephone No. (213) 517-8777. Fax No.: (213) 517-6818.

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[Signature]  
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[Signature]  
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Addendum to the Standard Industrial/Commercial Lease

Dated April 3, 2014

By and Between

Arnold D. Goldstein and Lawrence M. Wolf, Lessor

And

LBH National Corporation, Lessee

51. The rent will be adjusted annually by three (3) percent.
52. Lessee shall be responsible for all taxes including property taxes.
53. Providing Lessee is not in default of its Lease, Lessee shall be granted the right to renew the Lease at prevailing rent for similar space in Manhattan Beach, but not less than the rent paid in the last year of the Lease.



**AMENDMENT 001 TO THE STANDARD INDUSTRIAL/COMMERCIAL LEASE  
DATED APRIL 3, 2014  
BY AND BETWEEN ARNOLD D. GOLDSTEIN AND LAWRENCE M. WOLF, LESSOR,**

**AND**

**LBH NATIONAL CORPORATION, LESSEE**

**THE LEASE**, the Air Commercial Real Estate Association Standard Industrial/Commercial Single-Tenant Lease-Net, dated April 3, 2014, by and between Arnold D. Goldstein and Lawrence M. Wolf, as Lessor, and LBH National Corporation, as Lessee, for the premises located at 3300 Highland Ave., Manhattan Beach, California 90266 shall hereby be amended as follows:

1. Paragraph 1.6(b) shall be deleted and replaced with the following:

**Security Deposit:** Four Thousand Five Hundred Dollars (\$4,500.00) ("Security Deposit") (See also Paragraph 5). Such Security Deposit shall be paid by Lessee on or before February 24, 2015.

2. Paragraph 1.6(e) shall be deleted and replaced with the following:

**Total Due Upon Execution:** \$0.00.

3. Paragraph 7. Maintenance, Repairs, Alterations and Common Services shall be deleted and replaced with the following:

7.1. Lessee's Obligations.

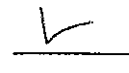
(a) Notwithstanding obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any Premises improvements that are not ordinarily a part of the Building or that are above then Building standards. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the costs of which is otherwise Lessee's responsibility hereunder.

(b) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Lessee. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, alterations,

Initials: \_\_\_\_\_



Initials: \_\_\_\_\_





furnishings and equipment. Except as otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, wall coverings, carpets, wall paneling, ceilings and plumbing on the Premises and in good operating condition.

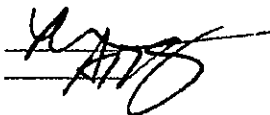
7.2. Lessor's Obligations. Lessor shall keep the Office Building Project, including the Premises, Interior and exterior walls, roof, and common areas and the equipment whether used exclusively for the Premises or in common with other premises, in good condition and repair; provided, however, Lessor shall not be obligated to paint, repair, or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the Building or are above then Building standards. Except as provided in Paragraph 9.5, there shall be no abatement of rent or liability of Lessee on account of any injury or interference with Lessee's business with respect to any improvements, alterations or repairs made by Lessor to the Office Building Project, or any part thereof. Lessee expressly waives the benefits of any status now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.3. Alterations and Additions.

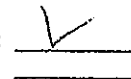
(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, Utility Installations or repairs in, on or about the Premises, or the Office Building Project. As used in this Paragraph 7.3 the term "Utility Installation" shall mean carpeting, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. At the expiration of the term, Lessor may require the removal of any or all of said alterations, improvements, additions or Utility Installations, and the restoration of the Premises and the Office Building Project to their prior condition, at Lessee's expense. Should Lessor permit Lessee to make its own alterations, improvements, additions or Utility Installations, Lessee shall use only such contractor as has been expressly approved by Lessor and Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated costs of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions, or Utility Installations without the prior approval or Lessor, or use a contractor not expressly approved by Lessor, Lessor may, at any time during the term of this Lease, require that Lessee remove any part or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in or about the Premises or the Office Building Project that Lessee shall desire to make shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent to Lessee's making such alteration, improvement, addition or Utility Installation, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from the applicable governmental agencies, furnishing a copy thereof to Lessor prior to the

Initials:



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commencement of the work, and compliance by Lessee with all conditions of said permit in a prompt and expeditious manner.

(c) 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 in the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises, the Building or the Office Building Project, or any interest therein.

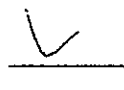
(d) Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises by Lessee, and Lessor shall have the right to post notices of non-responsibility in or on the Premises or the Building as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, the Building or the Office Building Project, open the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contesting lien claim or demand indemnifying Lessor against liability for the same and holding the Premises, the Building and the Office Building Project free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's reasonable attorney's fees and costs in participating in such action if Lessor shall decide it is to Lessor's best interest so to do.

(e) All alterations, improvements, additions and Utility Installation (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made to the Premises by Lessee, including but not limited to, floor coverings, panelings, doors, drapes, built-ins, moldings, sound attenuation, and lighting and telephone or communications systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to Paragraph 7.3(a). Provided Lessee is not in default, notwithstanding the provisions of this Paragraph 7.3(e), Lessee's personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises or the Building, and other than Utility Installations, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.1.

(f) Lessee shall provide with as-built plans and specifications for any alterations, improvements, additions or Utility Installations.

**7.4. Utility Additions.** Lessor reserves the right to install new or additional utility facilities throughout the Office Building Project for the benefit of Lessor or Lessee, or any other lessee of the Office Building Project, including, but not by way of limitation, such utilities as plumbing, electrical systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises.

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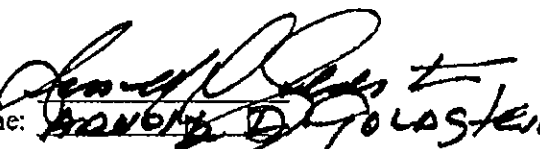
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- 4. Paragraph 12. Maintenance, Repairs, Alterations and Common Services shall be deleted and replaced with the following:

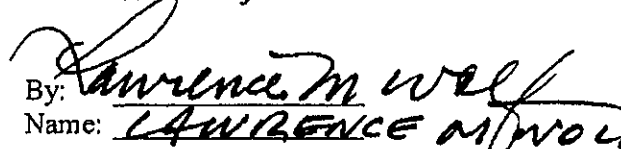
12.1. Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease, without the need for notice to Lessee under Paragraph 13. "Transfer" within the meaning of this Paragraph 12 shall include the transfer or transfers aggregating: (a) if Lessee is a corporation, more than twenty-five percent (25%) of the voting stock of such corporation, or (b) if Lessee is a partnership, more than twenty-five percent (25%) of the profit and loss participation in such partnership.

- 5. The Parties agree that no other amendments are necessary at this time.


Lessor:  
Arnold D. Goldstein


By:   
Name: Arnold D. Goldstein

Lawrence M. Wolf

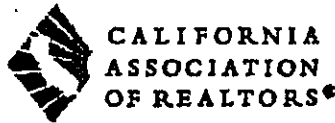
By:   
Name: LAWRENCE M. WOLF

~~Lessor:~~   
Lessee:  
LBH National Corporation

By:   
Name: Roger A. Herman  
Title: President

Initials: 

Initials: V



COMMERCIAL LEASE AGREEMENT (C.A.R. Form CL, Revised 11/11)

Date (For reference only): November 15, 2012

Stevens Baker LLC

(Landlord\*) and

Shorewood Realtors

(Tenant\*) agree as follows:

1. PROPERTY: Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as: 916 Manhattan Ave., Manhattan Beach, Ca. 90266 (Premises), which comprise approximately 39,000 % of the total square footage of rentable space in the entire property. See exhibit for a further description of the Premises.

2. TERM: The term begins on (date) December 1, 2012 (Commencement Date), (Check A or B):

- A. Lease; and shall terminate on (date) December 1, 2017 at 12:00 PM. Any holding over after the term of this agreement expires, with Landlord's consent, shall create a month-to-month tenancy... B. Month-to-month; and continues as a month-to-month tenancy... C. RENEWAL OR EXTENSION TERMS: See attached addendum

3. BASE RENT:

A. Tenant agrees to pay Base Rent at the rate of (CHECK ONE ONLY):

- (1) \$ 8250.00 MXR per month, for the term of the agreement. (2) \$ per month, for the first 12 months of the agreement... (3) \$ per month for the period commencing and ending and per month for the period commencing and ending and per month for the period commencing and ending. (4) In accordance with the attached rent schedule. (5) Other:

B. Base Rent is payable in advance on the 1st (or day) of each calendar month, and is delinquent on the next day. C. If the Commencement Date falls on any day other than the first day of the month, Base Rent for the first calendar month shall be prorated based on a 30-day period.

4. RENT:

A. Definition: ("Rent") shall mean all monetary obligations of Tenant to Landlord under the terms of this agreement, except security deposit. B. Payment: Rent shall be paid to (Name) Stevens Baker LLC c/o William Citte, 229 6th. St. Manhattan Beach, Ca. 90266. Ph. # 310-379-6018 at (address) location specified by Landlord in writing to Tenant.

C. Timing: Base Rent shall be paid as specified in paragraph 3. All other Rent shall be paid within 30 days after Tenant is billed by Landlord. 5. EARLY POSSESSION: Tenant is entitled to possession of the Premises on If Tenant is in possession prior to the Commencement Date, during this time (i) Tenant is not obligated to pay Base Rent, and (ii) Tenant is not obligated to pay Rent other than Base Rent.

6. SECURITY DEPOSIT:

- A. Tenant agrees to pay Landlord \$ 16,500.00 as a security deposit. Tenant agrees not to hold Broker responsible for its return. B. All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent, late charges, non-essential funds ("NSF") fees, or other sums due; (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) broom clean the Premises... C. No interest will be paid on security deposit, unless required by local ordinance.

Landlord's Initials ( ) ( )

Tenant's Initials ( ) ( )

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

CL REVISED 11/11 (PAGE 1 of 6)

COMMERCIAL LEASE AGREEMENT (CL PAGE 1 OF 6)

Agent: John McDonald Phone: 760-802-5523 Fax: Prepared using zipForm® software Broker: Coldwell Banker Residential 1081 N. Palm Cyn. Palm Springs, CA 92262

Premises: 915 Manhattan Ave., Manhattan Beach, Ca, 90265 Date November 15, 2012

7. PAYMENTS:

	TOTAL DUE	PAYMENT RECEIVED	BALANCE DUE	DUE DATE
A. Rent From <u>12/01/2012</u> To <u>01/01/2013</u>	\$ _____	\$ _____	\$ _____	_____
Date Date				
B. Security Deposit	\$ <u>16,500.00</u>	\$ <u>8250.00 12/1/12</u>	\$ <u>8,250.00</u>	<u>03/01/2013</u>
C. Other: _____	\$ _____	\$ _____	\$ _____	_____
Category				
D. Other: _____	\$ _____	\$ _____	\$ _____	_____
Category				
E. Total:	\$ <u>16,500.00</u>	\$ <u>8,250.00</u>	\$ <u>8,250.00</u>	

8. PARKING: Tenant is entitled to \_\_\_\_\_ unreserved and \_\_\_\_\_ reserved vehicle parking spaces. The right to parking  is  is not included in the Base Rent charged pursuant to paragraph 3. If not included in the Base Rent, the parking rental fee shall be an additional \$ \_\_\_\_\_ per month. Parking space(s) are to be used for parking operable motor vehicles, except for trailers, boats, campers, buses or trucks (other than pick-up trucks). Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked in parking spaces or on the Premises. Mechanical work or storage of inoperable vehicles is not allowed in parking space(s) or elsewhere on the Premises. No overnight parking is permitted.

9. ADDITIONAL STORAGE: Storage is permitted as follows: \_\_\_\_\_  
The right to additional storage space  is  is not included in the Base Rent charged pursuant to paragraph 3. If not included in Base Rent, storage space shall be an additional \$ \_\_\_\_\_ per month. Tenant shall store only personal property that Tenant owns, and shall not store property that is claimed by another, or in which another has any right, title, or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, or other dangerous or hazardous material. Tenant shall pay for, and be responsible for, the clean-up of any contamination caused by Tenant's use of the storage area.

10. LATE CHARGE; INTEREST; NSF CHECKS: Tenant acknowledges that either late payment of Rent or issuance of a NSF check may cause Landlord to incur costs and expenses, the exact amount of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within 5 calendar days after date due, or if a check is returned NSF, Tenant shall pay to Landlord, respectively, \$ 100.00 as late charge, plus 10% interest per annum on the delinquent amount and \$25.00 as a NSF fee, any of which shall be deemed additional Rent. Landlord and Tenant agree that these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any late charge, delinquent interest, or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any late charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under paragraph 4, or prevent Landlord from exercising any other rights and remedies under this agreement, and as provided by law.

11. CONDITION OF PREMISES: Tenant has examined the Premises and acknowledges that Premise is clean and in operative condition, with the following exceptions: Tenant accepts property in AS IS condition  
Items listed as exceptions shall be dealt with in the following manner: LANDLORD TO 1. HAVE HVAC SYSTEM INSPECTED AND REPAIRED AS NECESSARY. 2. ROOF INSPECTED AND REPAIRED AS NECESSARY.

12. ZONING AND LAND USE: Tenant accepts the Premises subject to all local, state and federal laws, regulations and ordinances ("Laws"). Landlord makes no representation or warranty that Premises are now or in the future will be suitable for Tenant's use. Tenant has made its own investigation regarding all applicable Laws.

13. TENANT OPERATING EXPENSES: Tenant agrees to pay for all utilities and services directly billed to Tenant: \_\_\_\_\_

14. PROPERTY OPERATING EXPENSES:

A. Tenant agrees to pay its proportionate share of Landlord's estimated monthly property operating expenses, including but not limited to, common area maintenance, consolidated utility and service bills, insurance, and real estate taxes, based on the ratio of the square footage of the Premises to the total square footage of the rentable space in the entire property. APPROX. 1650 SQ. FT. @ .50 CENTS PER SQ. FT. = \$825.00 PER MONTH. Paid monthly. ( TO BE ADJUSTED EACH YEAR.)

OR B.  (if checked) Paragraph 14 does not apply.

15. USE: The Premises are for the sole use as REAL ESTATE OFFICE  
No other use is permitted without Landlord's prior written consent. If any use by Tenant causes an increase in the premium on Landlord's existing property insurance, Tenant shall pay for the increased cost. Tenant will comply with all Laws affecting its use of the Premises.

16. RULES/REGULATIONS: Tenant agrees to comply with all rules and regulations of Landlord (and, if applicable, Owner's Association) that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant do not, disturb, annoy, endanger, or interfere with other tenants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, or committing a waste or nuisance on or about the Premises.

17. MAINTENANCE:

A. Tenant OR  (if checked, Landlord) shall professionally maintain the Premises including heating, air conditioning, electrical, plumbing and water systems, if any, and keep glass, windows and doors in operable and safe condition. Unless Landlord is checked, if Tenant fails to maintain the Premises, Landlord may contract for or perform such maintenance, and charge Tenant for Landlord's cost.  
B. Landlord OR  (if checked, Tenant) shall maintain the roof, foundation, exterior walls, common areas and \_\_\_\_\_

Landlord's Initials (\_\_\_\_) (\_\_\_\_)

Tenant's Initials [Signature]



Premises: 916 Manhattan Ave., Manhattan Beach, Ca, 90266

Date November 15, 2012

- 18. ALTERATIONS: Tenant shall not make any alterations in or about the Premises, including installation of trade fixtures and signs, without Landlord's prior written consent, which shall not be unreasonably withheld. Any alterations to the Premises shall be done according to Law and with required permits. Tenant shall give Landlord advance notice of the commencement date of any planned alteration, so that Landlord, at its option, may post a Notice of Non-Responsibility to prevent potential liens against Landlord's interest in the Premises. Landlord may also require Tenant to provide Landlord with lien releases from any contractor performing work on the Premises.
- 19. GOVERNMENT IMPOSED ALTERATIONS: Any alterations required by Law as a result of Tenant's use shall be Tenant's responsibility. Landlord shall be responsible for any other alterations required by Law.
- 20. ENTRY: Tenant shall make Premises available to Landlord or Landlord's agent for the purpose of entering to make inspections, necessary or agreed repairs, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors. Landlord and Tenant agree that 24 hours notice (oral or written) shall be reasonable and sufficient notice. In an emergency, Landlord or Landlord's representative may enter Premises at any time without prior notice.
- 21. SIGNS: Tenant authorizes Landlord to place a FOR SALE sign on the Premises at any time, and a FOR LEASE sign on the Premises within the 90 (or  \_\_\_\_\_) day period preceding the termination of the agreement.
- 22. SUBLETTING/ASSIGNMENT: Tenant shall not sublet or encumber all or any part of Premises, or assign or transfer this agreement or any interest in it, without the prior written consent of Landlord, which shall not be unreasonably withheld. Unless such consent is obtained, any subletting, assignment, transfer, or encumbrance of the Premises, agreement, or tenancy, by voluntary act of Tenant, operation of law, or otherwise, shall be null and void, and, at the option of Landlord, terminate this agreement. Any proposed sublessee, assignee, or transferee shall submit to Landlord an application and credit information for Landlord's approval, and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one sublease, assignment, or transfer, shall not be construed as consent to any subsequent sublease, assignment, or transfer, and does not release Tenant of Tenant's obligation under this agreement.
- 23. POSSESSION: If Landlord is unable to deliver possession of Premises on Commencement Date, such date shall be extended to the date on which possession is made available to Tenant. However, the expiration date shall remain the same as specified in paragraph 2. If Landlord is unable to deliver possession within 90 (or  \_\_\_\_\_) calendar days after the agreed Commencement Date, Tenant may terminate this agreement by giving written notice to Landlord, and shall be refunded all Rent and security deposit paid.
- 24. TENANT'S OBLIGATIONS UPON VACATING PREMISES: Upon termination of agreement, Tenant shall: (i) give Landlord all copies of all keys or opening devices to Premises, including any common areas; (ii) vacate Premises and surrender it to Landlord empty of all persons and personal property; (iii) vacate all parking and storage spaces; (iv) deliver Premises to Landlord in the same condition as referenced in paragraph 11; (v) clean Premises; (vi) give written notice to Landlord of Tenant's forwarding address; and (vii) to be left in the same condition at end of lease after tenant remodel... Landlord to approve plans for remodel.  
All improvements installed by Tenant, with or without Landlord's consent, become the property of Landlord upon termination. Landlord may nevertheless require Tenant to remove any such improvement that did not exist at the time possession was made available to Tenant.
- 25. BREACH OF CONTRACT/EARLY TERMINATION: In event Tenant, prior to expiration of this agreement, breaches any obligation in this agreement, abandons the premises, or gives notice of tenant's intent to terminate this tenancy prior to its expiration, in addition to any obligations established by paragraph 24, Tenant shall also be responsible for lost rent, rental commissions, advertising expenses, and painting costs necessary to ready Premises for re-rental. Landlord may also recover from Tenant: (i) the worth, at the time of award, of the unpaid Rent that had been earned at the time of termination; (ii) the worth, at the time of award, of the amount by which the unpaid Rent that would have been earned after expiration until the time of award exceeds the amount of such rental loss the Tenant proves could have been reasonably avoided; and (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 Tenant proves could be reasonably avoided. Landlord may elect to continue the tenancy in effect for so long as Landlord does not terminate Tenant's right to possession, by either written notice of termination of possession or by re-letting the Premises to another who takes possession, and Landlord may enforce all Landlord's rights and remedies under this agreement, including the right to recover the Rent as it becomes due.
- 26. DAMAGE TO PREMISES: If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Landlord shall have the right to restore the Premises by repair or rebuilding. If Landlord elects to repair or rebuild, and is able to complete such restoration within 90 days from the date of damage, subject to the terms of this paragraph, this agreement shall remain in full force and effect. If Landlord is unable to restore the Premises within this time, or if Landlord elects not to restore, then either Landlord or Tenant may terminate this agreement by giving the other written notice. Rent shall be abated as of the date of damage. The abated amount shall be the current monthly Base Rent prorated on a 30-day basis. If this agreement is not terminated, and the damage is not repaired, then Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of Premises. If damage occurs as a result of an act of Tenant or Tenant's guests, (i) only Landlord shall have the right, at Landlord's sole discretion, within 30 days after such total or partial destruction or damage to treat the lease as terminated by Tenant, and (ii) Landlord shall have the right to recover damages from Tenant.
- 27. HAZARDOUS MATERIALS: Tenant shall not use, store, generate, release or dispose of any hazardous material on the Premises or the property of which the Premises are part. However, Tenant is permitted to make use of such materials that are required to be used in the normal course of Tenant's business provided that Tenant complies with all applicable Laws related to the hazardous materials. Tenant is responsible for the cost of removal and remediation, or any clean-up of any contamination caused by Tenant.
- 28. CONDEMNATION: If all or part of the Premises is condemned for public use, either party may terminate this agreement as of the date possession is given to the condemner. All condemnation proceeds, exclusive of those allocated by the condemner to Tenant's relocation costs and trade fixtures, belong to Landlord.
- 29. INSURANCE: Tenant's personal property, fixtures, equipment, inventory and vehicles are not insured by Landlord against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Tenant is to carry Tenant's own property insurance to protect Tenant from any such loss. In addition, Tenant shall carry liability insurance in an amount of not less than \$2,000,000.00. Tenant's liability insurance shall name Landlord and Landlord's agent as additional insured. Tenant, upon Landlord's request, shall provide Landlord with a certificate of insurance establishing Tenant's compliance. Landlord shall maintain liability insurance insuring Landlord, but not Tenant, in an amount of at least \$2,000,000.00, plus property insurance in an amount sufficient to cover the replacement cost of the property. Tenant is advised to carry business interruption insurance in an amount at least sufficient to cover Tenant's complete rental obligation to Landlord. Landlord is advised to obtain a policy of rental loss insurance. Both Landlord and Tenant release each other, and waive their respective rights to subrogation against each other, for loss or damage covered by insurance.

Landlord's initials (\_\_\_\_) (\_\_\_\_)

Tenant's initials RR (\_\_\_\_) (\_\_\_\_)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_





Premises: 916 Manhattan Ave., Manhattan Beach, Ca. 90266

Date November 15, 2012

35. JOINT AND INDIVIDUAL OBLIGATIONS: If there is more than one Tenant, each one shall be individually and completely responsible for the performance of all obligations of Tenant under this agreement, jointly with every other Tenant, and individually, whether or not in possession.

36. NOTICE: Notices may be served by mail, facsimile, or courier at the following address or location, or at any other location subsequently designated:

Landlord: Stevens Reiner LLC  
o/c Millie Citte  
228 8th. St., Manhattan Beach, Ca. 90266  
Ph. # 310-379-4818

Tenant: Storwood Restora  
1050 Duncan Ave. Ste. F.  
Manhattan Beach, Ca. 90266  
PH. #310-376-8021

Notice is deemed effective upon the earliest of the following: (i) personal receipt by either party or their agent; (ii) written acknowledgment of notice; or (iii) 5 days after mailing notice to such location by first class mail, postage pre-paid.

37. WAIVER: The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.

38. INDEMNIFICATION: Tenant shall indemnify, defend and hold Landlord harmless from all claims, disputes, litigation, judgments and attorney fees arising out of Tenant's use of the Premises.

39. OTHER TERMS AND CONDITIONS/SUPPLEMENTS:

1. No rent for the first month 12/1/2012 - 1/1/2013 - 1/15/2013
2. Security Deposit: 6 WEEKS RENT
  - A. \$2250.00 Paid upon signing of lease on or before 12/1/12.
  - B. \$2250.00 due on 3/1/13
3. One (1) Five year option (base rent \$2250.00 NOW increased 3% each year.  
All other terms and conditions to remain the same.  
Tenant to give 90 day notice of intention to exercise this option.
4. Landlord to approve Tenants signers.

The following ATTACHED supplements/exhibits are incorporated in this agreement:  Option Agreement (C.A.R. Form OA)

40. ATTORNEY FEES: In any action or proceeding arising out of this agreement, the prevailing party between Landlord and Tenant shall be entitled to reasonable attorney fees and costs from the non-prevailing Landlord or Tenant, except as provided in paragraph 34A.

41. ENTIRE CONTRACT: Time is of the essence. All prior agreements between Landlord and Tenant are incorporated in this agreement, which constitutes the entire contract. It is intended as a final expression of the parties' agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this agreement constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this agreement. Any provision of this agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this agreement. This agreement shall be binding upon, and inure to the benefit of, the heirs, assignees and successors to the parties.

42. BROKERAGE: Landlord and Tenant shall each pay to Broker(s) the fee agreed to, if any, in a separate written agreement. Neither Tenant nor Landlord has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as named in this agreement, in connection with any act relating to the Premises, including, but not limited to, inquiries, introductions, consultations, and negotiations leading to this agreement. Tenant and Landlord each agree to indemnify, defend and hold harmless the other, and the Brokers specified herein, and their agents, from and against any costs, expenses, or liability for compensation claimed inconsistent with the warranty and representation in this paragraph 42.

43. AGENCY CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent: \_\_\_\_\_ (Print Firm Name) is the agent of (check one):

the Landlord exclusively; or  both the Tenant and Landlord.

Selling Agent: \_\_\_\_\_ (Print Firm Name) (if not same as Listing Agent) is the agent of

(check one):  the Tenant exclusively; or  the Landlord exclusively; or  both the Tenant and Landlord.

Real Estate Brokers are not parties to the agreement between Tenant and Landlord.

Landlord's Initials (\_\_\_\_)(\_\_\_\_)

Tenant's Initials (\_\_\_\_)(\_\_\_\_)

Reviewed by \_\_\_\_\_ Date: \_\_\_\_\_





210Z/E1/11

Premises: 916 Manhattan Ave., Manhattan Beach, Ca. 90266 Date November 15, 2012

Landlord and Tenant acknowledge and agree that Brokers: (i) do not guarantee the condition of the Premises; (ii) cannot verify representations made by others; (iii) will not verify zoning and land use restrictions; (iv) cannot provide legal or tax advice; (v) will not provide other advice or information that exceeds the knowledge, education or experience required to obtain a real estate license. Furthermore, if Brokers are not also acting as Landlord in this agreement, Brokers: (vi) do not decide what rental rate a Tenant should pay or Landlord should accept; and (vii) do not decide upon the length or other terms of tenancy. Landlord and Tenant agree that they will seek legal, tax, insurance, and other desired assistance from appropriate professionals.

Tenant Lawrence M. Wolf Date 11/16/12  
Shorewood Realtors  
(Print Name)  
Address 1050 DUNGER AV. Ste. F City Manhattan Beach State Ca. Zip 90266

Tenant \_\_\_\_\_ Date \_\_\_\_\_  
(Print Name)  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**GUARANTEE:** In consideration of the execution of this Agreement by and between Landlord and Tenant and for valuable consideration, receipt of which is hereby acknowledged, the undersigned ("Guarantor") does hereby: (i) guarantee unconditionally to Landlord and Landlord's agents, successors and assigns, the prompt payment of Rent or other sums that become due pursuant to this Agreement, including any and all court costs and attorney fees included in enforcing the Agreement; (ii) consent to any changes, modifications or alterations of any term in this Agreement agreed to by Landlord and Tenant; and (iii) waive any right to require Landlord and/or Landlord's agents to proceed against Tenant for any default occurring under this Agreement before seeking to enforce this Guarantee.

Guarantor (Print Name) Garry Wolf Arnold D. Goldstein  
Guarantor \_\_\_\_\_ Date \_\_\_\_\_  
Address 1050 DUNGER AV. Ste. F City Manhattan Beach State Ca. Zip 90266  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Landlord agrees to rent the Premises on the above terms and conditions.

Landlord \_\_\_\_\_ Date \_\_\_\_\_  
(owner or agent with authority to enter into this agreement) Edward Stevens (manager)  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Landlord \_\_\_\_\_ Date \_\_\_\_\_  
(owner or agent with authority to enter into this agreement) Jeffrey Bowman (manager)  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Agency relationships are confirmed as above. Real estate brokers who are not also Landlord in this agreement are not a party to the agreement between Landlord and Tenant.

Real Estate Broker (Leasing Firm) \_\_\_\_\_ DRE Lic. # \_\_\_\_\_

By (Agent) \_\_\_\_\_ DRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Real Estate Broker (Listing Firm) \_\_\_\_\_ DRE Lic. # \_\_\_\_\_

By (Agent) \_\_\_\_\_ DRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.  
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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

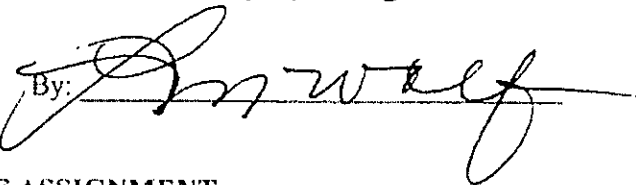


**ASSIGNMENT OF LEASE**

The undersigned, Grand Harbor Property Management, Inc., a California corporation, fka Shorewood Realtors ("Assignor"), hereby transfers, assigns and delivers to LBH National Corporation, a California corporation, dba Shorewood Realtors ("Assignee"), all of its right, title and interest under that certain Commercial Lease Agreement, dated November 15, 2012, entered into between Assignor, as Tenant, and Stevens Baker LLC ("Landlord"), as Landlord, regarding the premises located at 916 Manhattan Avenue, Manhattan Beach, CA 90266 ("Lease"). Assignor represents and warrants that the Lease is currently in full force and effect and that Landlord is not in default under the Lease.

Dated: February 24, 2014

Grand Harbor Property Management, Inc.

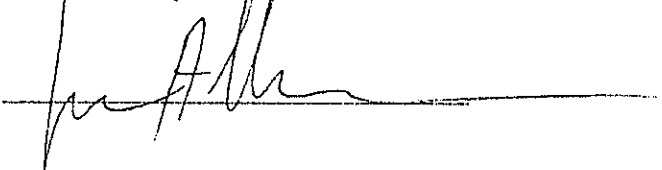
By: 

**ACCEPTANCE OF ASSIGNMENT**

The undersigned, LBH National Corporation, hereby accepts the foregoing assignment and each and all of the terms of the Lease and hereby assumes and agrees to timely perform, as a direct obligation to Stevens Baker LLC, as Landlord, each and all of Assignor's obligations under the Lease from and after the date hereof.

Dated: February 24, 2014

LBH National Corporation

By: 

**CONSENT TO ASSIGNMENT OF LEASE**

The undersigned, Stevens Baker LLC, as Landlord under the Lease, hereby gives its consent and approval to the assignment of the Lease from Assignor to Assignee. Landlord Assignor represents and warrants that the Lease is currently in full force and that Assignor is not in default under the Lease. (Notwithstanding the foregoing consent, Assignor shall remain liable for each and all of the obligations of the Tenant under the Lease as provided under Section 22 thereof.)

Date: May 6, 2014

Stevens Baker LLC

By:   
Ed Stevens, Manager

Schedule 1(a)(ii)

Fixed Assets

See Attachment

2015	Item	Quantity	Value	Total	
HB	Desks	52	200.00	10,400.00	3 copiers
	File cabinet - tall	3	100.00	300.00	2 fax machines
Note: closed office 7-31	File cabinet-short	6	50.00	300.00	3 OE computers
Equipment Moved to Rosecrans	Refrigerator	1	100.00		4 kiosk computers
	Reception Desk	1	1,000.00	1,000.00	
	Conference Room	1	500.00	500.00	
	Desks	17	500.00	8,500.00	1 copier
MBB - Aframe	Mini Fridge	1	50.00	50.00	1 OE computer
	File Cabinet-tall	3	100.00	300.00	2 kiosk computers
	Conference Room	1	500.00	500.00	1 fax
	Desks	37	200.00	7,400.00	2 copiers
RB	File Cabinet Tall	4	100.00	400.00	4 Kiosk computers
	File Cabinet short	8	50.00	400.00	1 OE computer
	Refrigerator	1	100.00	100.00	2 fax
	Mini Fridge	1	50.00	50.00	
	Conference Room	1	500.00	500.00	
	Desks	39	200.00	7,800.00	1 copier
HMB	File cabinet - tall	4	100.00	400.00	2 OE computers
	Mini Fridge	1	50.00	50.00	3 Kiosk Computers
	Conference Room	1	500.00	500.00	2 fax
	Desks	19	200.00	3,800.00	2 copiers
ES	File Cabinets	6	100.00	600.00	1 OE computer
	File cabinet-short	3	50.00	150.00	2 kiosk computers
	Mini Fridge	1	50.00	50.00	2 fax

MCP	Conference Room	1	500.00	500.00	
	Desks	35	200.00	7,000.00	2 copiers
	File cabinet - tall	3	100.00	300.00	1 OE computers
	File cabinet-short	4	50.00	200.00	2 Kiosk computers
	Conference Room	1	500.00	500.00	2 fax
	Lobby Chairs	3	150.00	450.00	
	Refrigerator	1	100.00	100.00	
DMB	Desks	16	500.00	8,000.00	1 copier
	File cabinet-short	1	50.00	50.00	
	Mini Fridge	1	50.00	50.00	
	Conference Room	1	500.00	500.00	
SB	Desks - Exec	18	500.00	9,000.00	3 copiers leased?
	Desks	50	200.00	10,000.00	6 kiosk computers
	File cabinet - tall	12	100.00	1,200.00	12 Admin computers
	File cabinet-short	14	50.00	700.00	1 BizHub
	Fireproof File	2	300.00	600.00	
	Rolling File System	1	2,000.00	2,000.00	
	Conference Rooms	3	1,000.00	3,000.00	
	Lobby Chairs	4	300.00	1,200.00	
	Artwork	15	200.00	3,000.00	
	Refrigerators	2	500.00	1,000.00	
	Mini Fridge	2	200.00	400.00	

Note: office opened 8/1/15

Schedule I(a)(iii)

Equipment Leases

None

Schedule 1(a)(iv)

Listings

Schedule 1(a)(v)

Pendings

See Attachment









6554 Kaisha St. Corona, CA 92880	8/31/2016	6/22/2016	\$49,000.00	Selling: Madhan Sawhney	RB	Residential	I Active	\$11,220.00		
313 S Francisco Ave. Redondo Beach, CA 90277	9/2/2016	7/14/2016	\$1,330,000.00	Selling: Sarah Sapsack	DMB	Residential	I Active	\$33,250.00		
3205 Baridoo Ave. Inglewood, CA 90303	9/5/2016	7/19/2016	\$905,000.00	Listing: Shannon Shackley	HB	Residential	I Active	\$14,835.00		7/14/2016 10/14/2016
15-10 Ocean Ave. Unit 201, Sanis Monica, CA 90402	9/5/2016	7/22/2016	\$2,800,000.00	Listing: Alex Wolf	DMB	Residential	I Active	\$70,000.00		
420 Marine Pl., Manhattan Beach, CA 90266	9/6/2016	7/16/2016	\$3,050.00	Selling: Susan Kaminski	DMB	Rental	0 Active	\$915.00		
2215 Bayview Dr., Manhattan Beach, CA 90266	9/20/2016	7/19/2016	\$3,065,000.00	Selling: Bob Lane	HMB	Residential	I Active	\$76,625.00		4/5/2016 10/5/2016
104 7th St. Hermosa Beach, CA 90254	9/30/2016	6/2/2016	\$3,425,000.00	Listing: Matt Morris	HB	Residential	I Active	\$85,625.00		11/29/2015 8/29/2016
23607 Evalyn Ave., Torrance, CA 90505	10/31/2016	6/5/2016	\$2,025,000.00	Selling: Edward Kaminsky	ITZ	Residential	I Termin	\$50,625.00		
41855 Marwood Circle (SS), Temecula, CA 92589	11/15/2016	9/2/2015	\$18,400,000.00	Selling: Raju Chhabra	PIER	Residential	I Active	#####		5/28/2015 5/28/2016
534 Crestline Dr. Los Angeles, CA 90049	12/2/2016	4/26/2016	\$825,000.00	Selling: Matthew Reyes	MCP	Residential	I Active	\$20,625.00		
3208 Singingwood Dr., Torrance, CA 90505	1/21/2016	12/1/2014	\$796,000.00	Selling: Patrick Hayes	HB	Residential	I Active	\$7,400.00		12/2/2014
4235 W 59th Pl. Los Angeles, CA 90043	1/24/2016	6/23/2016	\$12,250,000.00	Selling: Cassandra Bloore	HMB	Residential	I Active	#####		
	1/24/2016	2/18/2017	\$755,000.00	Selling: Janet MacWilliams	RB	Residential	I Active	\$23,750.00		
	2/18/2017	2/18/2016	\$755,000.00	Selling: Shannon Angeles (Frankch)	ES	Residential	I Active	\$18,875.00		
		<b>Total:</b>	<b>\$368,198,939.00</b>							

Schedule 2(c)(i)

Form of Promissory Note

See Attachment

**PROMISSORY NOTE**

Principal Amount: \$250,000

Dated: August \_\_, 2016

FOR GOOD AND VALUABLE CONSIDERATION, the undersigned (i) **Vista Realty, Inc.** ("Maker") and (ii) **Kathleen Edler, Richard Edler, Gerard Bisignano, Daren DeRenzis, Chris John Adams, Deborah Edler, Emily DeRenzis, Valerie Adlam and Angela Bisignano** (collectively, "Co-Makers") promise to pay to **LBH National Corporation** or its assigns ("Holder"), the principal sum of two hundred fifty thousand dollars (\$250,000) plus interest, fees and costs as and when set forth herein. The Maker, Co-Makers and Holder are collectively referred to as the "Parties".

**NOW, THEREFORE**, in consideration of the terms, conditions, representations, promises, covenants and consideration contained herein, Maker and Co-Makers hereby agree as follows:

1. **Incorporation by Reference.** This Promissory Note ("Note") is delivered pursuant that certain Asset Purchase Agreement dated August 2, 2106 and the exhibits thereto (collectively, the "APA") and that certain Consent and Partial Lien Release Agreement dated August 2, 2106 and the exhibits thereto (collectively, the "Consent Agreement"). To the extent terms used herein are not otherwise defined, all capitalized terms used in this Note shall have the respective meaning ascribed to them in the APA and Consent Agreement. The APA and Note are incorporated by reference herein with the same force and effect as if restated hereby and: (i) have not been modified by this Note; (ii) remain unchanged; (iii) are hereby ratified and affirmed in their entirety; and (iv) are legally valid, binding and enforceable in accordance with their respective terms.

2. **Promise of Payment.**

2.1 **Amount Due.** Maker and Co-Makers acknowledge their absolute, joint and several liabilities to Holder under this Note of the principal sum of two hundred fifty thousand dollars (\$250,000) (the "Principal"), plus interest, fees and costs as and when set forth herein as of the date hereof and the lack of any defense, set-off or affirmative claims of Maker and Co-Makers related to this indebtedness.

2.2 **Payment of the Indebtedness.** Maker and Co-Makers shall pay to the order of Holder, in lawful money of the United States of America the outstanding principal balance due under this Note together with any accrued and unpaid interest, fees, expenses and costs, as December 31, 2024 (the "Maturity Date").

2.3 **Interest.** Except as provided in Section 2.5, Maker and Co-Makers agree to pay interest on the unpaid principal amount of the Note at the rate of zero percent (0%) per annum from the date of this Note until all outstanding amounts due under this Note are paid in full. Interest shall be compounded annually on each anniversary of the date set forth above.

2.4 **Forgiveness.** If on December 31 of each full calendar year ("Measurement Date")

beginning with the calendar year in which this Note is signed, Maker and Co-Makers satisfy the conditions in this Note, an amount equal to the Principal divided by eight (the "Yearly Principal") will be forgiven by Holder. To qualify for forgiveness of the Principal, Maker and Co-Makers must establish that, as of the Measurement Date and for the calendar year concluding on the Measurement Date:

- A. Maker is not in default of its obligations under any franchise agreement(s) with Holder<sup>1</sup> (the "Franchise Agreement"), including payment of royalty fees and marketing fund contributions; and
- B. Maker has timely paid Holder all royalty fees and marketing contributions owed under the Franchise Agreement on aggregate Gross Revenues (as defined in the Franchise Agreement) of at least \$26,000,000 ("Forgiveness Threshold").

2.5 Yearly Principal Due on Failure to Satisfy Conditions. If Maker does not satisfy the above conditions as of any Measurement Date, the Yearly Principal shall become due and payable to Holder within 30 days after the Measurement Date. If Maker or Co-Makers fails to make any payment when due, including any payment due on acceleration of this Note, the entire outstanding Principal shall bear simple interest at a rate equal to the lesser of eighteen percent 18% per year or the highest rate allowed by law, from its due date until paid in full.

2.6 Effect of Missed Gross Revenue Threshold for Forgiveness on Funding. Notwithstanding the provisions in Section 2.5, in the event Maker fails to satisfy the Forgiveness Threshold on any two (2) Measurement Dates, the yearly principal installment of the Note that would otherwise be due and owing to Franchisor for that calendar year, shall be forgiven upon Franchisor's receipt of written notice by Franchisee that it elects to exercise its rights under this provision. Upon Franchisee's exercise of its rights under this Section and Franchisor's forgiveness of the yearly principal installment(s) for the two requested measurement years, Franchisee shall not be entitled to forgiveness toward any further installments if Franchisee has not satisfied the required Forgiveness Threshold.

2.7 Applications of Funds Due Maker. Maker agrees that Holder, at its sole option, without notice, may apply to the outstanding due and payable Principal (and accrued and unpaid interest amount) payments due to Makers from Holder under the Luxury Premium Award program described in the Franchise Agreement, if any Luxury Premium Award becomes due or payable to Maker. To the extent necessary, Maker hereby assigns, transfers and/or conveys to Holder all of Maker's rights, title and interest in and to the Luxury Premium Award. Any and all amounts of the Luxury Premium Award applied against the Principal shall correspondingly reduce amounts owed by Makers hereunder.

2.8 Application of Payments. All payments made hereunder shall be applied first to interest and accrued charges due hereunder and then to the principal due hereunder.

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<sup>1</sup> As set forth in the Consent Agreement, this Note shall be assigned to ERA Franchise Systems LLC ("ERA") or its designee at the Closing. ERA or its designee as may be applicable, are collectively referred to herein as the "Franchisor".

2.9 Payments. All payments shall be made in lawful money of the United States of America without set-off, offset, recoupment, deduction or counterclaim of any kind whatsoever. All payments shall be to the order of Holder and delivered to Holder at any address in the United States provided to Maker by Holder, as and when set forth herein, **time of the essence.**

2.10 Pre-payment. Maker and Co-Makers may pay without penalty all or a portion of the amount owed under the Note earlier than the Maturity Date. Early payments will be applied first to accrued unpaid interest and then to principal. No partial prepayment shall extend or postpone the Maturity Date. Prepayments will be applied without notation on this Note.

3. Security. The obligations of Maker and Co-Makers under this Note are secured by the collateral set forth in the Security Agreement executed and delivered by Maker herewith.

4. Events of Default. The occurrence of any of the following events and the passage of any applicable notice and cure periods shall constitute an "Event of Default" under this Note (hereinafter referred to an "Event of Default"):

- (i) Any representation or warranty made by or on behalf of the Maker or Co-Makers pursuant to or in connection with this Note shall prove to be false, incorrect or misleading in any substantial and materially adverse aspect as of the date when made;
- (ii) Maker or Co-Makers shall have defaulted in the payment of any sum owing under this Note within five (5) days after the date when due;
- (iii) Maker or Co-Makers shall have failed to duly observe or perform any other material covenant, condition or agreement on the part of Maker or Co-Makers to be observed or performed pursuant to the terms of this Note;
- (iv) Maker or Co-Makers shall have applied for or consented to the appointment of a custodian, receiver, trustee, liquidator of all or a substantial part of its assets; or shall generally be unable to pay its respective debts when due; or shall have admitted in writing the inability to pay its debts as they mature; or shall have made a general assignment for the benefit of its creditors; or shall have filed a petition or an answer seeking an arrangement with its creditors or shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding; or an order, judgment or decree shall have been entered, without the application, approval or consent of Maker or Co-Makers by any court of competent jurisdiction approving a petition seeking reorganization of Maker or Co-Makers appointing a custodian, receiver, trustee or liquidator of Maker or Co-Makers or a substantial part of any of its respective assets and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) consecutive days; or shall have failed to remove an involuntary petition in bankruptcy filed against it within sixty (60) days of the filing thereof; or if any Order for Relief shall be have entered under the Bankruptcy Code;
- (v) Maker suspends business operations;
- (vi) Seizure or foreclosure of any of the properties or assets of the Maker or Co-Makers

pursuant to process of law or by legal self-help, involving monetary damages aggregating more than \$50,000, unless said seizure or foreclosure is stayed or bonded within ten (10) days after the occurrence of the same;

(vii) Upon default, in Holder's sole opinion, of any other agreement or note between Maker and Holder or any of Holder's related companies, including, but not limited to, the Franchise Agreement; or

(viii) Upon termination or expiration of the Franchise Agreement.

**5. Holder's Rights upon Default.**

5.1 Upon an Event of Default which has not been cured within any time period provided for herein, Holder may, after giving any notices required by this Note: (i) declare the entire unpaid principal balance of the Indebtedness and all accrued unpaid interest immediately due, and then Maker or Co-Makers will pay that amount; (ii) enforce all of Holder's rights under any security agreement or mortgage granted Holder by Maker or Co-Makers; (iii) exercise any right provided for under this Note, the Security Agreement, or any other agreement between the Parties; and (iv) exercise any right or remedy provided to Holder at law or equity.

5.2 Upon an Event of Default which has not been cured within any time period provided for herein, Holder, at its option, may increase the interest rate under Section 2 of this Note to eighteen percent (18%) per annum. The interest rate will not exceed the maximum rate permitted by applicable law. Such default rate of interest shall survive and serve as post-judgment interest under any judgments obtained by Holder against Maker or Co-Makers.

5.3 Holder may hire or pay someone else to help collect the amounts due under this Note if Maker or Co-Makers do not pay. Maker or Co-Makers will pay Holder that amount. This includes, subject to any limits under applicable law, Holder's attorneys' fees (including in-house attorneys) and Holder's legal expenses actually incurred, whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Maker and Co-Maker(s) agree to pay all expenditures made in any attempt to collect any amounts due pursuant to this Note. If not prohibited by applicable law, Maker or Co-Makers also will pay any court costs, in addition to all other sums provided by law.

5.4 If judgment is entered in connection with this Note, interest will continue to accrue on this Note after judgment at the interest rate applicable to the Note at the time judgment is entered.

5.5 Upon the occurrence of an Event of Default, all payments subsequently received shall be applied first to the satisfaction of all costs of collection, then the payment of all accrued but unpaid interest on the outstanding principal balance hereof, and then to the reduction of the principal balance hereof.

**6. Waiver of Presentment and Demand.** Maker, Co-Makers and all endorsers or guarantors of this Note, and each of them, hereby waive, to the fullest extent permitted by law, diligence, demand, notice of demand, presentment for payment, notice of non-payment, notice of



dishonor, protest and notice of protest and specifically consent to and waive notice of any renewals, extensions, amendments or modifications of this Note, whether made to or in favor of Maker or any other person or persons. Holder reserves the right to modify the terms of this Note, grant extensions, notations, renewals, releases, discharges, compositions and compromises with any party liable under this Note, with or without any notice to or the consent of, and without discharging or affecting the obligations of, any other party liable under this Note. The claiming of any statute of limitations as a defense to any demand against Maker, Co-Makers or any endorser or guarantor is expressly waived by each and all of said parties.

**7. Waiver of Jury Trial. MAKER AND CO-MAKERS HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER HOLDER OR MAKER OR CO-MAKERS AGAINST THE OTHER IN CONNECTION WITH THE NOTE**

Initials:        \_\_\_\_\_ Maker                                \_\_\_\_\_ Co-Maker                                \_\_\_\_\_ Co-Maker  
\_\_\_\_\_ Co-Maker                                \_\_\_\_\_ Co-Maker                                \_\_\_\_\_ Co-Maker  
\_\_\_\_\_ Co-Maker                                \_\_\_\_\_ Co-Maker                                \_\_\_\_\_ Co-Maker  
\_\_\_\_\_ Co-Maker

**8. Joint and Several Obligations.** This Note shall be the joint and several obligation of Maker, Co-Makers, all guarantors and endorsers, if any, and shall be binding upon them and their heirs, executors, personal representatives, successors and assigns and shall inure to the benefit of Holder and its successors and assigns.

**9. Assignment.** This Note shall not be assigned by Maker or any Co-Makers without the prior written consent of Holder. This Note, as well as the Security Agreement, shall be freely assignable by Holder, without the requirement of consent of either the Maker or Co-Makers.

**10. Miscellaneous.**

10.1 Modifications. This Note may not be amended, waived or modified except by an instrument in writing signed by the Parties hereto.

10.2 Notices. All notice shall be in writing and, unless otherwise provided herein, shall be effective when delivered by overnight courier or facsimile addressed as stated in the Restructuring Agreement. In the event that any address shall change, such change shall be deemed effective on all Parties provided that notice of such change is given, in writing, and such change shall be binding upon written confirmation acknowledging such change. In providing such written confirmation the Parties shall act promptly.

10.3 Governing Law. This Note shall be construed in accordance with the laws of the State of New Jersey.

10.4 Non-Exclusive Jurisdiction. Maker and Co-Makers consent and waive any objection to the non-exclusive personal jurisdiction and venue in the New Jersey state courts situated in Morris County, New Jersey and the United States District Court for the District of New Jersey for purposes of any suit commenced by Holder to enforce this Note.

10.5 Construction of the Note. The Parties hereto agree that the terms and language of this Note were the result of negotiations between the Parties, and, as a result, there shall be no presumption that any ambiguities in this Note shall be resolved against any Party. Any controversy over the construction of this Note shall be decided without regard to events of authorship or negotiation.

10.6 Headings. Headings, titles and captions preceding the sections hereof are provided for convenience of reference and shall not be used to explain or to restrict the meaning, purpose or effect of any provision to which they refer.

10.7 Binding Nature, Third Parties. This Note is binding on the Parties and their successors, heirs, executors and assigns of each of them.

10.8 Adequate Consideration. The Parties hereby represent, confirm and acknowledge that execution of this Note is full, fair and ample consideration for the agreements, representations and covenants contained herein and for entering into, executing and performing every other agreement entered into by any of the Parties in connection with this Note.

10.9 Counterparts. This Note may be executed by one or more of the Parties to this Note on any number of separate counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument. This Note may be executed via facsimile or electronic signature.

10.10 Acknowledgment of Counsel. Each of the Parties hereto acknowledge that they have knowingly and voluntarily entered into this Note and they have had this Note reviewed by counsel of their own choice, that such counsel has explained the terms and conditions of this Note to them, and that such counsel has answered any and all questions which they may have to their full satisfaction.

10.11 Waiver Remedies.

(i) The acceptance by Holder of any late payments contemplated by this Note shall not constitute a waiver by Holder of any of its rights thereunder or an estoppel of any claims of Holder related to such default. No consent or waiver, expressed or implied, by Holder to or of any default by the Maker or Co-Makers shall be construed as a consent or waiver to or of any further default of the same or any other term, covenant, condition or provision hereof, and no such waiver or consent shall be construed to exist by reason of any action or course of conduct, except by a writing duly executed by Holder.

(ii) No delay or omission by Holder in exercising any right, power or remedy accruing to Holder upon any breach or default by the Maker or Co-Makers under this Note or any other agreement entered into or executed in connection with the transaction contemplated by this Note

shall impair any right, power or remedy of Holder; all of Holder's rights and remedies, whether provided for hereunder or otherwise, shall be cumulative and may be exercised from time to time singularly or concurrently.

IN WITNESS WHEREOF, the undersigned Maker and Co-Makers have executed this Note as of the date first set forth above.

**ATTEST**

**Vista Realty, Inc.**

\_\_\_\_\_

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

**WITNESS**

\_\_\_\_\_

\_\_\_\_\_  
**Name: Kathleen Edler**

**WITNESS**

\_\_\_\_\_

\_\_\_\_\_  
**Name: Richard Edler**

**WITNESS**

\_\_\_\_\_

\_\_\_\_\_  
**Name: Gerard Bisignano**

**WITNESS**

\_\_\_\_\_

\_\_\_\_\_  
Name: Daren DeRenzis

WITNESS

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\_\_\_\_\_  
Name: Chris John Adams

WITNESS

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\_\_\_\_\_  
Name: Deborah Edler

WITNESS

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\_\_\_\_\_  
Name: Emily DeRenzis

WITNESS

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\_\_\_\_\_  
Name: Valerie Adlam

WITNESS

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\_\_\_\_\_  
Name: Angela Bisignano

Schedule 2(c)(ii)

Form of Security Agreement

See Attachment

**SECURITY AGREEMENT**

This Security Agreement (this "Security Agreement") is made as of this \_\_\_ day of **August, 2016** by and among LBH National Corporation ("LBH", "Seller" or "Secured Party"<sup>1</sup>) and Vista Realty, Inc. ("Vista", "Buyer" or "Debtor"). LBH and Vista are collectively referred to herein as the "Parties".

**WITNESSETH:**

LBH and Vista are among the parties to that certain Consent and Partial Lien Release Agreement dated August 2, 2106 and the exhibits thereto (collectively, the "Consent Agreement"). To the extent terms used herein are not otherwise defined, all capitalized terms used in this Security Agreement shall have the respective meaning ascribed to them in the Consent Agreement. This Security Agreement is provided to induce ERA Franchise Systems LLC ("ERA") to enter into the Consent Agreement and the agreements and transactions described therein.

**NOW, THEREFORE, IN CONSIDERATION OF THE ENTRY INTO THE CONSENT AGREEMENT BY ERA AND WITH KNOWLEDGE THAT ERA WOULD NOT MAKE OR ENTER INTO THE CONSENT AGREEMENT BUT FOR THE PROMISES OF VISTA HEREUNDER, AND IN CONSIDERATION OF THE TERMS, CONDITIONS, REPRESENTATIONS, PROMISES AND COVENANTS CONTAINED HEREIN AND IN THE CONSENT AGREEMENT, VISTA HEREBY ABSOLUTELY AND UNCONDITIONALLY AGREES, REPRESENTS, WARRANTS AND COVENANTS AS FOLLOWS:**

SECTION 1 – CONVEYANCE OF SECURITY INTERESTS. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby grants to Secured Party a security interest in all accounts; accounts receivable; contract rights; general intangibles; leases; furniture; furnishings; equipment; fixtures; machinery; accessories; movable trade fixtures; goods held for sale or being processed for sale in Debtor's business, including all supplies, finished goods and all other items customarily classified as inventory; building improvement and construction materials; chattel paper; instruments; documents; letters of credit; all funds on deposit with any financial institution; commissions; real estate listings and listing agreements and related rights which are located at or related to the real estate brokerage business conducted by Debtor and including the proceeds and products therefrom and any and all substitutions, replacements, additions and accessions thereto and any rebate/award program (or similar incentive programs) to which Debtor may be entitled pursuant to any franchise agreement; together with all such rights and property hereafter acquired by Debtor; and all general intangibles (collectively, the "Collateral") as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing Collateral (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto) as security for: (i) the prompt payment and performance by Debtor under the Vista Note and any renewals, compromises, extensions, modifications, accelerations or other changes in the time for performance or other terms thereof; (ii) payment and performance under any franchise agreement between Debtor and the

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<sup>1</sup> Secured Party shall also include any subsequent holder or assignee of this Security Agreement.

holder or assignee of this Security Agreement<sup>2</sup>, and (iii) payment and performance of all other agreements between Debtor and the holder or assignee of this Security Agreement.

SECTION 2 -- DEBTOR'S OBLIGATIONS. Debtor agrees to the following:

(a) Debtor will properly maintain and care for the Collateral and will not remove the Collateral from the Office (as defined in any franchise agreements between Debtor and any assignee of this Security Agreement (the "Franchise Agreement"));

(b) Debtor will notify Secured Party in writing prior to any change in Debtor's place(s) of business;

(c) Debtor has not executed and will not execute as debtor thereunder any security agreement or financing statement covering any of the Collateral, nor will Debtor pledge or encumber the Collateral, or allow any lien to be placed against the Collateral, whether voluntary or involuntary;

(d) Debtor represents and warrants to Secured Party that the Collateral shall not become collateral for any other obligations previously incurred, nor collateral under any other security agreement(s) previously executed by Debtor – except such other security agreement(s) as may be held by Secured Party; and

(e) Debtor will not sell, contract for sale or otherwise dispose of any of the Collateral except in the ordinary course of business.

SECTION 3 -- DEFAULTS. Debtor shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions (an "Event of Default"):

(a) The failure by Debtor to pay any amount when due under the terms and provisions of the Note or Franchise Agreement (after applicable grace periods, if any);

(b) Debtor's breach of any term, provision, warranty or representation set forth herein or in the Franchise Agreement, or in any other agreement between Debtor and Secured Party (in each case if not cured after any applicable cure period);

(c) The making of any levy on, or seizure or attachment of, any of the Collateral, if such levy, seizure or attachment is not set aside within fifteen (15) days thereafter;

(d) The dissolution, termination of existence or insolvency of Debtor; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor; or

(e) Any guarantor, surety or endorser for Debtor defaulting in any obligation or material

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<sup>2</sup> As set forth in the Consent Agreement, this Security Agreement shall be assigned to ERA or its designee at the Closing.

liability to Secured Party, if such default is not cured within five (5) days thereafter.

SECTION 4 -- REMEDIES AFTER DEFAULT.

(a) In the event of the occurrence of an Event of Default, Secured Party, in addition to all other rights and remedies given Secured Party under any and all agreements by and among Secured Party, Debtor and/or Debtor's guarantors, or otherwise by law, may do one or more of the following, without notice to or demand upon Debtor:

- 1) Declare all obligations secured hereby immediately due and payable;
- 2) Enforce the security interest given hereunder and otherwise exercise the rights of a secured creditor provided under the laws of the state in which Collateral is located;
- 3) Require Debtor to assemble the Collateral and make it available to Secured Party; and/or
- 4) Enter any office or offices of Debtor and take possession of the Collateral and of the records pertaining to the Collateral.

(b) Secured Party may apply the proceeds of any disposition of Collateral available for satisfaction of Debtor's indebtedness, which shall include the reasonable expenses of such sale, in any order of preference which Secured Party, in its sole discretion, chooses. Debtor shall remain liable for any deficiency.

SECTION 5 -- INSURANCE PROCEEDS. So long as no default exists hereunder, the proceeds of fire and casualty insurance covering the Collateral may be utilized by Debtor for the repair and restoration of Debtor's facilities, subject to such procedures as Secured Party may reasonably require to assure the application of any such insurance proceeds for such purpose and completion of such repair and restoration.

SECTION 6 -- DUTIES OF SECURED PARTY. Secured Party's duties or responsibilities with reference to the Collateral shall be limited solely to the duties and responsibilities set forth in this Security Agreement and Secured Party shall not be responsible in any way for the condition, depreciation or maintenance of the Collateral other than as set forth herein. Debtor shall pay when due all taxes, charges, liens and assessments against the Collateral.

SECTION 7 -- MISCELLANEOUS.

(a) Debtor's Obligations Under Agreements. Simultaneously with the payment in full of all of Debtor's obligations to the Secured Party, all liens, encumbrances and security interests created by this Security Agreement shall be null and void.

(b) Waiver. Any waiver, express or implied, of any provision of this Security Agreement and any delay or failure by Secured Party to enforce any provision of this Security Agreement shall not preclude Secured Party from enforcing any such provision thereafter.



(c) Governing Law. This Security Agreement shall be governed by and construed according to the laws of the State of New Jersey.

(d) Remedies. All rights and remedies provided herein are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

(e) Financing Statement. Concurrently herewith, Secured Party may file a Statement with the Secretary of State in the state of formation of the Debtor, the state of location of the Collateral and/or other appropriate governmental authority to perfect the security interest created hereby. Debtor will execute such other documents as Secured Party may reasonably require to perfect its security interest in the Collateral.

(f) Notices. In the event either Party desires to give notice to the other with regards to this Security Agreement, such notice shall be in writing and may be hand delivered, express mailed, or sent by certified or registered mail. Notices mailed as provided herein shall be deemed to be given four (4) days after they are sent. Such notices shall be sent to the address provided for such Party in the APA, unless a Party gives notice of a change of its respective address.

(g) Attorney's Fees. In the event either party commences litigation against the other with respect to this Security Agreement, or its interpretation or enforcement, the prevailing party shall be entitled to reasonable attorney's fees and court costs.

(h) Successors in Interest. This Security Agreement shall inure to the benefit of, and be binding upon, the successors in interest of the Parties hereto. Secured Party may freely assign this Security Agreement.

(i) Amendments. This Security Agreement may only be amended by a writing executed by both of the Parties hereto.

(j) Execution. Facsimile or electronic copies of this Security Agreement shall be deemed to have the same force and effect as the original and, as such, shall be fully binding on all Parties.

SECTION 8 – INVALIDITY. If any provision or portion of this Security Agreement shall be held by a court of competent jurisdiction to be illegal, void or unenforceable, such provision, or portion thereof, shall be of no force and effect, but the illegality or unenforceability of such provision, or portion thereof, shall have no effect upon and shall not impair the enforceability of any other provision of this Security Agreement.

**THE PERSON SIGNING THIS SECURITY AGREEMENT ON BEHALF OF THE DEBTOR REPRESENTS AND WARRANTS THAT HE OR SHE IS A DULY APPOINTED OFFICER OR OTHERWISE HAS BEEN AUTHORIZED TO BIND THE DEBTOR TO THE TERMS OF THIS AGREEMENT.**

IN WITNESS WHEREOF, LBH National Corporation and Vista Realty, Inc. have executed or caused their duly authorized agents to execute this Agreement as of the date first above written.

ATTEST:

**LBH National Corporation**

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

ATTEST:

**Vista Realty, Inc.**

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

Schedule 4(f)

Sales Associates

See Attachment

<u>Last Name</u>	<u>First Name</u>	<u>Office</u>	<u>Agent Status</u>	<u>Current Pay-Plan</u>	<u>Company Split %</u>
Accardo	Marina	MCP	Active	Licensed Assistant	0.0%
Adam	Kcn	HMB	Active	Graduated	0.0%
Aita	Colin	HB	Active	Roger Academy	50.0%
Alarcon	Michael	MCP	Active	90/10 CAP	10.0%
Alexander	Kristin	RB	Active	70/30 CAP	30.0%
Amarillas	Yvonne	HB	Active	90/10 CAP	10.0%
Angelos (Fizalich)	Shannon	ES	Active	90/10 CAP	10.0%
Baik	Stephanie	HB	Active	90/10 CAP	10.0%
Ballesteros	Christine	RB	Active	Graduated	2.0%
Barry	Matthew	HB	Active	Licensed Assistant	0.0%
Bassi	Brian	RB	Active	90/10 CAP	10.0%
Balkin	Bridget	HB	Active	90/10 CAP	10.0%
Bender	Rick	DMB	Active	90/10 CAP	10.0%
Berstein	Abby	HB	Active	Licensed Assistant	0.0%
Blandon	Jose	HB	Active	Roger Academy	50.0%
Bloore	Cassandra	HMB	Active	90/10 CAP	10.0%
Bond	Rebecca	RB	Active	70/30 CAP	30.0%
Broadhurst	Christine	DMB	Active	Graduated	0.0%
Burner	Kelly	ES	Active	70/30 CAP	30.0%
Campbell	Dawn	HB	Active	90/10 CAP	10.0%
Chang	Dow	HB	Active	Team	5.0%
Chhabria	Anand	PIER	Active	Team	0.0%
Chhabria	Neil	PIER	Active	Team	0.0%
Chhabria	Philomina	PIER	Active	Fixed	0.0%
Chhabria	Raju	PIER	Active	Fixed	0.0%
Chhabria	Sanjeev	PIER	Active	Team	5.0%
Clark	Arda	RB	Active	90/10 CAP	10.0%
Clark	Carl	RB	Active	90/10 CAP	10.0%
Clement	Janet	HB	Active	90/10 CAP	10.0%
Cohan	Morena	RB	Active	95/5	5.0%
Corey	Susan	HB	Active	90/10 CAP	10.0%
Craig	Wayne	HB	Active	Graduated	2.0%
Creed	Susan	MCP	Active	Fixed	3.0%
Cregg	Sean	HB	Active	70/30 CAP	30.0%
Critton	Lee	RB	Active	70/30 CAP	30.0%
Datta	Anil	HB	Active	90/10 CAP	10.0%
Davis	Ingrid	RB	Active	90/10 CAP	10.0%
Defterios	John	MCP	Active	90/10 CAP	10.0%
Dimel	David	HB	Active	90/10 CAP	10.0%
Dondero	Linda	HMB	Active	90/10 CAP	10.0%

NOTE:

For Agents on a graduated plans, the percentage in column F is approximate. Because of the sliding scale, those agent splits are constantly changing (generally going down to zero, then back up when their year starts over). It is too cumbersome to update their split percentage in the system at the time of each closing therefore, LBHI runs the numbers and hard codes the company dollar in the system with each transaction.

Dong	Kai	HB	Active	Roger Academy	50.0%
Dozier	Eugene	HMB	Active	Roger Academy	50.0%
Edmondson	Lai Mei	PVE	Active	Team	5.0%
Erazo	Jairo	HB	Active	90/10 CAP	10.0%
Fang	Mindy	RB	Active	90/10 CAP	10.0%
Field	Bruce	HB	Active	Graduated	2.0%
Footc	Chappel	HMB	Active	90/10 CAP	10.0%
Friedlander	Kenneth	HB	Active	90/10 CAP	10.0%
Fujita	Sachi	HMB	Active	Graduated	7.0%
Furman	Marc	HB	Active	Licensed Assistant	0.0%
Gallegos	Raquel	HMB	Active	70/30 CAP	30.0%
Galvan-Walter	Jennifer	ES	Active	90/10 CAP	10.0%
Gilbo	Jim	RB	Active	90/10 CAP	10.0%
Gonzalez	Luis	DMB	Active	90/10 CAP	10.0%
Grammatico	Angela	RB	Active	70/30 CAP	30.0%
Grundhaus	Kay	HB	Active	90/10 CAP	10.0%
Hackman	Amy	HMB	Active	90/10 CAP	10.0%
Hao	Karen	PVE	Active	Team	0.0%
Harrison	James	RB	Active	Graduated	4.0%
Haynes	Patrick	HB	Active	90/10 CAP	10.0%
Hernandez	Linda	HB	Active	Graduated	1.0%
Herrera	Richard	RB	Active	Roger Academy	50.0%
Hoffman	Matthew	HB	Active	90/10 CAP	10.0%
Houska	Austin	HB	Active	Roger Academy	50.0%
Hsu	Alex	HB	Active	Roger Academy	50.0%
Huang	Gary	MCP	Active	90/10 CAP	10.0%
Huang	Isabelle	HB	Active	90/10 CAP	10.0%
Huyh	Quang	HB	Active	80/20 CAP	20.0%
Jacobs	Janet	PIER	Active	Team	0.0%
Jacoby	Amic	HB	Active	90/10 CAP	10.0%
James	Adolph	RB	Active	Graduated	2.0%
Johnson	Susan	HB	Active	Roger Academy	50.0%
Johnston	Peggy	HMB	Active	90/10 CAP	10.0%
Jones	Thaddeus	HMB	Active	70/30 CAP	30.0%
Kaghazi	Kory	RB	Active	Roger Academy	50.0%
Kahome	Lindalya	ES	Active	90/10 CAP	10.0%
Kalinowsky	Jane	RB	Active	90/10 CAP	10.0%
Kaminski	Susan	DMB	Active	Fixed	3.0%
Kappelos	Peter	RB	Active	90/10 CAP	10.0%
Kardos	Michael	MCP	Active	Roger Academy	50.0%
Katouzian	Camelia	HB	Active	90/10 CAP	10.0%
Kernochan	Kathy	DMB	Active	90/10 CAP	10.0%
Khodadad	Victoria Tang	MCP	Active	90/10 CAP	10.0%
Kim	Daniel	MCP	Active	90/10 CAP	10.0%
Kim	Kathryn	PVE	Active	Team	5.0%
Klapper	Aaron	HB	Active	Fixed	3.0%
Klien	Tara	HMB	Active	90/10 CAP	10.0%

Knickerbocker	Mickey	HMB	Active	Graduated	2.0%
Kredatus	Eric	HMB	Active	90/10 CAP	10.0%
Lane	Bob	HMB	Active	Graduated	0.0%
Lane	Dominique	HMB	Active	Roger Academy	50.0%
Lang	Deborah	RB	Active	80/20 CAP	20.0%
LaRose	Dorothy	HMB	Active	70/30 CAP	30.0%
Larsen	Kim	PIER	Active	Team	0.0%
Leach	Vicki	MCP	Active	90/10 CAP	10.0%
Lear	Lynne	HMB	Active	Graduated	2.0%
Lec	Peter	HB	Active	Roger Academy	50.0%
Lefevre	Jason	HB	Active	80/20 CAP	20.0%
Liao	Henry	HB	Active	90/10 CAP	10.0%
Libertucci	Rosanna	HMB	Active	Graduated	2.0%
Lunford	Leslie	HB	Active	90/10 CAP	10.0%
MacLaughlin	Ed	HB	Active	Graduated	2.0%
MacWilliams	Janet	RB	Active	90/10 CAP	10.0%
Malicse	Richie	RB	Active	90/10 CAP	10.0%
Marmol	Camila	HB	Active	Roger Academy	50.0%
Mascola	Lindsey	MCP	Active	Roger Academy	50.0%
Mason	Sharon	HMB	Active	90/10 CAP	10.0%
May	Dennis	HB	Active	Fixed	10.0%
Mazzotta	Denise	HMB	Active	90/10 CAP	10.0%
McConaghey	Richard	HB	Active	90/10 CAP	10.0%
Meghani	Pankaj	PIER	Active	Team	5.0%
Mendez	Silvia	HB	Active	90/10 CAP	10.0%
Mitchell	John	RB	Active	70/30 CAP	30.0%
Moir	Cassy	MCP	Active	90/10 CAP	10.0%
Morris	Matt	HB	Active	Graduated	7.0%
Moule	Lisa	RB	Active	90/10 CAP	10.0%
Mueller	Richard	HMB	Active	90/10 CAP	10.0%
Mueller	Victoria	HMB	Active	Licensed Assistant	0.0%
Najarian	Sera	HB	Active	Roger Academy	50.0%
Naumovski	Deborah	RB	Active	Fixed	3.0%
ODonnell	Lynn	HB	Active	90/10 CAP	10.0%
Oest	Yoshiko	PIER	Active	Licensed Assistant	5.0%
Olivares	Amy	HMB	Active	90/10 CAP	10.0%
ONeil	Lynn	ES	Active	Fixed	0.0%
Paez	Ryan	HB	Active	Roger Academy	50.0%
Palmer	Daryl	DMB	Active	90/10 CAP	10.0%
Panzarella	Patrick	HMB	Active	90/10 CAP	10.0%
Paolletti	Richard	HB	Active	90/10 CAP	10.0%
Parke	Patty	HMB	Active	Graduated	2.0%
Peirce	Christopher	HMB	Active	90/10 CAP	10.0%
Perazzolo	Natasha	HB	Active	Roger Academy	50.0%
Peters	Nicole	HMB	Active	Roger Academy	50.0%
Pilson	Daniel	MCP	Active	Roger Academy	50.0%
Plank	Chris	HMB	Active	Fixed	0.0%

Ploocky	Aaron	PVE	Active	Team	0.0%
Poach	Lisa	MCP	Active	90/10 CAP	10.0%
Pratt	Brigitte	HMB	Active	90/10 CAP	10.0%
Pratt	Kevin	HMB	Active	Fixed	0.0%
Prozano	Robert	HB	Active	Roger Academy	50.0%
Quinn	Mike	RB	Active	Roger Academy	50.0%
Rampe	J Suzanne	HB	Active	90/10 CAP	10.0%
Range	Lynn	HMB	Active	90/10 CAP	10.0%
Reyes	Mathieu	MCP	Active	90/10 CAP	10.0%
Rivera	Racquel	HB	Active	70/30 CAP	30.0%
Roberts	Lynn	MCP	Active	70/30 CAP	30.0%
Rosemary	Steve	RB	Active	70/30 CAP	30.0%
Rosen	Darryl	HMB	Active	90/10 CAP	10.0%
Rothchild	Laurie	HB	Active	90/10 CAP	10.0%
Sackley	Shannon	HB	Active	90/10 CAP	10.0%
Sandra	Rene	HMB	Active	70/30 CAP	30.0%
Santos	Steve	HMB	Active	90/10 CAP	10.0%
Sawhney	Madhav	RB	Active	70/30 CAP	30.0%
Saypack	Sarah	DMB	Active	90/10 CAP	10.0%
Scarangelo	Tony	HB	Active	90/10 CAP	10.0%
Scheinberg	Hank	DMB	Active	Fixed	4.0%
Schlanck	Christina	HMB	Active	90/10 CAP	10.0%
Schreiner	Larry	HB	Active	90/10 CAP	10.0%
Schroeter	Giovanna	MCP	Active	90/10 CAP	10.0%
Shain	Amir	HB	Active	90/10 CAP	10.0%
Shams	Golnaz	MCP	Active	70/30 CAP	30.0%
Sharifi	Mohammad (Mo)	HB	Active	90/10 CAP	10.0%
Sharifi	Nahal	HB	Active	Licensed Assistant	0.0%
Shelton	Jeremy	HMB	Active	Graduated	1.0%
Shumbo	Ann	DMB	Active	90/10 CAP	10.0%
Singh	Rupesh	PIER	Active	Team	5.0%
Skulick	John	ES	Active	Fixed	0.0%
Smith	Vivien Dec	MCP	Active	70/30 CAP	30.0%
Snyder	Brandon	HB	Active	Roger Academy	50.0%
Sonen	Amanda	HB	Active	Roger Academy	50.0%
Sweeney	Susan	DMB	Active	Graduated	1.0%
Tanner	Laura	PIER	Active	Team	5.0%
Terzic	Gordana	PIER	Active	Team	5.0%
Test	Agt	HB	Active	Graduated Academy 20%	1.0%
Thomas	Ako	RB	Active	95/5	5.0%
Thomas	Justin	PVE	Active	Team	5.0%
Torres	Carlos	MCP	Active	90/10 CAP	10.0%
Triplett	John	HB	Active	80/20 CAP	20.0%
Tuccinardi	Mark	HMB	Active	90/10 CAP	10.0%
Van Brcenc	Dickie	DMB	Active	70/30 CAP	30.0%
Veera	Margaret	MCP	Active	80/20 CAP	20.0%
Volosin	Patrick	ES	Active	90/10 CAP	10.0%

Walsh	Louise	HB	Active	70/30 CAP	30.0%
Walsh	Michael	HB	Active	70/30 CAP	30.0%
Warfield	Eric	DMB	Active	90/10 CAP	10.0%
Watkins	Katie	HB	Active	90/10 CAP	10.0%
Weissman	Cynthia	HB	Active	70/30 CAP	30.0%
Werchick	Jessika	HMB	Active	95/5	5.0%
Wolf	Alex	DMB	Active	Graduated	2.0%
Wolf	Tyler	DMB	Active	Graduated	2.0%
Woods	Nicole	HB	Active	Licensed Assistant	0.0%
Yorc	Lawrence	MCP	Active	90/10 CAP	10.0%
Zehnpfennig	Caroline	PIER	Active	Roger 90/10	10.0%
Zeleny	Myles	RB	Active	Fixed	0.0%
Zukmann	Steve	HMB	Active	Graduated	4.0%



Schedule 4(h)

Litigation

See Attachment

<u>Case Title</u>	<u>Nature Of Case</u>	<u>Court or Agency's Name and Address</u>	<u>Status of Case</u>	<u>Insurance</u>
Christopher & Shannon Ryan v. Nick and Karen Paris, et al.	Negligence-Mediation Demand	Mediator: Robert Mann 915 Wilshire Blvd., Ste. 1900 Los Angeles, CA 90017	Settlement Reached- Payment of settlement proceeds pending from Shorewood licensees	No coverage
Barbara Held, et al. v. LBH National Corporation, et al.	Negligence-Class Action	Superior Court of the State of California County of Los Angeles Torrance Courthouse 825 Maple Avenue Torrance, CA 90503	Pending	Tendered, Coverage with ROR
ERA Franchise Systems, LLC v. LBH National Corporation, et al.	Breach of Contract, Counter-claims	Superior Court of the State of California County of Los Angeles Torrance Courthouse 825 Maple Avenue Torrance, CA 90503	Pending	No coverage
Goldstein, et al. v. LBH National Corporation, et al.	Breach of Contract and Counter-claims	Arbitration JAMS 1925 Century Park East Ste. 1400 Los Angeles, CA 90067	Pending	No coverage

## CONSENT AND PARTIAL LIEN RELEASE AGREEMENT

This CONSENT AND PARTIAL LIEN RELEASE AGREEMENT (the "Agreement") is made as of this **4th** day of **August, 2016** by and among: LBH National Corporation ("LBH", the "Debtor" or "Seller"), Roger A. Herman, ERA Franchise Systems LLC ("ERA") and Vista Realty, Inc. ("Vista" or "Buyer"). LBH, Roger A. Herman, ERA and Vista are collectively referred to herein as the "Parties".

### Recitals

A. On June 24, 2016 (the "Petition Date"), LBH filed a voluntary petition for relief under the Chapter 11 of the United States Bankruptcy Code (the "Code"). LBH has remained in possession of its assets and is currently authorized to continue in the operation and management of its business as a debtor-in-possession pursuant to Section 1107 and 1108 of the Code.

B. LBH and ERA entered into a Real Estate Franchise Agreement with an effective date of February 25, 2014. The Real Estate Franchise Agreement and all addendums thereto are collectively referred to as the "Franchise Agreement". On or around February 20, 2014, LBH, Roger A. Herman and Kimberly S. Herman executed and conveyed a Conversion Promissory Note to ERA in the original principal amount of \$1,500,000 (the "Conversion Note"). To secure the obligations of LBH under the Franchise Agreement, Conversion Note and all other agreements between LBH and ERA, LBH executed and conveyed a "Security Agreement" to ERA which granted ERA a security interest in certain property of LBH referred to as the "ERA Collateral". The security interest granted to ERA was perfected by ERA by, among other things, the filing of UCC-1 Financing Statement on February 25, 2014 with the Secretary of State of California at filing number 20147400723583.

C. On February 22, 2016, ERA filed a Complaint in the Superior Court of California, County of Los Angeles, against LBH and others, Case No.: YC071137, (the "California Action"). On April 28, 2016, a Temporary Restraining Order (the "TRO") was entered in the California Action. On June 15, 2016, an order was entered in the California Action purporting to grant possession of ERA Collateral to ERA (the "Possession Order"). By virtue of the TRO and/or Possession Order, LBH asserts a possessory interest in the ERA Collateral.

D. On July 13, 2016, ERA filed a secured proof of claim in the bankruptcy proceeding in the amount of at least \$6,045,767.84 (the "ERA POC"). The amount claimed due under the ERA POC is referred to as the "LBH-ERA Indebtedness". ERA possesses a valid first lien position in the ERA Collateral and cash collateral to secure payment of the ERA POC.

E. Subject to approval of the court in the LBH bankruptcy proceeding, Vista and LBH have entered into an Asset Purchase Agreement (the "APA") providing for the sale of ERA Collateral by LBH to Vista (the "LBH/Vista Transaction"). A copy of the APA is attached at **Exhibit "A"** hereto. LBH and Vista have requested that ERA consent to the LBH/Vista Transaction as same involves the transfer of ownership of ERA Collateral without satisfaction of the ERA POC. Subject to the terms and conditions of this Agreement, ERA is willing to consent

to the transfer of ownership of ERA Collateral in which ERA has a senior perfected security interest.

### Agreement

**NOW, THEREFORE**, in consideration of the terms, conditions, representations, promises, covenants and consideration contained herein, the Parties hereby agree as follows:

1. **Incorporation by Reference.** The statements and representations set forth in the Recitals above are fully affirmed by each Party and incorporated herein with the same force and effect as if restated hereby.

2. **Definitions.** To the extent terms used herein are not otherwise defined to the contrary; all defined terms used in this Agreement shall have the respective meaning ascribed to them in the APA. All defined terms are capitalized herein.

3. **The LBH/Vista Transaction.** Subject to the terms and conditions of the APA and bankruptcy court approval, Vista shall pay a total purchase price for the Assets (as defined in the APA) of \$250,000. At the Closing (as defined in the APA), Vista shall deliver a promissory note in the amount of \$250,000 to LBH in the form attached hereto at **Exhibit "B"** (the "**Vista Note**"). Payment and performance of Vista under the Note shall be secured as set forth in a security agreement which Vista shall deliver to LBH in the form attached hereto at **Exhibit "C"** (the "**Vista Security Agreement**").

4. **Assignment of Note and Security Agreement - Consideration.**

4.1 At the Closing, LBH shall immediately assign the Vista Note and Vista Security Agreement to ERA, or the designee of ERA as ERA may direct, by way of delivery of an assignment in the form attached hereto at **Exhibit "D"** (the "**Assignment**"). At Closing, LBH shall deliver the executed Assignment and all exhibits thereto to ERA together with the original Vista Note and Vista Security Agreement and Vista shall deliver to ERA or its designee the original Acknowledgement in the form attached at Exhibit "2" to the Assignment.

4.2 As consideration for the Assignment, and subject to satisfaction of all of the Conditions Precedent (defined below), at the Closing of the LBH-Vista Transaction and upon receipt of the fully executed Vista Note, Vista Security Agreement and Assignment by ERA or its designee, the LBH-ERA Indebtedness shall be reduced by \$637,775.89, reducing the LBH-ERA Indebtedness to at least \$5,407,991.95 (the "**Post Assignment Indebtedness**"). Nothing contained herein shall be deemed to modify, nullify, discharge, release or extinguish the Post Assignment Indebtedness or ERA's claims against LBH and Roger Herman for full payment of the Post Assignment Indebtedness.

5. **Bankruptcy Court Approval.** The terms and agreements contained in this Agreement are subject to and contingent upon Bankruptcy Court approval. On or before **5:00 p.m. CST on August 3, 2016**, LBH shall file a motion with the Bankruptcy Court, and a request for an emergent hearing thereon, seeking approval of the APA and this Agreement (the "**Motion**"). The Debtor shall utilize its best efforts to prosecute the Motion and pursue entry of

an order approving same. In the event an order granting the Motion is not entered such that same becomes a final and unappealable order (the "Approval Order") by **August 16, 2016**, this Agreement shall become null and void.

**6. ERA Consent to the LBH/Vista Transaction.** ERA's consent to the LBH/Vista Transaction and its agreement to perform as set forth in this Agreement is subject to and contingent upon full satisfaction of the following "Conditions Precedent":

(a) execution and delivery by LBH and Vista of a letter of intent (the "LOI") regarding the LBH/Vista Transaction this Agreement by on or before **9:00 a.m. CST on August 1, 2016**;

(b) announcement of the LOI by LBH to all of its real estate sales persons and employees by on or before **12:00 p.m. CST on August 4, 2016**;

(c) execution and delivery of this Agreement by all Parties by on or before **5:00 p.m. CST on August 4, 2016**;

(d) execution and delivery of the APA, and all applicable exhibits/schedules thereto, by LBH and Vista by on or before **12:00 p.m. CST on August 4, 2016**;

(e) filing of the Motion by LBH by on or before **5:00 p.m. CST on August 4, 2016**;

(f) entry of the Approval Order on or before **August 16, 2016**; and

(g) Closing of the LBH/Vista Transaction, and receipt of the fully executed Vista Note, Vista Security Agreement, Assignment and all exhibits/schedules thereto by ERA or its designee, by **August 17, 2016**.

**7. Partial Lien Release.**

**7.1** Subject to satisfaction of all of the Conditions Precedent, at the Closing of the LBH-Vista Transaction, upon receipt of the fully executed Vista Note, Vista Security Agreement and Assignment to ERA or its designee, ERA shall convey a consent to partial lien release in a form reasonably requested by Vista.

**7.2** The consent of ERA to conveyance of ERA Collateral per the LBH-Vista Transaction, free and clear of the security interests of ERA in such property, shall be without any representations, guarantees or warranties of any kind or nature, express or implied, by ERA including but not limited to the condition or title of such property. Moreover, ERA's consent to conveyance of the ERA Collateral per the LBH-Vista Transaction shall relate solely to its right, title and interest in and to the ERA Collateral and shall be without representation as to any and all other liens, claims, interests and encumbrances on such property.

**8. Exculpation of Liability.** Nothing herein contained shall be construed to constitute ERA as the agent of LBH and/or Roger Herman for any purpose whatsoever, nor shall ERA be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any

part of the ERA Collateral wherever the same may be located and regardless of the cause thereof. ERA shall not, whether by anything herein or in any assignment or otherwise, assume any of LBH's obligations under any contract or agreement assigned to ERA, and ERA shall not be responsible in any way for the performance by LBH of any of the terms and conditions thereof.

**9. Relationship of Parties: No Third Party Beneficiaries.** Nothing in this Agreement shall be construed to alter the existing debtor-creditor relationship between LBH, Roger Herman and ERA; nor is this Agreement intended to change or affect in any way the relationship. This Agreement is not intended, nor shall it be construed to create, a partnership or joint venture relationship between or among ERA on the one hand and LBH and/or Roger Herman on the other hand, and it shall not be construed to either make the ERA an owner or shareholder (whether full or partial) of the LBH or give control of the LBH's businesses to the ERA. No person or entity other than a Party hereto is intended to be a beneficiary hereof and no person or entity other than a Party hereto shall be authorized to rely upon the contents of this Agreement.

**10. Miscellaneous.**

**10.1 Modifications.** This Agreement may not be amended, waived or modified except by an instrument in writing signed by the Parties hereto.

**10.2 Governing Law.** Enforcement of this Agreement shall be construed in accordance with the laws of the State of New Jersey.

**10.3 Construction of the Agreement.** The Parties hereto agree that the terms and language of this Agreement were the result of negotiations between the Parties, and, as a result, there shall be no presumption that any ambiguities in this Agreement shall be resolved against any Party. Any controversy over the construction of this Agreement shall be decided without regard to events of authorship or negotiation.

**10.4 Entire Agreement.** This Agreement represents all of the terms and conditions of the agreement between the Parties with respect to the subject matter hereof. There have been no representations, warranties, promises, inducements or considerations of any kind given with respect to the transactions set forth herein except as are expressly memorialized in this Agreement.

**10.5 Headings.** Headings, titles and captions preceding the sections hereof are provided for convenience of reference and shall not be used to explain or to restrict the meaning, purpose or effect of any provision to which they refer.

**10.6 Binding Nature.** This Agreement is binding on the Parties and their successors, heirs, executors and assigns of each of them.

**10.7 Adequate Consideration.** The Parties hereby represent, confirm and acknowledge that execution of this Agreement is full, fair and ample consideration for the agreements, representations and covenants contained herein and for entering into, executing and performing every other agreement entered into by any of the Parties in connection with this Agreement.

**10.8 Counterparts.** This Agreement may be executed by one or more of the Parties to this Agreement on any number of separate counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement may be executed via facsimile and/or electronic signature.

**10.9 Survival of Representations and Warranties.** All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto shall survive the execution and delivery of this Agreement.

**10.10 Enforcement.** The Parties acknowledge that if any of the representations or covenants or provisions of this Agreement are violated by any Party, then the aggrieved Party shall be entitled to specific performance of the breached covenant or warranty. The Parties further acknowledge that they may be entitled to specific performance, in addition to any other remedies to which they may be entitled, at law or in equity, as a result of a breach hereof, and that specific performance may be enforced pursuant to an order to show cause (upon five (5) business days' notice) and further the Parties stipulate that forwarding the order to show cause to the Parties to their then known address via overnight mail shall constitute effective service of process and shall satisfy due process with respect to service or process.

**10.11 Acknowledgment of Counsel.** Each of the Parties hereto acknowledge that they have knowingly and voluntarily entered into this Agreement and they have had this Agreement reviewed by counsel of their own choice, that such counsel has explained the terms and conditions of this Agreement to them, and that such counsel has answered any and all questions which they may have to their full satisfaction.

**10.12 Further Assurances.** Vista, LBH and Roger Herman will, upon request of ERA, take any actions and execute any further documents as ERA deems reasonably necessary or appropriate to carry out the purposes of this Agreement. Vista, LBH and Roger Herman agree to cooperate and assist the ERA to carry out the intentions of the Parties as set forth in this Agreement. The cooperation and assistance shall include disclosure of all information and delivery of all documentation which the ERA may reasonably request relating to the Assignment. Such cooperation shall further include providing authorization necessary to assist or enable the ERA to exercise its rights as owner of the Vista Note and or Security Agreement and will further include communication and instructions to all other persons and entities requesting them to cooperate with the ERA. LBH and Roger Herman shall refrain from taking any actions or communications with other persons or entities in any manner which would be adverse to the intentions of the ERA as set forth in this Agreement. This obligation to cooperate and assist shall continue after execution of the Agreement.

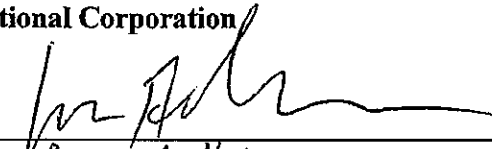
**11. Severability.** Every provision of this Agreement is intended to be severable. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such provision shall be adjusted, rather than voided, if possible, to achieve the intent of the Parties to the maximum extent possible. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain in full force and effect.

IN WITNESS WHEREOF, (i) ERA Franchise Systems LLC; (ii) LBH National Corporation; (iii) Roger A. Herman; and (iv) Vista Realty, Inc. have executed or caused their duly authorized agents to execute this Agreement as of the date first above written.

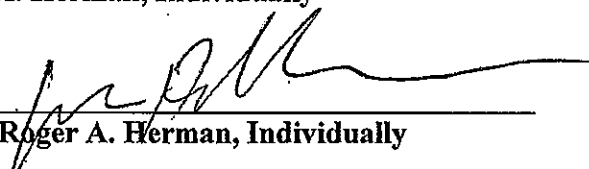
**ERA Franchise Systems LLC**

By: \_\_\_\_\_  
Name:  
Title:

**LBH National Corporation**

By:   
Name: Roger A. Herman  
Title: President / Manager

**Roger A. Herman, Individually**

  
Name: Roger A. Herman, Individually

**Vista Realty, Inc.**

By: \_\_\_\_\_  
Name:  
Title:



IN WITNESS WHEREOF, (i) ERA Franchise Systems LLC; (ii) LBH National Corporation; (iii) Roger A. Herman; and (iv) Vista Realty, Inc. have executed or caused their duly authorized agents to execute this Agreement as of the date first above written.

**ERA Franchise Systems LLC**

By: \_\_\_\_\_  
Name:  
Title:

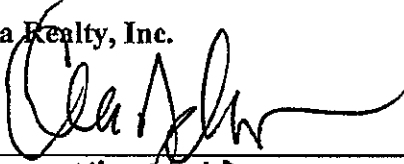
**LBH National Corporation**

By: \_\_\_\_\_  
Name:  
Title:

**Roger A. Herman, Individually**

\_\_\_\_\_  
Name: Roger A. Herman, Individually

**Vista Realty, Inc.**

By:   
Name: CHRIS ADAM  
Title: CFO