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6
7 Bankruptcy Counsel for The Square Group, LLC,
Debtor and Debtor in Possession

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

11 In re
12 THE SQUARE GROUP, LLC,
a California limited liability company,
13 Debtor.

Case No. 2:14-bk-23806-DS

Chapter 11

**MOTION OF DEBTOR IN POSSESSION
FOR ORDER: (1) AUTHORIZING SALE
OF BUSINESS ASSETS LOCATED AT
8150 GARVEY AVENUE, ROSEMEAD,
CALIFORNIA, FREE AND CLEAR OF
LIENS, CLAIMS AND INTERESTS,
(2) CONFIRMING SALE TO THIRD
PARTY; (3) DETERMINING THAT
BUYER IS A GOOD FAITH PURCHASER;
(4) ASSUMING AND ASSIGNING LEASE;
AND (5) WAIVING THE FOURTEEN (14)
DAY STAY PRESCRIBED BY RULE
6004(h) OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE;
DECLARATION OF MACK LEE IN
SUPPORT THEREOF**

[11 U.S.C. §§ 363(b)(1) & 365); Fed. R.
Bankr. P. 6004 & 6006]

Date: April 19, 2017
Time: 2:00 p.m.
Place: Courtroom 1339
255 East Temple Street
Los Angeles, CA 90012

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1 **TO THE HONORABLE DEBORAH J. SALTZMAN, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, ALL CREDITORS,**
3 **ROSEMEAD HWANG, LLC, AND PARTIES ENTITLED TO NOTICE:**

4 The Square Group, LLC, a California limited liability company ("Debtor"), hereby submits
5 the following "Motion Of Debtor In Possession For Order: (1) Authorizing Sale Of Business
6 Assets Located At 8150 Garvey Avenue, Rosemead, California, Free And Clear Of Liens, Claims
7 And Interests, (2) Confirming Sale To Third Party; (3) Determining That Buyer Is A Good Faith
8 Purchaser; (4) Assuming And Assigning Lease; And (5) Waiving The Fourteen (14) Day Stay
9 Prescribed By Rule 6004(H) Of The Federal Rules Of Bankruptcy Procedure; Declaration Of Mack
10 Lee In Support Thereof" ("Motion").

11 By the Motion, the Debtor seeks an order authorizing the following:

12 Approving the sale of all of the Debtor's business-related personal property, including
13 machinery, fixtures, leasehold improvements, licenses, customer and vendor lists, trade names and
14 logos, telephone and fax numbers, websites and URL names, deposits, and software, but excluding
15 cash, cash equivalents, and inventory (collectively, the "Property");

16 1. assuming and Assigning the Debtor's real property lease, as modified, of the
17 business premises ("Premises") located at 8150 Garvey Avenue, Rosemead, California, Free And
18 Clear Of Liens, Claims And Interests ("Lease");

19 2. Setting the cure amount for the Lease, which shall include (i) an assignment
20 of all right, title and interest in and to The Square 44, Corp., a California corporation ("Square
21 44") to Asian Food Network, Inc., a California corporation ("AFN")¹; (ii) cancellation of the debt
22 owing by Square 44 to the Debtor in the current approximate amount of \$650,000 ("Square 44
23 Debt"); and (iii) the payment to Landlord of \$500,000 from the proceeds of the sale of the
24 Property;

25 _____
26 ¹ AFN is a designee of the Debtor's landlord, Rosemead Hwang, LLC. Mack Lee is the sole
27 shareholder and President of Square 44. Square 44 holds a 99% interest in the Debtor. Mack Lee
28 holds the remaining 1% interest in the Debtor.

1 3. Confirming the sale of the Property and the assignment of the Lease to
2 Good Fortune Supermarket of CA3, LP, a California limited partnership ("Buyer"), for the
3 purchase price of \$2.25 Million.

4 Through this Motion, the Debtor (sometimes referred to as "Seller") seeks an order
5 approving the sale (the "Sale") of the estate's interest in the Property, and the assignment of the
6 Lease on the terms and conditions of that certain written contract comprised of: (i) "Business
7 Purchase Agreement and Joint Escrow Instructions" dated May 31, 2016, (ii) Assignment,
8 Assumption and Amendment of Lease and Consent of Lessor, dated February __, 2017, and (iii)
9 Amendment to Assignment, Assumption and Amendment of Lease and Consent of Lessor, dated
10 March 18, 2017, all of which shall hereinafter be collectively referred to as the "Sale Agreement".
11 The Sale Agreement is collectively attached to the declaration of Mack Lee (the "Lee
12 Declaration") as **Exhibit 1**, which is appended to this Motion.

13 In brief, the Property is to be sold and the assignment of the Lease is to be made to Good
14 Fortune Supermarket of CA3, LP for the sum of Two Million, Two Hundred Fifty Thousand
15 Dollars U.S. (\$2,250,000.00), cash, or to any person or entity who appears at the hearing and
16 submits a higher bid in accordance with the proposed overbid procedures, which bid is acceptable
17 to the Debtor (a "Qualified Overbidder"), and is approved by the Bankruptcy Court.

18 As part of the Motion, the Debtor proposes to sell the Property **free and clear of certain**
19 **liens, claims, and interests, with such liens, claims and interests to attach to the sales**
20 **proceeds in the same manner and priority as under applicable law**, or to be addressed as
21 otherwise provided in this Motion. The Property is being sold on an "as is, where is" basis, with
22 no warranties, recourse, contingencies, or representations of any kind. By the Motion, the Debtor
23 will request an order (i) approving the overbid procedures set forth in this Motion, (ii) confirming
24 the Sale to the Buyer or to a Qualified Overbidder, (iii) authorizing the Debtor to execute any and
25 all documents that may be necessary to consummate the Sale, (iv) determining that the Buyer or
26 Qualified Overbidder is entitled to the protections of 11 U.S.C. § 363(m), (v) assuming and
27 assigning the Lease on the Premises to the successful buyer, and (vi) waiving the fourteen (14) day
28 stay prescribed by Rule 6004(h) of the Federal Rules of Bankruptcy Procedure.

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1 The Debtor operates its business at the Premises. Rosemead Hwang, LLC ("Landlord")
2 leases the Premises to the Debtor pursuant to a written Standard Multi-Tenant Shopping Center
3 Lease – Net, dated April 6, 2009, a true and correct copy of which is attached hereto as **Exhibit 2**.
4 In connection with the Sale, the Debtor, Buyer and the Landlord have agreed to certain
5 modifications of the Lease, which modified lease shall be assumed and assigned to the successful
6 purchaser of the Property.

7 **PROPOSED OVERBID PROCEDURES**

8 The proposed Sale to the Buyer or Qualified Overbidder² is subject to Bankruptcy Court
9 approval. Any person or entity desiring to submit an overbid must, prior to the hearing on the
10 Motion, (i) deliver a cashier's check, made payable to "The Square Group, LLC," in the amount of
11 Sixty-Seven Thousand Five Hundred Dollars U.S. (\$67,500.00) (the "Deposit"), (ii) deliver a
12 second cashier's check, made payable to "Rosemead Hwang, LLC," in the amount of Two
13 Hundred Forty-One Thousand, One Hundred Twenty-Six and 40/100 Dollars U.S. (\$241,126.40)
14 (the "Lease Deposit"), along with the name and financial statement of a person who will serve as
15 the guarantor of the Lease, (iii) confirm in writing that he, she or it accepts the terms and
16 conditions of the Sale as set forth in the Sale Agreement, other than price, (iv) confirm that he, she
17 or it is prepared to submit an overbid for the Property in an amount no less than the Minimum
18 Qualified Overbid (defined below), (v) confirm in writing that he, she or it accepts the terms and
19 conditions of the Lease as modified (described below), and (vi) provide evidence of the financial
20 wherewithal to close a sale of the Property at a price equal to the Minimum Qualified Overbid
21 (collectively, "Qualification Items"). Such Qualification Items must be submitted to counsel for
22 the Debtor prior to the above-captioned hearing on the Motion and before their initial bid is made.
23 Upon submission of such items, to the satisfaction of the Debtor in its sole discretion, the party
24 may be deemed a "Qualified Overbidder" and may submit a "Qualified Overbid". Except upon
25 default by the Seller, the Deposits submitted by the successful Buyer or Qualified Overbidder are

26 _____
27 ² The Buyer is deemed to be a Qualified Overbidder.
28

1 non-refundable should such Buyer or Qualified Overbidder be unable or unwilling to close. All
2 other Deposits shall be returned.

3 Subject to Court approval, the Debtor recommends that the first overbid be no less than
4 \$2,275,000, cash, which is \$25,000 higher than the sales price in the current Sale Agreement of
5 \$2,250,000 (the "Minimum Qualified Overbid"). The Debtor further proposes that subsequent
6 overbids be made in increments of no less than \$10,000. All due diligence is to be completed
7 prior to the hearing as the Sale is on an "as is, where is" basis with no warranties, representations,
8 recourse, or contingencies of any kind. Each party, including the Buyer, must pay the full amount
9 of the successful overbid to the Debtor immediately following the entry of a Court order
10 approving the Sale. In the event that the successful buyer does not make such payment by that
11 date, (i) the sale to such buyer shall be deemed terminated and cancelled without further order of
12 Court, (ii) the Deposits shall be forfeited to the bankruptcy estate and the Landlord, as the case
13 may be, and (iii) the Debtor shall be authorized to accept the offer made by the next highest
14 Qualified Overbidder (the "Back-Up Bidder") and close the sale of the Property to such Back-Up
15 Bidder. The Debtor reserves the right to reject any and all overbids that, in its business judgment,
16 are insufficient.

17 If the Debtor timely receives from a Qualified Overbidder a higher and better offer (as
18 determined by the Debtor in its sole discretion) than the offer submitted by the Buyer, an auction
19 will be conducted at the hearing set for the Motion, either in the courtroom of the Honorable
20 Deborah J. Saltzman or elsewhere, as ordered by the Court. At the commencement of the auction,
21 the Debtor will announce the opening bid, which will be the "Initial Qualified Overbid" that the
22 Debtor determines, in its sole discretion, is the highest and best Qualified Overbid. During the
23 auction, any Qualified Overbidder may submit an overbid in excess of the last submitted overbid,
24 provided such overbid is no less than \$10,000.00 more than the immediately preceding overbid.

25 **BACK-UP BID**

26 Should the Buyer or a Qualified Overbidder submit an overbid that is ultimately not
27 deemed to be the successful final overbid for the Property, any such party may agree that its last
28 overbid may be deemed a back-up bid ("Back-Up Bid") should the successful bidder fail to timely

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1 close escrow. If such party so agrees, it shall be deemed a "Back-Up Bidder" and the following
2 additional provisions shall apply:

- 3 a. The Deposit of the Back-Up Bidder (the "Back-Up Deposit") shall be
4 retained by the Debtor pending closing of the sale to the successful
5 Qualified Overbidder. Should the sale to the successful Qualified
6 Overbidder close, the Back-Up Deposit will be returned promptly.
7 b. Should the sale to the successful Qualified Overbidder fail to close, the
8 Back-Up Bidder will be notified in writing by the Debtor, after which
9 notification the Back-Up Bidder will have ten (10) calendar days to close
10 escrow in accordance with the Back-Up Bid.

11 Should the Back-Up Bidder fail to timely consummate the purchase of the Property, the
12 Debtor shall retain for the benefit of the Estate as liquidated damages for such failure, the
13 \$67,500.00 deposit tendered to the Debtor in connection with the Qualified Overbid, and the
14 Landlord shall retain the Lease Deposit, which Deposits shall be retained free and clear of any and
15 all claims and interests.

16 **THEREFORE**, the Debtor respectfully requests that the Motion be granted in all respects,
17 that the sale of the Property to the Buyer or the successful Qualified Overbidder be approved in a
18 manner consistent herewith, that the Court approve assumption and assignment of the Lease, and
19 for such other and further relief as the Court deems just and proper under the circumstances.

20 DATED: March 28, 2017

Respectfully submitted,

21 **SulmeyerKupetz**
22 A Professional Corporation

23 By: /s/Alan G Tippie
24 Alan G. Tippie
25 Attorneys for The Square Group, LLC, Debtor and
26 Debtor in Possession
27
28

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 II.

3 INTRODUCTION

4 As described above, through this Motion, the Debtor seeks an order approving the sale of
5 the estate's interest in business property and an assignment of its premises lease related to its
6 operations located at 8150 Garvey Avenue, Rosemead, California, on the terms and conditions set
7 forth in the Sale Agreement, attached hereto as **Exhibit 1**, and which is incorporated herein by
8 reference. The Property and the Lease are to be transferred to Good Fortune Supermarket of CA3,
9 LP, a California limited partnership, for the sum of Two Million, Two Hundred Fifty Thousand
10 Dollars U.S. (\$2,250,000.00), cash, or to any person or entity who appears at the hearing and
11 submits a higher bid in accordance with the proposed overbid procedures, which bid is acceptable
12 to the Debtor, and is approved by the Bankruptcy Court ("Qualified Overbidder").

13 As part of the Motion, the Debtor proposes to sell the Property free and clear of certain
14 liens, claims, and interests, with such liens, claims and interests to attach to the sales proceeds in
15 the same manner and priority as under applicable law, or to be addressed as otherwise provided in
16 this Motion. The Property is being sold on an "as is, where is" basis, with no warranties, recourse,
17 contingencies, or representations of any kind. By the Motion, the Debtor will request an order (i)
18 approving the overbid procedures set forth in this Motion, (ii) confirming the Sale to the Buyer or
19 to a Qualified Overbidder, (iii) authorizing the Debtor to execute any and all documents that may
20 be necessary to consummate the Sale, (iv) determining that the Buyer or Qualified Overbidder is
21 entitled to the protections of 11 U.S.C. § 363(m), (v) assuming and assigning the existing lease on
22 the Property to the successful buyer, (vi) establishing the cure amount to assume the real property
23 lease, and (vii) waiving the fourteen (14) day stay prescribed by Rule 6004(h) of the Federal Rules
24 of Bankruptcy Procedure. The Debtor believes all prerequisites for approval of the Sale and
25 assumption and assignment of the Lease under applicable provisions of the Bankruptcy Code have
26 been satisfied and it therefore urges the Court to grant the Motion.

27 ///

28 ///

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1 III.

2 **THE PROPERTY AND ENCUMBRANCES AGAINST IT**

3 On July 21, 2014, the Debtor filed a voluntary petition under Chapter 7 of Title 11 of the
4 United States Code (the "Petition Date"). Since the filing, the Debtor has operated the business of
5 the estate and it remains a debtor in possession in this case.

6 The primary asset of the Estate is an operating grocery market specializing in Asian foods.
7 The assets which comprise the market and the property subject to the Sale Agreement are the Lease,
8 machinery, fixtures, leasehold improvements, licenses, customer and vendor lists, trade names and
9 logos, telephone and fax numbers, websites and URL names, deposits, and software, but excluding
10 cash, cash equivalents, and inventory. While the Debtor was willing to include the inventory in the
11 proposed sale (at an additional price), the buyer has indicated that it is not interested in the inventory.
12 Consequently, an arrangement was reached whereby the Debtor will have 60 days following the close
13 of escrow to dispose of the inventory, by sale, return to the vendors, or otherwise. These additional
14 terms are reflected in the document which effectuates a transfer of the Lease, entitled Assignment,
15 Assumption and Amendment of Lease and Consent of Lessor ("Lease Assignment"), which is
16 included as a part of Exhibit 1. The Lease Assignment also includes changes to the terms of the Lease
17 as reflected therein.

18 As should be clear from the dates of the documents, the process of sale has been long, and in
19 some cases arduous. The escrow with the Buyer was opened in May of 2016, at which time the initial
20 deposit was made. The Buyer thereafter conducted its due diligence and, with the exception of
21 finalizing the terms of a lease acceptable to the Landlord and the Buyer, all contingencies were
22 removed. The process of finalizing issues relating to the Lease took months, due to long delays
23 between proposals and responses, but an agreement was finally reached and is reflected in the Lease
24 Assignment and the Amendment thereto, both of which are a part of Exhibit 1.

25 In order to close the escrow, a number of conditions need to be addressed, and certain claims
26 will need to be paid. Those conditions and claims are:

27 A. Partial Cure Payment to Landlord

28 As described in more detail below, from the proceeds of sale, the Landlord will be paid the

1 sum of \$500,000, which represents a partial cure of the defaults under the Lease. This cash payment
2 represents approximately 45% of the arrearages. The balance of the deferred rent payments will be
3 partially satisfied through a transaction whereby a designee of the Landlord will receive all right, title
4 and interest in and to the ownership interests in Square 44, followed by a cancellation of the debt
5 owing by Square 44 to the Debtor. Debtor estimates that this additional consideration is worth
6 approximately \$250,000, but for purposes of this Motion will attribute to it the remaining face value
7 of the Square 44 Debt, or \$650,000.

8 Together the cash and membership components represent a cure of approximately 88.5% of
9 the amount owing to the Landlord. In keeping with an equanimical approach, the same discount shall
10 be applied to all other claims that are to be paid from the proceeds of sale, with the exception of
11 county taxes.

12 B. PACA Claimants

13 Early in the case, the Court established a procedure to ascertain a list of claims entitled to
14 treatment under the Perishable Agriculture and Commodities Act ("PACA") [Docket No. 105].
15 Pursuant to that order, notice was given of a list of names and amounts that Debtor believed was a
16 complete list of PACA claimants. The notice gave parties in interest a time period to object to the
17 names and amounts on the list. From that notice, four claimants asked to be added to the list. Debtor
18 objected to two of the four asserted claims, which objections were sustained by the Court. Thereafter
19 Debtor filed a motion for an order authorizing it to make distributions to PACA claimants according
20 to a final claims list ("PACA Claims List") [Docket No. 261]. The Court granted this motion on
21 October 29, 2015 [Docket No. 273]. The amount in the PACA Claims List totals \$615,279.26.

22 In reliance on the PACA Claims List, the Debtor, with the consent of the Court, commenced
23 payments to the PACA claimants, and to date has paid a total of \$315,000 in reduction of the
24 claims. Additionally, one of the creditors on the PACA Claims List, Advantage Produce, Inc., has
25 informed the Debtor that its PACA claim is actually \$5,993 less than set forth on the PACA Claims
26 List. The balance owing on PACA claims is therefore \$294,286.26 ("PACA Balance"). After
27 applying an 11.5% discount, the amount to be paid pro-rata to PACA Claimants from the proceeds of
28 sale is \$260,443.34.

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1 C. East West Bank

2 East West Bank (“EWB”) is the holder of a blanket security interest against assets of the
3 Debtor. The debt owing to EWB is guaranteed by Square 44, and according to EWB, by Loretta Lee,
4 the spouse of the managing member of the Debtor. On the date of the filing, the amount owing to
5 EWB was approximately \$811,435.

6 Pursuant to cash collateral stipulations and orders approving them, the Debtor has been making
7 payments to EWB since the filing. While the initial payments were approximately \$3,000 per month,
8 commencing on May 2015, the monthly payments were increased to \$10,000, and since November
9 2015, the monthly payments to EWB have been \$15,000.

10 EWB claims that it is still owed approximately \$820,000 after giving credit to the post-petition
11 payments made (equal to nearly \$325,933.33). This amount however includes approximately
12 \$100,000 of default interest and attorneys' fees of nearly \$119,000. After deduction of the default
13 interest and applying a further 11.5% discount, the amount to be paid from the proceeds of sale to
14 EWB is \$637,200.

15 D. Second Secured Claim (Haitai)

16 Junior to the claim of EWB is one held by Haitai, a vendor to the Debtor that was given a
17 security interest in assets of the Debtor as perfected by a UCC-1 filing. This claim is now held by
18 Mack Lee who was assigned the claim after he paid Haitai pursuant to an agreement reached during
19 the pendency of the bankruptcy case. The amount owing on the Haitai claim is approximately
20 \$65,000. Using the same approach as above, this claim will be paid in the amount of \$57,525,
21 representing 88.5% of the allowed claim.

22 E. Personal Property Taxes

23 The Debtor is aware of unsecured personal property taxes for tax years 2014 and 2015 in the
24 collective amount of approximately \$73,000. A search is underway as to whether these taxes now
25 constitute liens against the Property, and also whether there are additional taxes that remain unpaid.
26 For purposes of this Motion, Debtor presumes that there are liens that encumber the assets to be sold
27 and that such liens secure claims of the County of Los Angeles for unsecured personal property taxes
28 in the approximate amount of \$100,000.

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1 IV.

2 MARKETING AND SALE OF THE PROPERTY

3 After the commencement of the case, Debtor employed two business brokers to market the
4 business of the Debtor for sale. On March 11, 2015, an application for court approval of the
5 employment of Young Soon Juhn of Top Realty was filed [Docket No. 192]. The principal of
6 Top Realty, Young Soon Juhn, was the person with whom the Debtor worked in an effort to find a
7 buyer. Unfortunately, after approximately 45 days Mr. Juhn was unable to produce a buyer.
8 Consequently, the Debtor looked for another broker to market the business and after consideration
9 of at least two business brokers, chose Full House Realty, the principal of which is Robinson Luo.

10 The Debtor filed an application to employ Full House Realty on June 17, 2015 [Docket
11 No. 230] and was given an approximate 5-month listing to October 30, 2015. While several
12 parties expressed interest in the market, no written offers were received and the listing expired on
13 October 31, 2015.

14 Long after expiration of the listing, Mr. Luo under the moniker of Skyway Investment
15 Corp. ("Skyway") presented an offer from J & C International Group LLC (the predecessor to the
16 Buyer). The offer included a commission to be paid to Skyway as the broker to the buyer, not the
17 seller. The commission proposed to be paid upon closing of the sale was equal to 5% of the
18 purchase price or \$112,500. By reason of the substantial delay and the significant costs
19 attributable to such delay (which Debtor believes is due in significant part to the actions and
20 inactions of the broker), Debtor is prepared to pay to Skyway a commission of \$50,000 should the
21 current buyer be the successful purchaser at the hearing on this Motion and the escrow to such
22 buyer closes.

23 Simply, the Debtor has agreed to sell the Property to the Buyer for \$2,250,000, subject to
24 overbid. The Debtor will continue to make it known to several other potential purchasers that the
25 Property is for sale with the goal to bring potential overbidders to the hearing. In summary:

26 a. The Property will be sold to the Buyer for the purchase price of \$2,250,000.00,
27 cash, or to any Qualified Overbidder who appears at the hearing and submits a higher, acceptable
28 and Court approved overbid;

1 b. The approved Broker's commission of \$50,000, and the fees and costs of the sale
2 chargeable to the Estate will be paid from the sale proceeds;

3 c. From the remaining proceeds, the following items will be paid at close of escrow:

- 4 1. Any taxes that encumber the Property, estimated at \$100,000;
- 5 2. In partial cure of the defaults under the Lease, the sum of \$500,000;
- 6 3. Subject to verification, the amount owing on EWB and Haitai secured
7 claims, estimated collectively to be approximately \$694,725 at closing, after taking into account
8 the 11.5% deduction addressed above;

9 4. The balance owing to the PACA claimants, equal to \$260,443.34 after
10 taking into account the 11.5% deduction addressed above, which amount will be paid on a pro-rata
11 basis in the same manner in which payments have been made to date;

12 5. Balance of proceeds to be retained by the Estate, subject to liens of record
13 not satisfied from the proceeds of sale, which liens will attach to the proceeds with the same
14 priority, force and extent as they attached to the Property.

15 In the event there are no overbids, the Sale should result in the following distributions
16 and/or holdbacks in a segregated account:

17 Sales Price	\$2,250,000
18 Selling Costs including brokers' commissions	(\$60,000)
19 Partial Cure of Lease	(\$500,000)
20 East West Bank	(\$637,200)
21 Haitai	(\$57,525)
22 PACA Claimants	(\$260,443.34)
23 Miscellaneous and Unanticipated Costs	(\$10,000)
24 Balance of Net Proceeds to Estate	\$724,831.66

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V.

THE SALE IS IN THE BEST INTERESTS OF THE ESTATE

The Debtor has the right and power to sell the Property pursuant to 11 U.S.C. § 363(b)(1), which provides that:

[t]he Debtor, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.

In approving a sale outside the ordinary course of business, the Court must find that the Debtor has articulated a sufficient business reason for the sale, and must further find that the sale is in the best interests of the estate. In other words, the sale must be fair and reasonable, the property must have been adequately marketed, the terms of sale must have been negotiated and proposed in good faith, and the agreement of sale must represent an “arms-length” transaction. *See In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830 (Bankr. C.D. Cal. 1991) (in determining whether a proposed sale of equipment was proper under section 363, court considered whether the terms of proposed sale were fair and equitable, whether there was a good business reason for completing the sale and whether the transaction was proposed in good faith). *See also In re Phoenix Steel Corp.*, 82 B.R. 334, 335-356 (Bankr. D. Del. 1987). Additional factors a court may consider include the integrity of the sale and the preservation of the best interests of the estate. *See In re Alves*, 52 B.R. 353 (Bankr. D. R.I. 1985). A sale of an estate’s interest in real or personal property generally is allowed under section 363 if the estate has equity in the property and the sale is in the best interest of the estate. *In re Investors Funding Corp. of New York*, 592 F.2d 134, 135 (2nd Cir. 1979) *cert. denied*, 444 U.S. 830 (1979).

The Debtor acknowledges its responsibility to maximize any recovery from the assets of the Estate for the benefit of unsecured creditors. If accomplished, the sale may be deemed to be fair and reasonable. The broker previously retained by the Debtor, Mr. Luo, is familiar with the value of the Property to be sold, and the Debtor and the broker believe that the Property has been adequately marketed.

The Debtor has sound business reasons for entering into and seeking consummation of the Sale. First, the Debtor believes, based on the Debtor’s experience and that of the broker that the

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1 proposed sales price of \$2,250,000.00 (or more if overbids are received) is a fair offer. *See* Lee
2 Declaration, attached hereto. Second, at all relevant times the Debtor and the Buyer are believed
3 to have engaged in “arms-length” negotiations which have produced a sale agreement, the terms
4 and conditions of which the Debtor and the Broker believe are fair and reasonable. Third, the sale
5 of the Property will benefit the Estate, as it is projected that the Estate will retain an estimated
6 \$725,000 of the sale proceeds. Therefore, the Debtor believes that the proposed sale terms are fair
7 and reasonable and the Sale should be approved at this time.

8 VI.

9 **THE SALE SHOULD BE APPROVED FREE AND CLEAR OF LIENS,**

10 **CLAIMS AND INTERESTS PURSUANT TO 11 U.S.C. § 363(f)**

11 Section 363(f) provides that a Debtor may sell assets of the estate free and clear of any
12 interest in such property of an entity other than the estate only if — (1) applicable non-bankruptcy
13 law permits sale of such property free and clear of such interest; (2) such entity consents; (3) such
14 interest is a lien and the price at which such property is to be sold is greater than the aggregate
15 value of all liens on such property; (4) such interest is in bona fide dispute; or (5) such entity could
16 be compelled, in legal or equitable proceedings, to accept a money satisfaction of such interest.
17 This section of the Bankruptcy Code has been interpreted to be in the disjunctive, rather than the
18 conjunctive. Thus, the Debtor need only demonstrate that one of the alternatives of this section
19 has been satisfied. *In re Elliot*, 94 B.R. 343, 345 (Bankr. E.D. Pa. 1988).

20 The Debtor intends to notify all interested parties of the Sale through the notice of motion.
21 Any party objecting to such sale may file an objection with the Court and present its opposition, if
22 any, at the hearing on the Motion. If there are no objections, all parties will be deemed to have
23 consented to the Sale of the Property. *See Veltman v. Whetzal*, 93 F.3d 517 (8th Cir. 1996) (failure
24 to object to proposed sale, coupled with agreement authorizing sale free of interest, constituted
25 consent); *Elliot, supra* (implied consent found); *In re Tadore, Inc.*, 175 B.R. 855 (Bankr. D. N.J.
26 1994) (failure to object to notice of sale or attend hearing deemed consent to sale for purposes of
27 section 363); *In re Shary*, 152 B.R. 724 (Bankr. N.D. Ohio 1993) (state’s failure to object to
28 transfer of liquor license constituted consent to sale). Thus, pursuant to section 363(f)(2), the

1 Debtor may sell the Property free and clear of an interest of an entity if such noticed party fails to
2 object to the proposed sale, as such party will be deemed to have consented to the Sale and the
3 relief requested in this Motion.

4 The Debtor has also satisfied the requirements of § 363(f)(3). By this Motion, the Debtor
5 proposes to sell the Property for \$2,250,000 or more, which price exceeds the aggregate amount of
6 all known voluntary and involuntary liens against the Property.

7 Therefore, the Debtor has more than satisfied the requirements of section 363(f) because it
8 has demonstrated that at least one, and possibly two of the subdivisions of this subsection have
9 been satisfied. The Debtor believes that the sale of the Property free and clear of the delineated
10 liens, claims, or interests, is proper pursuant to section 363(f), and the liens, claims or interests, if
11 any, should attach to the Estate's net proceeds of the Sale, subject to the option and right of the
12 Debtor to pay any uncontested obligations secured by such liens from the proceeds of sale.

13 **VII.**

14 **THE SALE IS PROPOSED IN GOOD FAITH**

15 As this Court knows, section 363(m) of the Bankruptcy Code authorizes the Court to make
16 a finding that a buyer is a good faith purchaser. A good faith purchaser of property is protected
17 from the consequences of reversal of the order authorizing a sale so long as the trial court finds
18 that the purchaser acted in good faith and the aggrieved party fails to obtain a stay of the sale
19 order. In essence, the purpose of section 363(m) is to disable courts from backtracking on
20 promises with respect to bankruptcy sales in the absence of bad faith. Kham and Nate's Shoes No.
21 2 v. First Bank, 908 F.2d 1351, 1355 (7th Cir. 1990). Although the Bankruptcy Code does not
22 define the term "good faith," courts have provided guidance as to the appropriate factors to
23 consider in this regard. Generally speaking, to find that a purchaser has acted in good faith, the
24 Court should focus on the integrity of the conduct of the buyer during the course of the sale, the
25 disclosure of all material sale terms, and the absence of fraud or collusion. See In re Pine Coast
26 Ent., Ltd., 147 B.R. 30, 33 (Bankr. N.D. Ill. 1992); and In re Abbotts Dairies of Pennsylvania,
27 Inc., 788 F.2d 143, 147 (3rd Cir. 1986).

28 First, the Debtor is unaware of any connection that the Buyer may have to the Debtor or

1 the Estate. Second, it appears that the Buyer has presented the offer for the sole purpose of
2 entering into a binding agreement to purchase the Property, has negotiated the terms of purchase in
3 good faith, and has acted properly to satisfy contingencies which were conditions to the Sale. By
4 reason thereof, there appears to be no facts raising the specter of bad faith or calling into question
5 the propriety of the Sale of the intentions of the Buyer. The Debtor therefore requests that the
6 Court extend section 363(m) protection to the Buyer. To the extent that a third party bidder
7 (Qualified Overbidder) purchases the Property, the Debtor reserves the right to request that section
8 363(m) protections be likewise extended to the overbidder. *See In re M Capital Corp.*, 290 B.R.
9 743 (9th Cir. BAP 2003) (court may not make a finding of good faith in the absence of evidence,
10 but may make such a finding if appropriate evidence is presented).

11 **VIII.**

12 **THE DEBTOR PROPOSES TO ASSUME AND ASSIGN TO THE BUYER OR**
13 **SUCCESSFUL BIDDER THE LEASE AS AMENDED**

14 The business of the Debtor operates under a Lease of real property, with an existing
15 maturity date of July 31, 2028, subject to three (3) additional five (5) year options to extend the
16 term of the Lease. The proposed sale of the Property contemplates the assignment of the Lease to
17 the Buyer.

18 An executory contract or unexpired lease must be assumed before it may be assigned. *In*
19 *re Quintex Entertainment, Inc.*, 950 F.2d 1492 (9th Cir. 1991) (a sale of the Debtor's assets cannot
20 include executory contracts and unexpired leases unless such agreements are first assumed and
21 become part of the estate). Pursuant to Bankruptcy Code § 365(a), with Court approval, a Debtor
22 may assume any executory contract or unexpired lease. The Court's approval of the Debtor's
23 assumption of contracts is governed by the Debtor's business judgment. *See, e.g., In re Huang*, 23
24 B.R. 798, 800-01 (9th Cir. 1982).

25 The Lease is essential to operation of the market and sale of the Property and is therefore
26 vital to the package of assets to be sold. Accordingly, assuming and assigning the Lease is a
27 condition to the Sale and to ensure that the Property is sold for the highest value and will
28 maximize distributions to creditors.

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1 Pursuant to Bankruptcy Code § 365(b) contracts under which there have been defaults may
2 not be assumed unless all contract defaults are cured (or assurances are provided that defaults will
3 be promptly cured), compensation (or assurance of prompt compensation) is provided for any
4 pecuniary loss of the other party resulting from the default, and future performance under the
5 contract is assured. 11 U.S.C. § 365(b)(1).

6 The defaults under the Lease are significant. In order to continue to operate the business of
7 the Estate, which allowed the Debtor to make payments to EWB and the PACA claimants in
8 amounts aggregating \$641,000, the Debtor withheld payments to the Landlord for a number of
9 months. The rent in arrears approximates \$1,300,000. There are insufficient funds to cure the
10 defaults in the Lease, make payments to creditors with claims in and to the Property to be sold,
11 and leave a balance for other creditors of the Estate. By reason thereof, Debtor negotiated a deal
12 with the Landlord to cure the defaults as follows:

- 13 (a) Landlord shall be paid cash in the amount of \$500,000;
- 14 (b) All right, title and interest of Mack Lee in and to Square 44 shall be
15 transferred to an entity designated by the Landlord. The entity designated is AFN.
- 16 (c) The Square 44 Debt shall be cancelled.³
- 17 (d) The Lease shall be modified in accordance with the Lease Assignment, and
18 Amendment thereto included in **Exhibit 1**.

19 Only with the cooperation of the Landlord can this transaction be accomplished. Its
20 willingness to accommodate the Debtor with the structured cure is essential to the ability of the
21 Debtor to deliver the package of assets described in this Motion.

22 ///

23 ///

24 _____

25 ³ The purpose of the cancellation of the debt is to provide value to the ownership interests that are
26 being transferred to AFN. Without the cancellation, the ownership interests in Square 44 have no
27 value as the Square 44 Debt exceeds the value of Square 44's assets and any reasonable sale value
28 of the business. The highest offer most recently received for the business of Square 44 was
\$150,000, and that offer was for a business free of debt.

IX.

**THE COURT SHOULD WAIVE THE FOURTEEN DAY STAY PRESCRIBED BY
RULE 6004(h) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

Under Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, an order authorizing the sale of property, other than cash collateral, is stayed until expiration of fourteen (14) days after the entry of the order, unless the Court orders otherwise. In this case, the Debtor believes there is cause to waive the fourteen day stay prescribed by Rule 6004(h) since a waiver of the fourteen day stay period will expedite the consummation of the Sale and a closing of this Case.

The Debtor has not been earning any significant profits since the Case was commenced and there is therefore no need to delay a closing. In addition, it has been a trying task to get the Buyer to finalize the terms of the transaction and the Debtor would like to close the Sale as soon as possible.

X.

CONCLUSION

Based on the foregoing, the Debtor respectfully requests that the Court enter an order:

- 1) Granting the Motion;
- 2) Approving the Proposed Overbid Procedures described in the introductory portion of this Motion;
- 3) Confirming the Sale to the Buyer or to a Qualified Overbidder;
- 4) Authorizing the Debtor to pay through escrow brokers' commissions to Skyway of a total of \$50,000, provided the Buyer is the successful purchaser and the escrow to Buyer closes;
- 5) Authorizing the Debtor to pay from the proceeds of sale, either through escrow or from its Debtor in Possession account, any person holding claims that encumber the Property for which no dispute exists or the undisputed portion thereof, without further order of the Court;
- 6) Authorizing the Debtor to execute any and all documents that may be necessary to consummate the Sale;

- 1 7) Determining that the Buyer or Qualified Overbidder is entitled to the protections of
- 2 11 U.S.C. § 363(m);
- 3 8) Authorizing the Debtor to assume and assign the Lease to the Buyer or Qualified
- 4 Overbidder;
- 5 9) Establishing the terms of the cure of the defaults under the Lease in accordance
- 6 with the terms set forth hereinabove;
- 7 10) Authorizing the Debtor to cancel the Square 44 Debt;
- 8 11) Waiving the fourteen (14) day stay prescribed by Rule 6004(h) of the Federal Rules
- 9 of Bankruptcy Procedure; and
- 10 12) Granting such other and further relief as is necessary and appropriate to effectuate
- 11 the relief requested herein.

12 DATED: March 28, 2017

Respectfully submitted,

SulmeyerKupetz
A Professional Corporation

By: /s/Alan G. Tippie

Alan G. Tippie
Attorneys for The Square Group, LLC
Debtor and Debtor in Possession

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DECLARATION OF MACK LEE

I, Mack Lee, declare as follows:

1. I am an individual over the age of eighteen years and the managing member of The Square Group, LLC, the Debtor and Debtor in Possession of this bankruptcy estate (the "Debtor"). Except as otherwise set forth herein, I know all of the facts set forth below of my own personal knowledge and if called as a witness would and could competently testify hereto.

2. I make this Declaration in support of the foregoing "*Motion Of Debtor In Possession For Order: (1) Authorizing Sale Of Business Assets Located At 8150 Garvey Avenue, Rosemead, California, Free And Clear Of Liens, Claims And Interests, (2) Confirming Sale To Third Party; (3) Determining That Buyer Is A Good Faith Purchaser; (4) Assuming And Assigning Lease; And (5) Waiving The Fourteen (14) Day Stay Prescribed By Rule 6004(h) Of The Federal Rules Of Bankruptcy Procedure; Declaration Of Mack Lee In Support Thereof*" (the "Motion").

3. Capitalized terms have the meaning given to them in the Motion.

4. The Debtor seeks a sale of the estate's interest in the Property, and the assignment of the Lease on the terms and conditions of that certain written contract comprised of: (i) "Business Purchase Agreement and Joint Escrow Instructions" dated May 31, 2016, (ii) Assignment, Assumption and Amendment of Lease and Consent of Lessor, dated February __, 2017, and (iii) Amendment to Assignment, Assumption and Amendment of Lease and Consent of Lessor, dated March 18, 2017. The Sale Agreement is collectively attached hereto as **Exhibit 1**.

5. The Debtor operates its business at the Premises. Rosemead Hwang, LLC leases the Premises to the Debtor pursuant to a written Standard Multi-Tenant Shopping Center Lease – Net, dated April 6, 2009, a true and correct copy of which is attached hereto as **Exhibit 2**.

6. In connection with the Sale, the Debtor, Buyer and the Landlord have agreed to certain modifications of the Lease, which modified lease shall be assumed and assigned to the successful purchaser of the Property.

7. The primary asset of the Estate is an operating grocery market specializing in Asian foods. The assets which comprise the market and the property subject to the Sale Agreement are the Lease, machinery, fixtures, leasehold improvements, licenses, customer and vendor lists, trade

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1 names and logos, telephone and fax numbers, websites and URL names, deposits, and software,
2 but excluding cash, cash equivalents, and inventory. While the Debtor was willing to include the
3 inventory in the proposed sale (at an additional price), the buyer has indicated that it is not
4 interested in the inventory. Consequently, an arrangement was reached whereby the Debtor will
5 have 60 days following the close of escrow to dispose of the inventory, by sale, return to the
6 vendors, or otherwise.

7 8. The process of sale has been long, and in some cases arduous. The escrow with the
8 Buyer was opened in May of 2016, at which time the initial deposit was made. The Buyer
9 thereafter conducted its due diligence and, with the exception of finalizing the terms of a lease
10 acceptable to the Landlord and the Buyer, all contingencies were removed. The process of
11 finalizing issues relating to the Lease took months due to long delays between proposals and
12 responses, but an agreement was finally reached and is reflected in the Lease Assignment and the
13 Amendment thereto, both of which are a part of Exhibit 1.

14 9. From the proceeds of sale, the Landlord will be paid the sum of \$500,000, which
15 represents a partial cure of the defaults under the Lease. This cash payment represents
16 approximately 38.5% of the arrearages. The balance of the deferred rent payments will be
17 partially satisfied through a transaction whereby a designee of the Landlord will receive all right,
18 title and interest in and to the ownership interests in Square 44, followed by a cancellation of the
19 debt owing by Square 44 to the Debtor. I estimate that this additional consideration is worth
20 approximately \$250,000, though for purposes of the Motion to sell, I have valued the transfer of
21 interests in Square 44 to be no less than the amount of the Square 44 Debt, or \$650,000.

22 10. Together the cash and membership components (at the artificially inflated value)
23 represent a cure of approximately 88.5% of the amount owing to the Landlord.

24 11. Early in the case, the Court established a procedure to ascertain a list of claims
25 entitled to treatment under the Perishable Agriculture and Commodities Act ("PACA") [Docket
26 No. 105]. Pursuant to that order, notice was given of a list of names and amounts that Debtor
27 believed was a complete list of PACA claimants, giving parties in interest a time period to object
28 to the names and amounts on the list. From that notice, four claimants asked to be added to the

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1 list. Debtor objected to two of the four asserted claims, which objections were sustained by the
2 Court. Thereafter Debtor filed a motion for an order authorizing it to make distributions to PACA
3 claimants according to a final claims list ("PACA Claims List").

4 12. In reliance on the PACA Claims List, the Debtor, with the consent of the Court,
5 commenced payments to the PACA claimants, and to date has paid a total of \$315,000 in
6 reduction of the claims. Additionally, one of the creditors on the PACA Claims List, Advantage
7 Produce, Inc., has informed the Debtor that its PACA claim is actually \$5,993 less than set forth
8 on the PACA Claims List. The balance owing on PACA claims is therefore \$294,286.26.

9 13. East West Bank ("EWB") is the holder of a blanket security interest against assets
10 of the Debtor. The debt owing to EWB is guaranteed by Square 44, and according to EWB, by
11 Loretta Lee, my spouse. On the date of the filing, the amount owing to EWB was approximately
12 \$811,435.

13 14. Pursuant to cash collateral stipulations and orders approving them, the Debtor has
14 been making payments to EWB since the filing. While the initial payments were approximately
15 \$3,000 per month, commencing on May 2015, the monthly payments were increased to \$10,000,
16 and since November 2015, the monthly payments to EWB have been \$15,000.

17 15. EWB claims that it is still owed approximately \$820,000 after giving credit to the
18 post-petition payments made (equal to \$325,933.33). This amount however includes
19 approximately \$100,000 of default interest and nearly \$119,000 in attorneys' fees.

20 16. Junior to the claim of EWB is one held by Haitai, a vendor to the Debtor that was
21 given a security interest in assets of the Debtor as perfected by a UCC-1 filing. I now hold this
22 claim, as it was assigned to me after I paid Haitai pursuant to an agreement reached during the
23 pendency of the bankruptcy case. The amount owing on the Haitai claim is approximately
24 \$65,000.

25 17. I am aware of unsecured personal property taxes for tax years 2014 and 2015 in the
26 collective amount of approximately \$73,000. A search is underway as to whether these taxes now
27 constitute liens against the Property, and also whether there are additional taxes that remain
28 unpaid.

1 18. After the commencement of the case, Debtor employed two business brokers to
2 market the business of the Debtor for sale. The principal of Top Realty, Young Soon Juhn, was
3 the person with whom I initially worked in an effort to find a buyer. Unfortunately, after
4 approximately 45 days Mr. Juhn was unable to produce a buyer. Consequently, the Debtor looked
5 for another broker to market the business and, after consideration of at least two business brokers,
6 chose Full House Realty, the principal of which is Robinson Luo.

7 19. The Debtor filed an application to employ Full House Realty on June 17, 2015
8 [Docket No. 230] and was given an approximate 5-month listing to October 30, 2015. While
9 several parties expressed interest in the market, no written offers were received and the listing
10 expired on October 31, 2015.

11 20. Long after expiration of the listing, Mr. Luo through Skyway Investment Corp.
12 ("Skyway") presented an offer from J & C International Group LLC (the predecessor to the
13 Buyer). The offer included a commission to be paid to Skyway as the broker to the buyer, not the
14 seller. The commission proposed in the offer to be paid upon closing of the sale was equal to 5%
15 of the purchase price or \$112,500.

16 21. As should be clear from the dates of the documents, the process of sale has been
17 long, and in some cases arduous. The escrow with the Buyer was opened in May of 2016, at
18 which time the initial deposit was made. The Buyer thereafter conducted its due diligence and,
19 with the exception of finalizing the terms of a lease acceptable to the Landlord and the Buyer, all
20 contingencies were removed. The process of finalizing issues relating to the Lease took months,
21 due to long delays between proposals and responses, but an agreement was finally reached the
22 terms of which are reflected in the Lease Assignment and the Amendment thereto, both of which
23 are a part of Exhibit 1.

24 22. By reason of the substantial delay and the significant costs attributable to such
25 delay (which Debtor believes is due in significant part to the actions and inactions of the broker),
26 Debtor is prepared to pay to Skyway a commission of \$50,000 should the current buyer be the
27 successful purchaser at the hearing on this Motion and the escrow to such buyer closes.

28

1 23. I acknowledge my responsibility to maximize any recovery from the assets of the
2 Estate for the benefit of unsecured creditors. The broker previously retained by the Debtor, Mr.
3 Luo, is familiar with the value of the Property to be sold, and I believe that the Property has been
4 adequately marketed.

5 24. I believe based on my experience that the proposed sales price of \$2,250,000 (or
6 more if overbids are received) is a fair offer.

7 25. At all relevant times the Debtor and the Buyer engaged in "arms-length"
8 negotiations which have produced a sale agreement, the terms and conditions of which I believe
9 are fair and reasonable.

10 26. I am unaware of any connection that the Buyer may have to the Debtor or the
11 Estate.

12 27. I believe that the Buyer has presented the offer for the sole purpose of entering into
13 a binding agreement to purchase the Property, has negotiated the terms of purchase in good faith,
14 and has acted properly to satisfy contingencies which were conditions to the Sale.

15 28. The business of the Debtor operates under a Lease of real property, with an existing
16 maturity date of July 31, 2028, subject to three (3) additional five (5) year options to extend the
17 term of the Lease. The proposed sale of the Property contemplates the assignment of the Lease to
18 the Buyer.

19 29. The Lease is essential to operation of the market and sale of the Property and is
20 therefore vital to the package of assets to be sold. Accordingly, assuming and assigning the Lease
21 is a condition to the Sale and to ensure that the Property is sold for the highest value and will
22 maximize distributions to creditors.

23 30. The defaults under the Lease are significant. In order to continue to operate the
24 business of the Estate, which allowed the Debtor to make payments to EWB and the PACA
25 claimants in amounts aggregating \$641,000, the Debtor withheld payments to the Landlord for a
26 number of months. The rent in arrears approximates \$1,300,000. There are insufficient funds to
27 cure the defaults in the Lease, make payments to creditors with claims in and to the Property to be
28 sold, and leave a balance for other creditors of the Estate.

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1 31. By reason thereof, Debtor negotiated a deal with the Landlord to cure the defaults
2 as follows:

- 3 (a) The Landlord shall be paid cash in the amount of \$500,000;
- 4 (b) All my right, title and interest in and to Square 44 shall be transferred to an
5 entity designated by the Landlord. The entity designated is AFN.
- 6 (c) The Square 44 Debt shall be cancelled.
- 7 (d) The Lease shall be modified in accordance with the Lease Assignment, and
8 Amendment thereto included in **Exhibit 1**.

9 32. The purpose of the cancellation of the Square 44 Debt concurrent with the transfer
10 of ownership interests in Square 44 is to provide value to the ownership interests that are being
11 transferred to AFN. Without the cancellation, the ownership interests in Square 44 have no value
12 as the Square 44 Debt exceeds the value of Square 44's assets and any reasonable sale value of the
13 business. The highest offer most recently received for the business of Square 44 was \$150,000,
14 and that offer was for a business free of debt.

15 33. Only with the cooperation of the Landlord can this transaction be accomplished.
16 Its willingness to accommodate the Debtor with the structured cure is essential to the ability of the
17 Debtor to deliver the package of assets described in this Motion.

18 34. The Debtor has not been earning any significant profits since the Case was
19 commenced and there is therefore no need to delay a closing. In addition, it has been a trying task
20 to get the Buyer to finalize the terms of the transaction and the Debtor would like to close the Sale
21 as soon as possible.

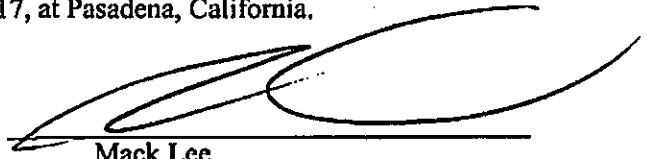
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1 35. I have concluded that the proposed Sale at this time would afford the Debtor funds
2 to pay certain allowed claims of the Estate from the sale proceeds. While the Buyer's offer is the
3 highest and best price received to date, other parties will have the opportunity to submit overbids
4 at the hearing on this Motion.

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

7 Executed this 28th day of March, 2017, at Pasadena, California.

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10 Mack Lee
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SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL 213.626.2311 • FAX 213.629.4520

EXHIBIT 1



CALIFORNIA ASSOCIATION OF REALTORS®

Main Document Page 31 of 76 BUSINESS PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. Form BPA, Revised 11/14)

Date Prepared: May 31, 2016

1. OFFER:

- A. THIS IS AN OFFER FROM J&C International Group, LLC ("Buyer"), Individual(s), a Partnership, a Corporation, an LLC, an LLP, Other
B. THE BUSINESS to be acquired is The Square Supermarket - 8150 Garvey Ave #121, situated in Rosemead (City), Los Angeles (County), California, 91770 (Zip Code)
C. THE PURCHASE PRICE offered is Two Million, Two Hundred Fifty Thousand Dollars \$ 2,250,000.00
D. INVENTORY valued at approximately \$, including work in progress, is included in the purchase price.
E. CLOSE OF ESCROW shall occur on (date) (or) 75 Days After Acceptance.
F. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:

- A. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).
B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction: Listing Agent Mack Lee / Seller (Print Firm Name) is the agent of (check one): the Seller exclusively; or both the Buyer and Seller. Selling Agent Skyway Investment Corp. (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.

3. PAYMENT OF PURCHASE PRICE: Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 67,500.00
(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, cashier's check, personal check, other within 3 business days after Acceptance (or)
OR (2) Buyer Deposit with Agent: Buyer has given the deposit by personal check (or) to the agent submitting the offer (or to), made payable to The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or)
Deposit checks given to agent shall be an original signed check and not a copy.

(Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ within Days After Acceptance, (or)
If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.
C. ALL CASH OFFER: No loan is needed to purchase the Business. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or Buyer shall, within 3 (or) Days After Acceptance, Deliver to Seller such verification.

D. LOAN(S):

- (1) FIRST LOAN: In the amount of \$
This loan will be conventional financing or Seller financing (C.A.R. Form SFA), Small Business Administration, secured by Buyer's own real property, or if real property is included in the sale, then by that real property, Other. This loan shall be at a fixed rate not to exceed % or an adjustable rate loan with initial rate not to exceed %. Regardless of the type of loan, Buyer shall pay points not to exceed % of the loan amount.
(2) SECOND LOAN in the amount of \$
This loan will be conventional financing or Seller financing (C.A.R. Form SFA), Small Business Administration, secured by Buyer's own real property, or if real property is included in the sale, then by that real property, Other. This loan shall be at a fixed rate not to exceed % or an adjustable rate loan with initial rate not to exceed %. Regardless of the type of loan, Buyer shall pay points not to exceed % of the loan amount.

E. LOAN SECURED BY BUSINESS ASSETS IN THE AMOUNT OF \$

Evidenced by a note in favor of Seller secured by the assets of the Business, together with a security agreement in the usual and customary form covering all assets of the Business, and a UCC-1 filing to be filed with the Secretary of State, which shall include proceeds of collateral, in first or second position. The loan shall be at a fixed rate not exceed % or an adjustable rate with an initial rate not to exceed %. Buyer shall have the right, at Buyer's expense, to conduct a valuation of the assets within the time specified in paragraphs 8 and 25. If the assets' value is less than the amount of the loan provided for in this paragraph 3E, then the difference between the amount of the loan specified in this paragraph 3E, less the value of the assets, shall become an unsecured loan.

Buyer's Initials () ()
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Seller's Initials () ()



BUSINESS PURCHASE AGREEMENT (BPA PAGE 1 OF 9)

Skyway Investment Corp. 149 E. Duarte Rd. Arcadia, CA 91006
Robinson Luo

Phone: 626-288-7373

Fax: 626-307-8363

8150 Garvey Av

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Business Address: 8150 Garvey Ave, #121 (the square s, Rosemead, CA 91770

Date: May 31, 2016

F. ADDITIONAL FINANCING TERMS:\$

G. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of \$ 2,182,500.00 to be deposited with Escrow Holder pursuant to Escrow Holder Instructions.

CAUTION: Obligations secured by mixed collateral (i.e., both personal and real property) are subject to complex rules and court decisions under the California Civil Code, Commercial Code and the Code of Civil Procedure. Buyer and Seller are strongly cautioned to consult legal counsel in connection with the securing and enforcement of any such obligations.

H. PURCHASE PRICE (TOTAL): \$ 2,250,000.00

I. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to paragraph 3K(1)) shall, within 3 (or ___) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (Verification attached.)

J. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (or is NOT) contingent upon a written appraisal of the Business by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 25B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or ___) Days After Acceptance.

K. LOAN TERMS:

(1) LOAN APPLICATIONS: Within 3 (or ___) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (Letter attached.)

(2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Business to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.

(3) LOAN CONTINGENCY REMOVAL: Within 21 (or ___) Days After Acceptance, Buyer shall, as specified in paragraph 25, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.

(4) NO LOAN CONTINGENCY: Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Business, Seller may be entitled to Buyer's deposit or other legal remedies.

(5) LENDER LIMITS ON BUYER CREDITS: Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.

L. BUYER STATED FINANCING: Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Business and close escrow as specified in this Agreement

4. ESCROW AND TITLE:

A. ESCROW HOLDER: [X] Buyer [X] Seller shall pay escrow fees 50% and 50%. Escrow Holder shall be Atlantic Escrow - San Marino. The Parties shall, within 5 (or ___) Days After receipt, sign and return Escrow Holder's general provisions.

B. (1) FORM OF OWNERSHIP: The Business shall be owned in the form designated in Buyer's escrow instructions. THE MANNER OF TAKING TITLE AND THE FORM OF OWNERSHIP OF THE BUSINESS MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

(2) TITLE: Seller shall furnish to Buyer bills of sale and other instruments of transfer or assignment necessary to carry out this Agreement

5. CLOSING AND POSSESSION:

A. Possession shall be delivered to Buyer at 6PM or [] AM/ [] PM, on the date of Close Of Escrow; [] on ___ ; or [] no later than ___ calendar days after Close Of Escrow. If Seller also owns the real property upon which the Business operates and transfer of title to the real property and possession of the Business do not occur at the same time, Owner and Buyer are advised to: (i) enter into a written agreement regarding possession; and (ii) consult with their insurance and legal advisors or other appropriate professional(s).

Buyer's Initials () ()

Seller's Initials () ()

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BUSINESS PURCHASE AGREEMENT (BPA PAGE 2 OF 9)

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8150 Garvey Av



Business Address: 8150 Garvey Ave, #121 (the square s, Rosemead, CA 91770) Date: May 31, 2016

- B. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available Copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.
- C. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems and alarms.
6. **ASSETS TRANSFERRED:** With the exception of cash or cash equivalents on deposit in any financial institution, and assets excluded below, Buyer is purchasing all assets of the Business, including but not limited to: inventory for sale, machinery, furniture, fixtures and other equipment, leasehold improvements, transferable government licenses and permits, customer lists, fictitious business names, trade names and trademarks, logos, copyrights and patents, signs and advertising materials, telephone and fax numbers, web sites, URL names, e-mail addresses, accounts receivable, vendor lists and catalogs, goodwill, agreements not to compete, franchise agreements, distribution rights, employee lists and information, computer and customer software, and customer deposits. All items transferred that are leased are subject to the terms of existing lease(s).
- Other _____
Excluded asset Inventory

7. **LIABILITIES TRANSFERRED:** Buyer is NOT purchasing any liabilities of the Business, EXCEPT those items checked below:

- A. Accounts payable, per attached list.
B. Service, maintenance and advertising agreements, per attached list.
C. Other _____

8. **INVENTORY:**

- A. Buyer's acceptance of inventory is a contingency of this Agreement. Buyer shall have the right, at Buyer's expense, within the time specified in paragraph 25, to conduct a physical inventory and, in writing, remove the contingency or cancel this Agreement.
B. Buyer has the right to confirm the inventory within 5 (or) Days Prior to Close Of Escrow. The purchase price shall be adjusted to reflect the remaining inventory. The adjustment is to be added to or subtracted from the cash down payment; or seller financing.

9. **SELLER DISCLOSURE; BUYER INVESTIGATION:**

Seller shall, within the time specified in paragraph 25, provide to Buyer, or to Buyer's counsel, accountant or other designated representative, the lists of items or documents, or Copies thereof, for the items checked below. For each item, as applicable, Seller shall include a statement of whether the item is owned or leased and whether Seller has any legal, proprietary interest, or intellectual property rights in, or restrictions on, the item. Buyer, within the time specified in paragraph 25, shall then investigate the items provided to Buyer and take the action specified in paragraph 25.

- | | |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <input type="checkbox"/> Inventory, including work in progress | <input checked="" type="checkbox"/> Signs and advertising materials |
| <input checked="" type="checkbox"/> Machinery | <input checked="" type="checkbox"/> Telephone and fax numbers |
| <input checked="" type="checkbox"/> Furniture, fixtures and other equipment | <input checked="" type="checkbox"/> Websites, URL names and e-mail addresses |
| <input type="checkbox"/> Other personal property | <input checked="" type="checkbox"/> Vendor lists and catalogs |
| <input checked="" type="checkbox"/> Leasehold improvements | <input checked="" type="checkbox"/> Goodwill |
| <input checked="" type="checkbox"/> Government licenses and permits | <input checked="" type="checkbox"/> Agreements not to compete |
| <input checked="" type="checkbox"/> Customer lists | <input type="checkbox"/> Franchise agreements |
| <input type="checkbox"/> Fictitious business name statements | <input type="checkbox"/> Distribution rights |
| <input checked="" type="checkbox"/> Trade names and trademarks | <input checked="" type="checkbox"/> Employee lists and information |
| <input checked="" type="checkbox"/> Logo | <input checked="" type="checkbox"/> Computer and customer software |
| <input type="checkbox"/> Copyrights and patents | <input checked="" type="checkbox"/> Customer deposits |
| <input type="checkbox"/> Schedule of accounts receivable | <input checked="" type="checkbox"/> Lease |

Other assets: _____

Schedule of accounts payable Service, maintenance and advertising agreements

Other liabilities: _____

Employee estoppel certificates Proposed allocation of purchase price among assets

Sales tax returns for the years. 2013 to 2016

Federal and state income tax returns for the years 2013 to 2016

Financial statements for the years. _____ to _____

Employment withholding returns for the years _____ to _____

SELLER REPRESENTS THAT: (i) THE BOOKS AND RECORDS THAT OWNER PROVIDES ARE THOSE MAINTAINED IN THE ORDINARY AND NORMAL COURSE OF BUSINESS; AND (ii) FEDERAL AND STATE TAX RETURNS THAT SELLER PROVIDES ARE COPIES OF THOSE FILED WITH THE APPLICABLE GOVERNMENTAL AGENCIES.

10. **CONSULTING AND TRAINING:** Seller shall consult with Buyer to show Buyer methods used in operating the Business. Seller shall provide consulting services for a period of _____ Days After Close Of Escrow at no cost to Buyer, which services shall not exceed a total of _____ hours. Seller shall not be responsible for training Buyer in the basics of operating a business of the type being sold pursuant to this Agreement, but only to alert Buyer to the nuances, as determined by Seller, of operating this type of business. **NOTE TO BUYER: IF YOU ARE NOT ALREADY TRAINED IN THIS TYPE OF BUSINESS, YOU ARE STRONGLY ADVISED TO SEEK TRAINING.**

11. **AGREEMENT NOT TO COMPETE:** As a material part of the consideration of the sale, Seller agrees not to operate or engage in, directly or indirectly, whether as a principal, agent, manager, employee, owner, member, partner, stockholder, director or officer of a corporation, trustee, consultant, or any other capacity whatsoever, any business the same as, or substantially similar to, or in competition with the Business within a radius of 5 miles from the current location of the Business (or _____) for a period of 5 year(s) from the date of final transfer of the Business, so long as Buyer, or Buyer's successor-in-interest, is operating the Business in said area.

Buyer's Initials ([Signature]) ([Signature])
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Seller's Initials ([Signature]) (_____)



Business Address: 8150 Garvey Ave, #121 (the square s, Rosemead, CA 91770 Date: May 31, 2016

12. LEASE (Check applicable items): The sale is contingent upon Buyer obtaining, within 21 (or [X] 45) Days After Acceptance, the assignment, new lease, option to extend, sublease or other lease as indicated below. Buyer shall submit an application for such lease to Seller's landlord or Seller, as applicable, within 15 (or [X] 45) Days After Acceptance.

- A. [X] An assignment of Seller's existing lease.
B. [X] A new lease with Seller's landlord, on terms acceptable to Buyer, to become effective concurrently with the Close Of Escrow.
C. [] An option to extend Seller's present lease for an additional ___ year(s), on terms acceptable to Buyer and Seller's landlord.
D. [] A sublease with Seller, on terms acceptable to Buyer, to become effective concurrently with the Close Of Escrow.
E. [] OTHER:

13. [] PURCHASE OF REAL PROPERTY: The sale is contingent upon Buyer's ability to purchase, concurrently with the Close Of Escrow, the real property in which the Business operates. A separate Real Property Purchase Agreement is required (C.A.R. Form CPA).

14. LICENSES:

- A. LIQUOR: If transfer of a liquor license is included in this sale, Seller shall comply with the Alcoholic Beverage Control Act concerning such transfer. Escrow shall not close, and no funds shall be transferred to Seller, until Escrow Holder is advised by the State of California Department of Alcoholic Beverage Control that the license transfer has been approved. The costs of such transfer shall be paid by the Seller
B. OTHER: This sale is contingent upon Buyer's obtaining, prior to the Close Of Escrow, the license(s) indicated below. Buyer shall apply for such license(s) within 15 (or [X] 45) Days After Acceptance:
1. [X] City license:
2. [X] State license:
3. [] Other:

15. FRANCHISE: If the Business is a franchise, in addition to being subject to Buyer's acceptance of the terms of franchise as provided in paragraph 9, the sale is also contingent upon Franchisor's acceptance of Buyer.

16. SALES AND USE TAX: Buyer shall pay any sales or use tax payable as a result of the sale under any Law and shall furnish Seller with Resale Certificates for any items bought for resale.

17. PRORATIONS: Personal property taxes, business taxes, rents, interest, insurance acceptable to Buyer, and prepaid deposits shall be prorated as of Close Of Escrow (or []).

18. TAX CLEARANCES: Seller shall deliver to Escrow Holder proof that city (if applicable), state and federal income tax withholdings are current. Amounts withheld but not yet payable will be transferred in escrow or credited to Buyer. Seller shall also deliver to Escrow Holder any clearance documents available from the State Board of Equalization or Employment Development Department regarding S.D.I. unemployment insurance and FICA withholdings. No funds shall be released from escrow before such delivery.

19. NOTICES OF VIOLATIONS: Seller represents that, to the best of Seller's knowledge, no notices of violations of federal, state or local statute(s), law(s) or regulation(s) exist, or are filed or issued, that affect the operation of the Business, including any such notices regarding the real property in which the Business is situated ("Notices"), EXCEPT:

If prior to Close Of Escrow, Seller receives or becomes aware of any Notices filed against or affecting the Business, Seller shall immediately notify Buyer.

20. BULK TRANSFER: Seller shall comply with the Bulk Sales provision of Division 6 of the Uniform Commercial Code, Bulk Transfer Section, as the law applies within the Seller's state.

21. LIENS; ENCUMBRANCES; RESTRICTIONS: Seller warrants that, to the best of Seller's knowledge, there are no undisclosed liens, encumbrances or restrictions upon the Business.

22. OPERATION OF BUSINESS DURING ESCROW: During the escrow period, Seller shall: (i) operate the Business diligently and in substantially the same manner as prior to this offer; (ii) maintain the goodwill of the Business; (iii) keep all equipment and personal property in normal working order; and

23. SELLER REPRESENTATIONS: Seller's representations and warranties set forth herein, or in any written statements delivered to Buyer, shall be true and correct at Close Of Escrow, and shall survive the transfer of ownership of the Business.

24. OTHER TERMS AND CONDITIONS, including attached supplements:

Upon the escrow open, the buyer has 60 days due diligence. After buyer removes all the contingencies, the escrow will be close in 15 days.

Buyer's Initials ([Signature]) ([Signature])

Seller's Initials (M) ()

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BUSINESS PURCHASE AGREEMENT (BPA PAGE 4 OF 9)



Business Address: 8150 Garvey Ave, #121 (the square s, Rosemead, CA 91770

Date: May 31, 2016

25. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. SELLER HAS: 7 (or []) Days After Acceptance to Deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraph 9. Buyer may give Seller a Notice to Seller to Perform (C.A.R. Form NSP) if Seller has not Delivered the items within the time specified.

B. BUYER SHALL, within the times set forth below, take the specified action and, in writing, either remove the applicable contingency or cancel this Agreement:

(1) BUYER HAS: 17 (or [X] 60) Days After Acceptance to complete all buyer investigations, unless otherwise agreed in 25B(2), approve all disclosures, reports, and review of reports and other applicable information, for which Buyer is responsible or which Buyer receives from Seller; and approve all other matters affecting the Business.

(2) [] (if checked) BUYER HAS: 30 (or []) Days After Acceptance to complete geologic, soil and environmental inspections.

(3) Within the time specified in 25B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 25A, then Buyer has 5 (or []) Days After Delivery of any such items, or the time specified in 25B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) Continuation of Contingency: Even after the end of the time specified in 25B(1) and before Seller cancels this Agreement, if at all, pursuant to 25C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 25C(1).

C. SELLER RIGHT TO CANCEL:

(1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.

(2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to Deliver a letter as required by 3K; (iv) if Buyer fails to Deliver verification as required by 3C or 3I; or (v) if Seller reasonably disapproves of the verification provided by 3C or 3I. In such event, Seller shall authorize return of Buyer's deposit.

(3) Notice To Buyer To Perform: The NBP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or []) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 25C(2).

D. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or []) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 25.

E. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.

F. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or []) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.

G. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

26. BROKERS:

A. COMPENSATION: Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.

B. SCOPE OF BROKER DUTY: Buyer and Seller acknowledge and agree that: (i) Brokers do not decide what price Buyer should pay or Seller should accept; (ii) Brokers do not guarantee the performance or repairs of others who have provided services or products to Buyer or Seller; and (iii) they will seek legal, tax, insurance, title and other assistance from appropriate professionals.

Buyer's Initials ([Signature]) ([Signature])

Seller's Initials ([Signature]) ([Signature])

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BUSINESS PURCHASE AGREEMENT (BPA PAGE 5 OF 9)

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8150 Garvey Av



B. ARBITRATION OF DISPUTES:

The Parties agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 30C.

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

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

Buyer's Initials ([Signature]) (_____)

Seller's Initials ([Signature]) (_____)

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) EXCLUSIONS: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.
 - (2) PRESERVATION OF ACTIONS: The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
 - (3) BROKERS: Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.
31. ENVIRONMENTAL HAZARD CONSULTATION: Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Business; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Business.
32. AMERICANS WITH DISABILITIES ACT: The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. Residential properties are not typically covered by the ADA, but may be governed by its provisions if used for certain purposes. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Business is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
33. SELECTION OF SERVICE PROVIDERS: Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
34. MULTIPLE LISTING SERVICE ("MLS"): Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
35. ATTORNEY FEES: In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorneys fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 30A.
36. ASSIGNMENT: Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller (C.A.R. Form AOAA).

Buyer's Initials ([Signature]) (_____)

Seller's Initials ([Signature]) (_____)

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BUSINESS PURCHASE AGREEMENT (BPA PAGE 7 OF 9)

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8150 Garvey Av



Business Address: 8150 Garvey Ave, #121 (the square s, Rosemead, CA 91770

Date: May 31, 2016

- 37. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 38. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals, and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 39. **RISK OF LOSS:** Any risk of loss to the Business shall be borne by Seller until ownership has been transferred to Buyer.
- 40. **DAMAGE OR DESTRUCTION:** If the Business or real property in which the Business is situated is destroyed or materially damaged prior to Close Of Escrow, then, on demand of Buyer, any deposit made by Buyer shall be returned to Buyer and this Agreement shall terminate.
- 41. **EQUAL OPPORTUNITY:** The Business is sold in compliance with federal, state and local anti-discrimination Laws.
- 42. **TERMS AND CONDITIONS OF OFFER:**
This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Business for sale and to accept any other offer at any time prior to notification of Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.
- 43. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.
- 44. **DEFINITIONS:** As used in this Agreement:
 - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
 - C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
 - D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
 - E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
 - H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
 - J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
 - K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- 45. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by _____, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by _____ AM/ PM, on _____ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD) for additional terms.

Date 05/31/2016 BUYER _____
 (Print name) J&C International Group, LLC
 Date _____ BUYER _____
 (Print name) _____

Additional Signature Addendum attached (C.A.R. Form ASA).

Seller's Initials (_____) (_____)

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BUSINESS PURCHASE AGREEMENT (BPA PAGE 8 OF 9)

Date: May 31, 2016

Business Address: 8150 Garvey Ave, #121 (the squares, Rosemead, CA 91770)

46. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED:

One or more Sellers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD) for additional terms.

Date SELLER (Print name)

Date SELLER (Print name)

Additional Signature Addendum attached (C.A.R. Form ASA).

(Initials) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) at AM/ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
B. Agency relationships are confirmed as stated in paragraph 2.
C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Business is offered for sale or a reciprocal MLS.

Real Estate Broker (Selling Firm) Skyway Investment Corp. CalBRE Lic. # 01107097
By Robinson Luo CalBRE Lic. # 01107097 Date 05/31/2016
Address 149 E Duarte Rd City Arcadia State CA Zip 91006
Telephone (626)288-7373 Fax (626)307-8363 E-mail robinson88luo@gmail.com
Real Estate Broker (Listing Firm) Mack Lee / Seller CalBRE Lic. # 01107097
By CalBRE Lic. # Date
By CalBRE Lic. # Date
Address City State Zip
Telephone (310)433-0012 Fax E-mail lmack4444@gmail.com

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$), counter offer numbers Seller's Statement of Information and and agrees to act as Escrow Holder subject to paragraph 28 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is

Escrow Holder Atlantic Escrow Escrow #
By Date

Address 2111 Huntington Dr, San Marino, CA 91108
Phone/Fax/E-mail 626-685-9688 / 626-685-9680 / mikectang@atlanticescrow.com

Escrow Holder has the following license number #
Department of Business Oversight, Department of Insurance, Bureau of Real Estate.

PRESENTATION OF OFFER: () Listing Broker presented this offer to Seller on (date).
Broker or Designee Initials

REJECTION OF OFFER: () () No counter offer is being made. This offer was rejected by Seller on (date).
Seller's Initials

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Buyer's Acknowledge that page 10 If part of this Agreement () ()

Reviewed by Broker or Designee




BUSINESS PURCHASE AGREEMENT (BPA PAGE 9 OF 9)

ADDENDUM TO BUSINESS PURCHASE AGREEMENT

Additional Terms to California Association of Realtors Business Purchase Agreement and Joint Escrow Instructions dated May 31, 2016

The following terms supplement, amend, and in the case of a conflict, supersede the terms of the above referenced California Association of Realtors Business Purchase Agreement and Joint Escrow Instructions dated May 31, 2016 (the "Purchase Offer") between THE SQUARE GROUP, LLC, a California limited liability company, as debtor and debtor-in-possession ("Seller"), and J&C INTERNATIONAL GROUP, LLC ("Buyer"). The Purchase Offer and this Addendum shall be collectively referred to herein as the "Agreement."

- 1. **EFFECTIVE DATE OF AGREEMENT.** Buyer and Seller agree that, upon execution of this Addendum, the effective date of the Agreement and the day of Acceptance shall be the date of the Purchase Offer, being May 31, 2016.
- 2. **BANKRUPTCY COURT APPROVAL; OVERBIDDING.** Buyer acknowledges that Seller is a debtor in possession in Chapter 11 Bankruptcy Case No. 2:14-bk-23806-DS (the "Bankruptcy Case") pending in the United States Bankruptcy Court, Central District of California – Los Angeles Division (the "Bankruptcy Court"). The sale herein is subject to approval of the Bankruptcy Court and is subject to overbids.
- 3. **REMEDY FOR BUYER'S OR SELLER'S FAILURE TO CLOSE.** Buyer's sole remedy in the event that the sale fails to close as a result of Seller's inability to close for any reason, including failure to obtain approval of the sale by the Bankruptcy Court, shall be the mutual release of Buyer's and Seller's obligations under the Agreement and a full refund of the Initial Deposit (plus any increase thereof by Buyer). In the event Buyer fails to close the sale for any reason other than Seller's default, Buyer's Initial Deposit (plus any increase thereof or additional deposits by Buyer) shall be paid over to Seller and retained by Seller as liquidated damages without further legal action.

 [Buyer's Initials]

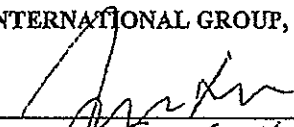
 [Buyer's Initials]

- 4. **BANKRUPTCY COURT JURISDICTION.** The Bankruptcy Court shall have sole and exclusive jurisdiction to interpret and enforce the terms of the Agreement and Buyer hereby consents and submits to such exclusive jurisdiction. The Agreement shall be interpreted and enforced pursuant to the laws of the United States of America including the Bankruptcy Code.

AGREED AND ACCEPTED AS OF 5/31, 2016 (the "Effective Date"):

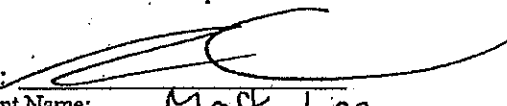
"BUYER"

J&C INTERNATIONAL GROUP, LLC

By: 
Print Name: John Lee X
Title: CEO

"SELLER"

THE SQUARE GROUP, LLC, a California limited liability company, as debtor and debtor-in-possession

By: 
Print Name: Mark Lee
Title: Managing Member

**ASSIGNMENT, ASSUMPTION AND AMENDMENT
OF LEASE
AND CONSENT OF LESSOR**

THIS ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASE AND CONSENT OF LESSOR (this "Assignment") is made as of February __, 2017, by and among The Square Group, LLC, a California limited liability company and debtor in possession in case no. 2:14-bk-23806-DS ("Assignor"), Good Fortune Supermarket of CA3, LP, a California limited partnership ("Assignee"), Kuanhe Wu ("Guarantor"), and Rosemead Hwang, LLC, a California limited liability company ("Lessor" or "Landlord"). This Assignment is made with respect to and amends that certain Standard Multi-Assignee Shopping Center Lease – Net, dated as of April 6, 2009, a true and correct copy of which is attached hereto as Exhibit A (the "Original Lease") between Assignor and Lessor, for premises described as 8150 Garvey Avenue, #121, Rosemead, California 91770 (the "Premises"). As used herein, "Lease" shall mean and refer to the Original Lease, as amended hereby.

1. Relation to Sale of Assets. This Assignment is part and parcel of that certain Business Purchase Agreement and Joint Escrow Instructions dated May 31, 2016, as amended, by and between Assignor, as Seller, and Assignee, as Buyer, whereby Assignor has agreed to sell certain assets as specified therein to Assignee (the "Sale"), the closing of which Sale is a condition to the effectiveness of this Assignment.
2. Assignment and Assumption.
 - A. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, transfers and assigns to Assignee, all of its right, title, and interest in and to the Lease (excluding all rights to any refundable security deposit held thereunder) for all purposes, but subject to all terms, conditions, reservations, and limitations of such Lease.
 - B. Assignee hereby accepts the foregoing assignment and, except as otherwise set forth herein, agrees to assume, pay, perform and discharge, as and when due, all of the agreements and obligations of Assignor under the Lease arising after the effective date hereof and to be bound by all of the terms thereof.
 - C. Neither the assumption by Assignee, assignment by Assignor, nor Landlord's Consent will release or discharge Assignor from any liability under the Lease, including, without limitation, the payment of rent and other amounts when due under the Lease. Assignor and Assignee will remain liable and responsible for the full performance and observance of all the provisions, covenants, and conditions in the Lease. Assignor will not be released from any liability under the Lease because of Landlord's failure to give notice of default under or in respect of any of the terms, covenants, conditions, provisions, or agreements by the Lease. Landlord may proceed directly against Assignee without first exhausting Landlord's remedies against Assignor, or Landlord may proceed directly against Assignee without exhausting Landlord's remedies against Assignor. Landlord does not waive or relinquish any rights under the Lease against Assignor or Assignee. Assignor shall remain jointly and severally liable to Landlord for any and all obligations arising under the Lease.

3. Estoppel Certifications. On and as of the date hereof, each of Lessor and Assignor certifies to Assignee, the following:

- A. The Lease and this Assignment have been duly authorized and executed by Assignor and Lessor and are in full force and effect. There are no agreements of any kind between Lessor and Assignor regarding the Premises, except as provided in the Lease. Assignor has no option to expand the Premises, or any option or right of first refusal to purchase the Premises or any part thereof.
- B. All obligations of Lessor and Assignor relating to completion of improvements and repairs have been satisfied or performed, and all other conditions and obligations under the Lease to be satisfied or performed, or to have been satisfied or performed as of the date hereof have been fully satisfied or performed.
- C. A true and correct copy of the Lease, including all amendments, addenda, exhibits, schedules and modifications thereto, is attached hereto as Exhibit A. The Lease is in full force and effect.
- D. Assignor has not received any notice of any present violation of any federal, state, county or municipal laws, regulations, ordinances, order or directives relating to the use or condition of the Premises.

4. Amendment of Lease Terms. Notwithstanding anything to the contrary that may be contained in the Lease, the parties agree as follows:

- A. Subject to earlier termination in accordance with the terms of the Lease, the Expiration Date of the Lease shall be September 30, 2028, and the term shall expire at 5:00 P.M. (Pacific Time) on such date.
- B. Rent from and after the Assignment shall be as follows:
 - from close escrow until July 31, 2018 will be \$41,126.40, including NNN;
 - from August 01, 2018 to July 31, 2021, will be \$42,360.19, including NNN;
 - from August 01, 2021 to July 31, 2024, will be \$43,207.40, including NNN;
 - from August 01, 2024 to July 31, 2027, will be \$44,071.54, including NNN;
 - from August 01, 2027 to end of Original Lease term, will be \$44,952.97, including NNN.
- C. On execution of this Assignment by Assignee, Assignee shall provide Landlord with a cashier's check in the amount of \$241,126.40, representing the first month's rent payment, plus a security deposit in the amount of \$200,000, which deposit shall be governed by the provisions of paragraph 5 of the Lease. Notwithstanding the foregoing, Landlord will apply the security deposit to the rent due on the 1st, 2nd and 13th month after the effective date of the Lease, thereby reducing the security deposit on such dates. Assignee will not be required to augment the security deposit for the amount of such deposit used to cover rent for the three aforementioned months.
- D. Assignee shall be granted three, five (5) year options to extend the Lease in accordance with the provisions of paragraphs 39 and 51 of the Lease, except that written notice of an intent to exercise an option must be given no less than 120 days prior to the expiration of the then existing term. Rent for each option period shall be as follows:

For the period from August 1, 2028 to July 31, 2033, \$49,448.267, including NNN;

For the period from August 1, 2033 to July 31, 2038, \$51,920.680, including
NNN;

For the period from August 1, 2038 to July 31, 2043, \$54,516.714, including
NNN.

- E. In addition to the space covered by the Lease, Assignee shall be granted a revocable license to use an area designated on the schemata attached hereto as Exhibit D under the designation "SA" (meaning "staging area") at no additional cost, provided (i) the SA shall be used solely for the placement of bags of rice that are available for sale to customers of the market; (ii) the SA shall constitute approximately 128 square feet of floor space, in a configuration of 8' x 16'; (iii) no product in the staging area shall be stacked where the height of the stacked items exceed four feet; and (iv) use of the SA shall not interfere with the use of or access to space leased or rented to any other tenant of the shopping center. Notwithstanding the foregoing, to the extent the use of the SA violates any law, ordinance, rule, regulation, restriction or other prohibition by a governmental or quasi-governmental agency ("Governmental Prohibition"), such use shall be prohibited, and such license may be revoked. Revocation may only be effectuated on grounds of Governmental Prohibition, and may only occur after Landlord gives to Assignee no less than ten (10) days-notice of Landlord's intent to revoke the license, provided the conduct or act that is contrary to the Governmental Prohibition cannot be corrected or cured within such ten days, and further provided that Landlord shall not be required to incur any costs to effectuate any correction or cure. Subject to the terms and conditions contained herein, the license shall run coterminous with the Lease to Assignee, but such license is personal to the Assignee and is not assignable, sublicense-able, or transferable in any way.
- F. All racks, shelving and non-affixed improvements in the Premises are the property of Assignee. Notwithstanding the foregoing, upon the expiration or earlier termination of the Lease, Assignee agrees that it shall leave in the Premises and relinquish ownership of any such property that Assignee does not intend to use in another of Assignee's facilities. Assignee shall transfer ownership of such personal property without any representation or warranty whatsoever as to their condition or otherwise. Nothing set forth herein shall be construed to prevent Assignee from removing any non-affixed personal property from the Premises for use in other facilities of Assignee at any time during the term of the Lease.
- G. After Assignee is given possession of the Premises, Assignee agrees that, regardless of any improvements to be made to the Premises, the market must be open to the public on a daily basis no less than 8 hours per day between the hours of 9:00 a.m. and 7:00 p.m.
- H. Any improvements or alterations to the Premises must be first approved by Landlord in accordance with paragraph 7 of the Lease. In connection therewith, Assignee understands and agrees that construction may not at any time be performed on more than 40% of the total Premises, though it is understood that the Assignee intends to ultimately remodel 100% of the Premises. By execution hereof, Lessor approves the concept of the proposed alterations to the Premises as reflected in Exhibit C hereto; it nonetheless being understood that Lessee shall be required to comply with all applicable laws, permitting requirements and the like, and all other provisions of the Lease governing improvements or alterations to the Premises.

- I. Kuanhe Wu shall execute a guarantee of the Lease in favor of Landlord in the form attached hereto as Exhibit B, the breach of which shall constitute a default under the Lease.
 - J. The Original Lease, as modified herein, remains in full force and effect, and as modified hereby constitutes the agreement of the Parties hereto. To the extent inconsistent herewith, this Assignment supersedes and replaces any inconsistent provisions in the Original Lease.
5. Inventory Sell-Off. Notwithstanding anything herein to the contrary, it is understood that Assignor shall have a period of 60 days from the date of close of escrow of the Sale to occupy the leased Premises for the purpose of selling or otherwise disposing of any inventory of Assignor remaining at the close of escrow.
 6. Insurance. Assignor to maintain in effect, at Assignor's cost, all insurance policies related to the Premises for a period of fourteen (14) days after the date hereof, and, effective as of the date hereof, shall make Assignee an additional insured under all such policies. For the remainder of the amended lease term, Assignee shall be responsible for obtaining and maintaining insurance policies required to be maintained by the Assignee pursuant to the Lease (including, if and to the extent required under the Lease, naming Landlord as an additional insured party). Assignee shall have no obligation to pay or reimburse Lessor for any insurance premiums for policies required to be maintained by Lessor pursuant to the Lease.
 7. Brokers. No broker was used in the solicitation or negotiation of this Assignment. Each party hereto agrees to indemnify, defend and hold harmless each other party for any brokerage commission claimed to be owed to any broker, agent or other person acting on behalf of the indemnifying party.
 8. Lessor Consent.
 - A. Lessor hereby consents to the assignment of the Lease from Assignor to Assignee on the terms and conditions set forth in this Assignment.
 - B. The giving of this consent shall not serve to modify the Lease, or increase the obligations or diminish the rights of Assignee, Assignor or Lessor thereunder, except as specifically set forth herein.
 9. Character of Consent. This consent is not, and will not be deemed or construed as, consent to any other assignment, subletting, or other transfer of the Lease. This Landlord's Consent is not, and will not be deemed or construed to modify, waive, or affect any of the provisions, covenants, or conditions of the Lease, waive any breach of the Lease or any of the rights of Landlord, or enlarge or increase Landlord's obligations under the Lease except as expressly set forth herein.
 10. Miscellaneous.
 - A. Any initially capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Lease.
 - B. The provisions of this Assignment shall be binding upon, and shall inure to the benefit of, the successors and assigns of Assignor, Assignee, Guarantor, and Lessor, respectively.

- C. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.
- D. This Assignment is subject to approval of the Court presiding over the chapter 11 case of the Assignor.
- E. This Assignment may be delivered by facsimile or email transmission.

IN WITNESS WHEREOF, Assignor, Assignee, Guarantor, and Lessor have caused their duly authorized representatives to execute this Assignment as of the date first above written.

ASSIGNOR:

THE SQUARE GROUP, LLC
a California limited liability company

By: _____
Its: _____
Title: _____

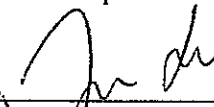
LESSOR:

ROSEMEAD HWANG, LLC
a California limited liability company

By: _____
Its: _____
Title: _____

ASSIGNEE:

Good Fortune Supermarket of CA3, LP
a California limited partnership

By:  _____
Its: Jun Yi _____
Title: Partner _____

GUARANTOR:

Kuanhe Wu

Exhibit A

Lease
(attached)

INTENTIONALLY OMITTED

LEASE IS PRODUCED UNDER EXHIBIT 2 TAB

Exhibit B

**Guarantee
(attached)**

IRREVOCABLE GENERAL CONTINUING GUARANTY
("Guaranty")

As a condition to the consent given by Landlord (defined below) to the Assignment (defined below), and in consideration of any credit extended or advances made by Rosemead Hwang, LLC (the "Lessor" or "Landlord"), to Good Fortune Supermarket of CA, LP, a California limited partnership, its successors and/or assigns ("Tenant" or "Debtor"), in connection with that certain Standard Multi-Assignee Shopping Center Lease – Net, dated as of April 6, 2009 ("Lease"), by and between The Square Group, LLC, a California limited liability company (as lessee thereunder) and Lessor, for premises described as 8150 Garvey Avenue, #121, Rosemead, California 91770, as assigned to Tenant pursuant to that certain Assignment, Assumption And Amendment Of Lease And Consent Of Lessor, dated February __, 2017 ("Assignment"), and for other valuable consideration, the undersigned individual (the "Guarantor") personally and irrevocably guarantees unto the Landlord, its successors and assigns, the prompt payment of any and all indebtedness according to the terms hereof, which Tenant may now or at any time hereafter owe to the Landlord, together with interest thereon and costs of collection thereof, including reasonable attorneys' fees.

The Landlord is hereby given full power to modify the terms and conditions of the Lease, make advances or extend credit to Tenant and to cancel, release, make any alterations, renewals and extensions of and decrease or increase the amount of principal or interest of such indebtedness as the Landlord and Tenant may expressly or impliedly agree upon, or release, decrease, increase, make substitutions of or otherwise alter any collateral or property securing such indebtedness or any part thereof, and otherwise to deal with said Tenant as the Landlord may elect, without in any way diminishing, releasing or discharging the liability hereunder of the Guarantor. Such liability shall be continuing and shall only be affected by the payment to the Landlord of the full amount of all indebtedness, which may now or at any time hereafter be owing from Tenant to the Landlord. The liability of the Guarantor hereunder, unless and until written notice is given to the Landlord that such payments are at the time thereof being made for the purpose of liquidating such liability of the Guarantor, is not in consideration or contingent upon the liability of any other person hereunder or under any similar instrument, and the release or death of, or cancellation by the Guarantor or any signer of a similar instrument shall not act to release or otherwise affect the continuing liability of any other signer hereof.

Notice of acceptance of this guaranty as well as all demands, presentments, notices of protest and notices of every kind or nature, including those of any action or non-action on the part of Debtor, the Landlord or anyone else, are hereby fully waived by the Guarantor. Upon any default of Debtor, the Landlord may, at its option, proceed directly and at once, without notice, against the Guarantor to collect and recover the full amount of the liability hereunder, or any portion thereof, without proceeding against Tenant or any other person, or foreclosing upon, selling, or otherwise disposing of or collecting or applying any property, real or personal, it may then have as security for such indebtedness. The Guarantor hereby waives the right to require the Landlord to proceed against Debtor or to pursue any other remedy, waive the right to have the property of Debtor first applied to the discharge of such indebtedness, and waive the pleading of any statute of limitations as a defense to the obligation hereunder. Guarantor assumes the responsibility for being and keeping himself informed of the financial condition of Debtor and of all other circumstances bearing upon

the risk of nonpayment of the indebtedness which diligent inquiry would reveal, and that absent a written request for such information by the Guarantor, the Landlord shall have no duty to advise the Guarantor of information known to it regarding such condition or any such circumstances. Guarantor acknowledges an understanding of the consequences of all waivers contained herein.

Guarantor further agrees, without demand, immediately to reimburse the Landlord for all costs and expenses, including fees, incurred in the enforcement of this guaranty or the collection of such indebtedness.

The word "indebtedness" as used in this guaranty is intended to include not only any and all obligations owing under the Lease, and debts voluntarily contracted, principal and interest, but every debt, obligation or liability however arising and whether the same be due or owing absolute or contingent, determined or inchoate, and this Guaranty shall extend to and cover all renewals and extensions of any claims or demands guaranteed hereunder. If more than one Debtor is named herein, all provisions hereof, including the maximum sum guaranteed, shall apply to each and every such Debtor.

Guarantor represents and warrants that he has a financial and economic interest in the Tenant, and that he understands and agrees that the Landlord would not have given its consent to the Assignment of the Lease to the Tenant were it not for Guarantor's willingness and agreement to execute this Guaranty.

This Guaranty is assignable only by the Landlord with any one or several or all of the indebtedness and principal obligations which it guarantees, and when so assigned Guarantor shall be bound as above to the assignee or assignees.

This Guaranty contains the entire guaranty agreement between the Guarantor and the Landlord, supersedes any other guaranty agreement between the Guarantor and the Landlord, and the provisions hereof may be modified, altered or amended only by written agreement signed by the Guarantor and the Landlord.

DATED: _____

Kuanhe Wu, Guarantor

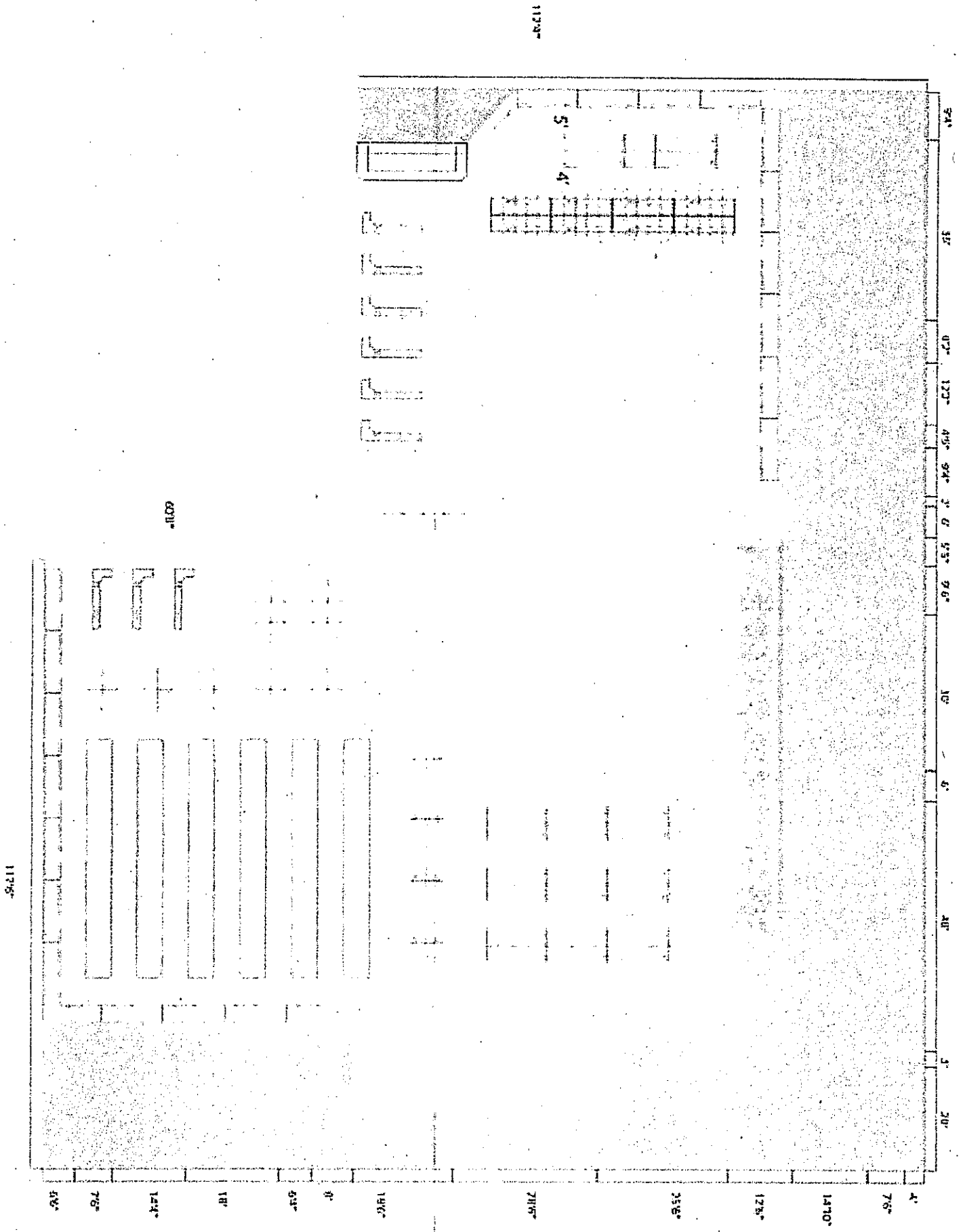


Exhibit D
Staging Area Designation

AMENDMENT ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASE AND CONSENT OF LESSOR

RE: 8150 Garvey Ave #121, Rosemead, CA 91770

This amendment is made as of March 18, 2017 and amended as follows:

- (1) Retail shopping center, Unit 121 is approximated 29376 square feet
- (2) Item 4-C of page 2 is amended to read as "landlord will apply the security deposit to the rent due to on the 2nd, 3rd and 13th month (buyer / tenant' cashier check \$241,126.40 already including first month rent \$41,126.40)"
- (3) If the buyer purchase this business escrow is not successfully to close, the landlord must refund the fully amount of \$241,126.40 to buyer immediately. Or if bankruptcy court is not approved this assignment of lease, the landlord will prepare a new lease but all the terms and conditions same as the assignment of the lease.
- (4) "Guaranty" Mr. Kuanhe Wu will be the guarantor only from the escrow close until to 5 years.

ASSIGNOR:

THE SQUARE GROUP, LLC
A California Limited Liability Company

BY: Mack Lee
Its: _____
Title: Managing Member

ASSIGNEE:

Good Fortune Supermarket of ca3, LP
A California Limited Partnership

BY: [Signature]
Its: _____
Title: _____

LESSOR:

ROSEMEAD HWANG, LLC
A California Limited Liability Company

BY: [Signature]
Its: _____
Title: Managing Manager Member

GUARANTOR:

[Signature]
Kuanhe Wu

Signature by landlord is conditioned upon deletion of the 3rd month payment and or Section 2 in its entirety. [Signature]

EXHIBIT 2



AIR COMMERCIAL REAL ESTATE ASSOCIATION

STANDARD MULTI-TENANT SHOPPING CENTER LEASE - NET

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only Apr 06 2009 is made by and between Rosemead Hwang, LLC

and The Square Group, LLC dba The Square Supermarket

(collectively the "Parties", or individually a "Party").

1.2 Premises: That certain portion of the Shopping Center (as defined below), including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known by the street address of 8150 Garvey Ave. #121 located in the City of Rosemead, County of Los Angeles State of California with zip code 91770, as outlined on Exhibit A attached hereto ("Premises") and generally described as (describe briefly the nature of the Premises) Retail Shopping Center, Unit 121 approximately 29376 Square Feet

In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, exterior walls or utility raceways of the building containing the Premises ("Building") or to any other buildings in the Shopping Center. The Premises and the Building are situated within the Shopping Center known as The Square Center. The Premises, the Building, the Common Areas and all other buildings and improvements within said Shopping Center, together with the land upon which they are located, are herein collectively referred to as the "Shopping Center." (See also Paragraph 2)

1.3 Term: Twenty(20) years and Zero(0) months ("Original Term") commencing Aug. 01 2009 ("Commencement Date") and ending July 31, 2028 ("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 As ready ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$36,720.00 per month ("Base Rent"), payable on the First day of each month commencing October 2009. (See also Paragraph 4)

[X] If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 5.3

1.6 Percentage Rent Rate: N/A percent (%) of Gross Sales. Percentage Rent shall be due and payable in accordance with the provisions of the Percentage Rent Addendum, if any, attached hereto and made a part hereof, and Paragraph 4 hereof.

1.7 Lessee's Share of Common Area Operating Expenses: Thirty Eight percent (38 %) ("Lessee's Share"). In the event that that size of the Premises and/or the Shopping Center are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.8 Merchants' Association Annual Dues: \$ N/A per year ("Merchants' Association Dues"). Lessee shall pay Merchants' Association Dues and/or become a member of the Merchants' Association in accordance with the provisions of the Merchants' Association Addendum, if any, attached hereto.

- 1.9 Base Rent and Other Monies Paid Upon Execution: (a) Base Rent: \$36,720.00 for the period Oct. 01 2009 to Sep. 30 2012 (b) Common Area Operating Expenses: \$37,613.44 for the period 8/01/09 to 7/31/10 (c) Security Deposit: \$ 20,000.00 ("Security Deposit"). (See also Paragraph 5) (d) Merchants' Association Dues: \$N/A for the period (e) Other: \$ for (f) Total Due Upon Execution of this Lease: \$ To be bill

1.10 Agreed Use: Supermarket concept selling meat, fresh produce, dairy and baked goods along with canned and packaged goods as well as for various nonfood items such as household cleaners, pharmacy products, aliother household products and etc. (See also Paragraph 6)

1.11 Agreed Trade Name: The Square Supermarket (See also Paragraph 6)

1.12 Insuring Party. Lessor is the "Insuring Party". (See also Paragraph 8)

1.13 Real Estate Brokers: (See also Paragraph 15)

(check applicable boxes):

- [X] Taisan, Inc. dba IXZIBIT 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 the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of or % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.14 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by N/A ("Guarantor"). (See also Paragraph 37)

1.15 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:

- [X] an addendum consisting of Paragraphs 51 through 56 [X] a site plan marked Exhibit A depicting the Premises; [X] a site plan marked Exhibit B depicting the Shopping Center; [] a current set of Rules and Regulations for the Shopping Center; [X] a current set of the Sign Criteria for the Shopping Center; [] a work letter; [] other (specify):

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2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. see hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. 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 30 days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, if any, and all other such elements in the Premises, other than those constructed by Lessee, shall be in good operating condition on said date and that the structural elements of the roof, bearing walls and foundation of the Premises 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 such 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 Premises. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls).

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the Improvements on the Premises and the Common Areas comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances in effect on the Start Date ("Applicable Requirements"). Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 50), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(e)) made or to be made by Lessee. NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning, are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the 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 tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the 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 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 Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** 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.

2.6 **Vehicle Parking.** Lessee shall not use and shall not permit its employees to use any parking spaces in the Shopping Center except for parking by vehicles that are no larger than full-size passenger automobiles or pick-up trucks, herein called "Permitted Size Vehicles." Lessee shall permit its employees to only occupy those parking spaces, if any, as depicted as employee parking spaces on the Shopping Center site plan. Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) Lessee shall not service or store any vehicles in the Common Areas.

(c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessee shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.7 **Common Areas - Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Shopping Center and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for this general non-exclusive use of Lessor, Lessee and other tenants of the Shopping Center and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Shopping Center. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas, nor the right to display merchandise or conduct sales in the Common Areas. Any such storage, display or sales shall be permitted only by the prior written consent of Lessor

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or Lessor's designated agent, as exercised in Lessor's sole discretion, which consent may be revoked at any time. In the event that any unauthorized storage or displays shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Shopping Center and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time: (a) To make changes or additions to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, elevations, landscaped areas, signage, walkways and utility raceways;

(b) To use and close temporarily any of the Common Areas for the purpose of maintaining, repairing and altering the Shopping Center, so long as reasonable access to the Premises remains available, and to close temporarily any of the Common Areas to whatever extent is required in the opinion of Lessor's counsel to prevent a dedication of or the accrual of any rights of any persons or of the public to any of the Common Areas;

(c) To designate other land outside the boundaries of the Shopping Center to be a part of the Common Areas or to be entitled to use the Common Areas on a reciprocal basis;

(d) To add additional buildings and improvements to the Common Areas; and

(e) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Shopping Center as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

2.11 Common Areas - Promotional Events; Sidewalk Sales. Lessor reserves the right, from time to time, in Lessor's sole discretion, to utilize portions of the Common Areas for promotional events, which may include but shall not be limited to entertainment. Lessor further reserves the right, in Lessor's sole discretion, to permit any one or more tenants of the Shopping Center to conduct the display and/or sale of merchandise from the sidewalks immediately adjacent to such tenants' respective premises.

2.12 Common Areas - Remodeling. At any time during the Term, Lessor may remodel or expand, in any manner, the existing Shopping Center, which work may include, without limitation, the addition of shops and/or new buildings to the Shopping Center (collectively, "Remodeled Center"). If Lessor deems it necessary for construction personnel to enter the Premises in order to construct the Remodeled Center, Lessor shall give Lessee no less than 60 days prior notice and Lessee shall allow such entry. Lessor shall use reasonable efforts to complete any work affecting the Premises in an efficient manner so as not to interfere unreasonably with Lessee's business. Lessee shall not be entitled to any damages for any inconvenience or any disruption to Lessee's business caused by such work; provided, however, the Base Rent paid by Lessee for the period of the inconvenience shall be abated in proportion to the degree that Lessee's use of the Premises is impaired. Lessor shall have the right to use portions of the Premises to accommodate any structures required for the Remodeled Center, provided that if as a result thereof there is a permanent decrease in the floor area of the Premises of 3% or more, there shall be a proportionate downward adjustment of Base Rent and Lessee's Share.

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 an Early Possession Date has been specified in Paragraph 1.4, the Parties intend that Lessee shall have access to the Premises as of the Early Possession Date for purposes of preparing and furnishing the Premises for the conduct of Lessor's business. If Lessee totally or partially occupies the Premises prior to the Commencement Date for any reason (and for purposes hereof, "occupancy" shall include, without limitation, Lessee's entry onto the Premises for purposes of preparing and furnishing the Premises for business), the obligation to pay Base Rent and Percentage Rent shall be abated for the period of such early possession. All other terms of this Lease (including but not limited to Lessee's obligations to carry insurance and to maintain the Premises) shall be in effect during such period, except that Lessee's obligation to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums shall only be in effect prior to the Commencement Date if Lessee has opened for business in the Premises prior to the Commencement Date. 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 Start Date. If, despite said efforts, Lessor is unable to deliver possession as agreed, 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 the delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. Except as otherwise provided, if possession is not tendered to Lessee by the Commencement Date and Lessee does not terminate this Lease, as aforesaid, 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 of the Premises is not delivered within 4 months 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 tender 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 Common Area Operating Expenses. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent and, if applicable, Percentage Rent, Lessee's Share (as specified in Paragraph 1.7) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

(a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs incurred by Lessor relating to the ownership and operation of the Shopping Center, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, and replacement as reasonably necessary, of the following:

(ia) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, parking lot striping, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, and roof drainage systems.

(ib) Exterior signs and any tenant directories.

(ic) Any fire detection and/or sprinkler systems.

(id) Common electrical, plumbing and other utilities servicing any building in the Shopping Center and/or the Common Areas.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) The cost of trash disposal, pest control services, property management (including, but not be limited to, a property management fee to Lessor equal to 5% of Base Rent and Percentage Rent, security services, and the costs of any environmental inspections).

(iv) Reserves set aside for equipment, maintenance, repair and replacement of Common Areas.

(v) Real Property Taxes (as defined in Paragraph 10).

(vi) The cost of the premiums for the insurance maintained by Lessor pursuant to Paragraph 8.

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation of the Shopping Center.

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(n) The cost of any capital improvement to the Building or the Shopping Center not covered under the provisions of Paragraph 2.3; provided, however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital improvement in any given month.

(o) The cost of any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(p) If Lessor determines that the method of proration of any item included within Common Area Operating Expenses is inequitable, Lessor may prorate such item on the basis of usage or other equitable considerations. Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Premises, the Building or to any other premises or building in the Shopping Center or to the operation, repair and maintenance thereof shall be allocated entirely to such premises or building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to any premises or building or to the operation, repair and maintenance thereof shall be equitably allocated by Lessor to all buildings in the Shopping Center.

(q) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Shopping Center already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(r) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

(s) If there are one or more Major Tenants (as hereinafter defined) within the Shopping Center, then at Lessor's sole option, the amount to be reimbursed by such Major Tenants to Lessor for all or a portion of the Common Area Operating Expenses may be determined by alternative equitable methods (e.g., a Major Tenant may pay directly for its own security), and the actual amount paid by such Major Tenants shall be credited against the Common Area Operating Expenses allocated to other tenants of the Shopping Center; provided, however, that in such event the rentable area of the buildings leased to such Major Tenants shall be excluded from the rentable area of the Shopping Center for purposes of determining Lessee's Share of Common Area Operating Expenses for these specific items, notwithstanding the percentage set forth in Paragraph 1.7. As used herein, the term "Major Tenant" shall mean a tenant leasing at least 15,000 square feet of rentable area within the Shopping Center.

(t) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

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

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 therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the Initial Security Deposit bore to the Initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, 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.

(a) Agreed Use; Agreed Trade Name. Lessee shall use and occupy the Premises only for the Agreed Use; and for no other purpose, and Lessee shall operate at the Premises only under the Agreed Trade Name and under no other trade name. 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 improvement on the Premises or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Premises, and/or is not in conflict with or incompatible with the existing or proposed uses (whether or not exclusive) of other occupants of the Shopping Center. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Trade Name, so long as the same is not in conflict with or incompatible with the nature and character of the Shopping Center or other existing or proposed uses of other occupants of the Shopping Center. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use and/or Agreed Trade Name.

(b) Continuous Operation. Lessee shall continuously (i) operate and conduct the Agreed Use under the Agreed Trade Name within the entire Premises in a reputable manner and in conformity with industry standards of practice prevailing in the field of business among merchants engaged in the same or similar business in the city in which the Premises are located, (ii) staff the Premises with sufficient sales personnel, stock the Premises with adequate merchandise and exercise sound business practices so as to maximize Gross Sales for the benefit of Lessor. At a minimum, Lessee shall keep the Premises continuously open for business Monday through Friday from 9:00 a.m. to 6:00 p.m., Saturday from 9:00 a.m. to 6:00 p.m., and Sunday from 10:00 a.m. to 6:00 p.m. If Lessee fails to comply with the requirements of this Paragraph 6.1(b), then in addition to any and all other rights and remedies of Lessor, Lessee shall pay to Lessor an amount equal to 1/15th of the Base Rent for each day or portion thereof that Lessee fails to so comply. Such sum shall be in addition to, and not a part of, the Base Rent otherwise due under this Lease.

(c) Violations of Exclusive Use Rights. Lessee acknowledges that Lessor may grant, or may have previously granted, exclusive use rights to other tenants of the Shopping Center and agrees that a material consideration to Lessee in entering into this Lease is Lessee's covenant to limit its use of the Premises to the Agreed Use under the Agreed Trade Name as set forth above. Lessee's violation of exclusive use rights granted to other tenants of the Shopping Center will result in Lessor suffering irreparable harm and, therefore, in addition to all other rights and remedies available to Lessor, Lessor may seek to enjoin Lessee's breach of such covenant and Lessee shall be liable for any damages incurred or sustained by Lessor to such other tenants whose exclusive use rights are breached by Lessee. In no event shall Lessor be liable to Lessee for any failure of any other tenants of the Shopping Center to operate their businesses, or for any loss or damage that may be occasioned by or through the acts or omissions of other tenants or third parties.

(d) Other Tenancies. Lessor, at its sole discretion, reserves the absolute right to establish procedures to control other tenancies in the Shopping Center. Regardless of whether any specific tenants are shown on any site plan attached hereto, Lessee does not rely on that fact, nor does Lessor represent that any specific tenant or number or type of tenants shall or shall not during the Term occupy any portion of the Shopping Center, nor does Lessee rely on any other tenant operating its business in the Shopping Center at any particular time or times. Further, no conduct by any tenant, subtenant or other occupant of, or any customer of, or any supplier to or use of any portion of the Shopping Center shall constitute an eviction, constructive or otherwise, of Lessee from the Premises, and Lessee hereby waives any and all claims that it might otherwise have against Lessor by reason thereof.

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6.2 Hazardous Substances.

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

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

(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 areas outside of the Shopping Center 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. 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 are suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession 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 taking possession, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) Lessor Termination Option. If a Hazardous Substance Condition (see Paragraph 9.1(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 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

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

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 8.1) 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 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, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) Service Contracts. Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in

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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, and (iii) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

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

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

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 8 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives 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 (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 months' Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or 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 attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

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

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 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; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. 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 also 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 26 below.

8. Insurance; Indemnity.

8.1 Payment of Premiums. The cost of the premiums for the insurance policies required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), shall be a Common Area Operating Expense. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.

8.2 Liability Insurance.

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

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

8.3 Property Insurance - Building, Improvements and Rental Value.

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(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, 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 shall insure against all risks of direct physical loss or damage (except the perils of flood 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 inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$1,000 per occurrence.

(b) **Rental Value.** Lessor shall also 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.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Shopping Center if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Business Interruption Insurance.

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

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

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

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

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

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

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

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

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the Improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total. Notwithstanding the foregoing, Premises Partial Damage shall not include damage to windows, doors, and/or other similar items which Lessee has the responsibility to repair or replace pursuant to the provisions of Paragraph 7.1.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the Improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. 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(a), irrespective of any deductible amounts or coverage limits involved.

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

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises or Common Areas, which requires restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total Replacement Cost of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available

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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 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 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

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

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 90 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 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 90 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Damage to Shopping Center. In the event of any damage or destruction to other portions of the Building or to any other buildings in the Shopping Center, whether insured or uninsured (and whether or not there is also damage or destruction to the Premises), which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction, Lessor may either (i) repair such damage or destruction as soon as reasonably possible without expense to Lessee, 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 or destruction. Such termination shall be effective 90 days following the date of such notice.

9.7 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 Base Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value Insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor shall be 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 restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.8 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 8.2(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 Shopping Center, 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 Shopping Center 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 Shopping Center is located. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Shopping Center, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Shopping Center, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Shopping Center by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request, or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building 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 determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. 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. To the extent any such utilities and/or services are not separately metered, Lessee shall pay Lessee's Share thereof in accordance with Paragraph 4.2. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is

amplied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs. 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 fire, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

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

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

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

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 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 and Percentage Rent Rate to 110% of the Base Rent and Percentage Rent Rate 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, ie, 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

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

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

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

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore 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 3B)

(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 3B.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, via 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 atton to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

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

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

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default 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 vacating or abandonment of the Premises. Lessee shall be deemed to have vacated the Premises if Lessee ceases to continuously operate its business in the Premises for a period of 5 consecutive days.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR 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 recission 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 11, (viii) material data safety

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

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph 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 of 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 relating, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

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

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

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

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

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

13.6 Breach by Lessor.

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

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

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Premises, or more than 25% of the parking spaces situated within the parking area, 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. Brokerage Fees.

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.13 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the schedule of the Brokers in effect at the time of the execution of this Lease.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.13, 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 fees owed.

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

16. Estoppel Certificates.

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

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

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

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

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

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

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

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

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

23. Notices.

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

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given by 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

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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 HERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PUBLISHED 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. 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 acknowledged being advised by the brokers in this transaction, as follows:

(1) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or sub-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 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 a Lessor Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(2) Lessee's Agent. An agent can agree to act as an agent for the Lessee only. In these situations, the agent is not the Lessor's agent, but the agent may receive compensation for services rendered, either in full or in part from the Lessor, and loyalty in dealings with the Lessee. To the Lessor, a fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee; To the Lessee and the Lessor, 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.

(3) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee; (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (1) or (2). 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 an amount less than that indicated in the listing or that the Lessee is willing to pay a higher price than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from 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.

(4) Brokers have no responsibility with respect to any default or breach of contract 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 date that the listing (including court costs and attorney's 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 to 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 and Percentage Rent Rate shall be increased to 150% of the Base Rent and Percentage Rent Rate applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

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

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 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 the 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 shall 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 litigated in the county in which the Premises are located.

30. Subordination; Assignment; Non-Disturbance. 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 assignments or termination of a Security Device to which this Lease is subordinate (1) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, agree 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 Lessor and said new owner, and (2) Lessor shall hereafter 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 covenants or defenses which Lessee might have against any prior lessor; (c) be bound by payment 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. Will 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 Lessor which will not be distributed so long as Lessee is not in Breach hereof and actions to the record owner of the Premises. Further, within 60 days after the expiration 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 negotiate for the execution and delivery of a Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lessor and attempt to negotiate for the 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 tort, contract or equity, or to declare rights hereunder, the prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to a 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 attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred. In addition, Lessor shall be entitled to attorney's fees, costs and expenses incurred in the preparation and service of notices of Default and considerations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on 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, which consent shall be granted or denied at Lessor's sole discretion.

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. All signs must comply with all Applicable Requirements. Lessee shall not place, construct, or maintain on the glass panes or supports of the show windows of the Premises, the doors, exterior walls or the roof of the Building, or anywhere else within the Shopping Center outside of the Premises, or on any interior portions of the Premises that are visible from the exterior of the Premises, any signs, advertisements, names, insignias, trademarks, descriptive material or any other items without Lessor's prior written consent, which consent shall be granted or denied at Lessor's sole discretion. Lessor shall designate the size, shape, color, design, and location of all exterior sign(s) to be installed by Lessee, and Lessee shall, at Lessee's sole cost and expense, fabricate, construct and install all such sign(s) in full compliance with Lessor's designation and in accordance with the Sign Criteria for the Shopping Center attached hereto, if any. Lessee agrees to submit plans and specifications for Lessee's sign(s) for Lessor's written approval within 30 days after the full execution hereof and to install such sign(s) prior to opening for business at the Premises. Lessor, at Lessee's cost, may remove any item placed, constructed or maintained in, upon or about the Premises or Shopping Center which does not comply with this paragraph. In the event there is a pole, pylon or monument sign for the Shopping Center, Lessor shall have the right, but not the obligation, to install lettering designating Lessee's business on such sign, at Lessee's expense, with Lessor's approval of location, size, style and color. All signs that are permanently attached to the Premises or Building shall become the property of Lessor at the expiration or earlier termination hereof provided, however, that Lessee shall promptly remove all such signs if Lessor so elects, and Lessee shall promptly repair all damage caused by such removal. Lessee shall not place, construct or maintain in, upon or about the Premises any search lights, flashing lights, loudspeakers, photographs or other visual or audio media.

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 other estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. In those express instances where consent is within the sole discretion of a party, the party shall have no obligation to adhere to a standard of reasonableness. 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 of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

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

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

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

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

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

39.2 **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. **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. While Lessor does not assume any responsibility to provide any security measures or any liability for failure to provide security measures or for any inadequacy thereof, Lessor shall have the authority to institute or continue such security measures as Lessor in its sole discretion deems necessary or appropriate from time to time, the cost and expenses of which shall be considered Common Area Operating Expenses. To the degree directed by Lessor, Lessee shall coordinate its security measures at the Premises with the security measures instituted by Lessor, if any.

41. **Reservations.** Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, and (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights.

42. **Building Planning.** Lessor shall have the right at any time or times, upon giving Lessee not less than 60 days prior written notice, to provide and furnish Lessee with space of comparable visibility located elsewhere within any of the buildings within the Shopping Center and to move Lessee into such new space, provided that the usable area of such new space is not less than the usable area of the Premises; and provided that all of Lessee's

reasonable out-of-pocket moving expenses (including but not limited to the cost of moving Lessee's personal property, the cost of reprinting Lessee's stationery or other business materials with the new address, and the cost to relocate and reinstall tenant improvements and Lessee's telecommunications and computer equipment) shall be paid by Lessor, and provided further that Lessor shall construct at Lessor's expense such improvements to such new space as shall be necessary to place it in a condition that is substantially comparable to the Premises. Except as provided in the immediately preceding sentence, Lessor shall have no obligation to improve such space or pay any other expenses incurred by Lessee as a result of such relocation. On such relocation, the terms and conditions of this Lease shall remain in full force and effect, including but not limited to the Base Rent payable hereunder and Lessee's Share (even if the usable area of such relocated Premises is in excess of the usable area of the Premises), except that the Premises shall be in such new location. Upon Lessor's request, the Parties shall execute an amendment to this Lease in form required by Lessor confirming the relocation of the Premises to such new location. If the new space does not meet with Lessee's approval, which approval Lessee shall give or withhold in accordance with Paragraph 35, Lessee shall have the right to cancel this Lease by giving Lessor written notice thereof within 15 days of receipt of Lessor's notification of its intent to relocate Lessee. Lessee's failure to give such notice within such 15 day period shall be deemed Lessee's approval of the new space. If timely notice is given by Lessee, then this Lease shall terminate unless Lessor rescinds Lessor's prior notice of its intent to relocate Lessee within 10 days after Lessor's receipt of Lessee's notice of cancellation.

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

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

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

- 1. SEE 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, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.
WARNING: IF THE PREMISES ARE 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 ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures. Executed at Rosemead, Calif. Executed at Rosemead, Calif. On: Apr. 06 On: Apr. 06

By LESSOR: Rosemead Hwang, LLC By LESSEE: The Square Group, LLC dba The Square Supermarket

By: [Signature] Name Printed: Gengfa Hwang Title: Managing Member By: [Signature] Name Printed: Mr. Mack Lee Title: Managing Member

By: Name Printed: Title: By: Name Printed: Title:

Address: 8118 E. Garvey Ave. #D Rosemead, CA 91770 Telephone: (626) 288-4433 Facsimile: (626) 288-4432 Federal ID No. Address: 8150 E. Garvey Ave. #121 Rosemead, CA 91770 Telephone: (626) 288-9900 Facsimile: (213) 288-9904 Federal ID No. 26-4149291

INITIALS

[Signature] INITIALS

BROKER:	BROKER:
_____	_____
Attn: _____	Attn: _____
Title: _____	Title: _____
Address: _____	Address: _____
Telephone: () _____	Telephone: () _____
Facsimile: () _____	Facsimile: () _____
Email: _____	Email: _____
Federal ID No.: _____	Federal ID No.: _____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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INITIALS

INITIALS



ADDENDUM

Date: Apr 06 2009

By and Between (Lessor) Rosemead Hwang, LLC
(Lessee) The Square Group, LLC dba The Square Supermarket

Address of Premises: 6150 E. Galvez Ave. #121
Rosemead, CA 91110

Paragraph 51-56

In the event of any conflict between the provisions of this Addendum and the printed provisions of the Lease, this Addendum shall control.

51. Option(s):

To extend, Tenant will have three(3) options of additional Five(5) years.

To exercise the option, Tenant must give notice to Landlord within 60 days before end of term.

Every renewal, updating of equipment or space remodeling may be required.

52. Landlord's responsible::

Landlord is responsible for completing improvements for the new Produce Market area of approximately 6300 sq.ft. including fixtures, construction and remodeling of complete space as approved plan.

Landlord must complete construction and obtain all permits for the Produce Market by the 15th of April 2009.

Landlord is also responsible to pay all invoices and fees from architect, engineer and other fees from government agencies, up to the opening date of the Produce Market.

Landlord will reserve space for 118 and 119 total of 860sq.ft. for future lease, when tenant decide expand their business to these space all lease term and condition will be remain same as this lease.

53. Tenant's responsible:

Tenant must open the Produce Market by May 01, 2009, with full operational condition.

Tenant must maintain top condition of inventories and pricing to maintain traffic of shopping center.

Tenant must start the construction for the Supermarket within 15 days of delivery date of the space.

After the grand opening of 29,376 sq.ft. of Supermarket, Tenant shall keep the premises adequately stocked with merchandise, and with sufficient sales personnel, to care for the patronage and conduct of said business in accordance with sound business practices.

54. Rent Increase::

Basic rent will increase 2% every third year from the date of rent commencement date.

55. Rent Credit:

With submit of Financial Statement, when business is negative in profit, tenant have right to have rent credit of previous year for up to One hundred sixty three thousand and thirty two cents(\$163,000.32) per year.

56. CAM Charges:

CAM charges will be commencing on the date of Grand Opening, which will include disposal services, porter services and all other general common area maintenance. CAM charge will be adjust every year.

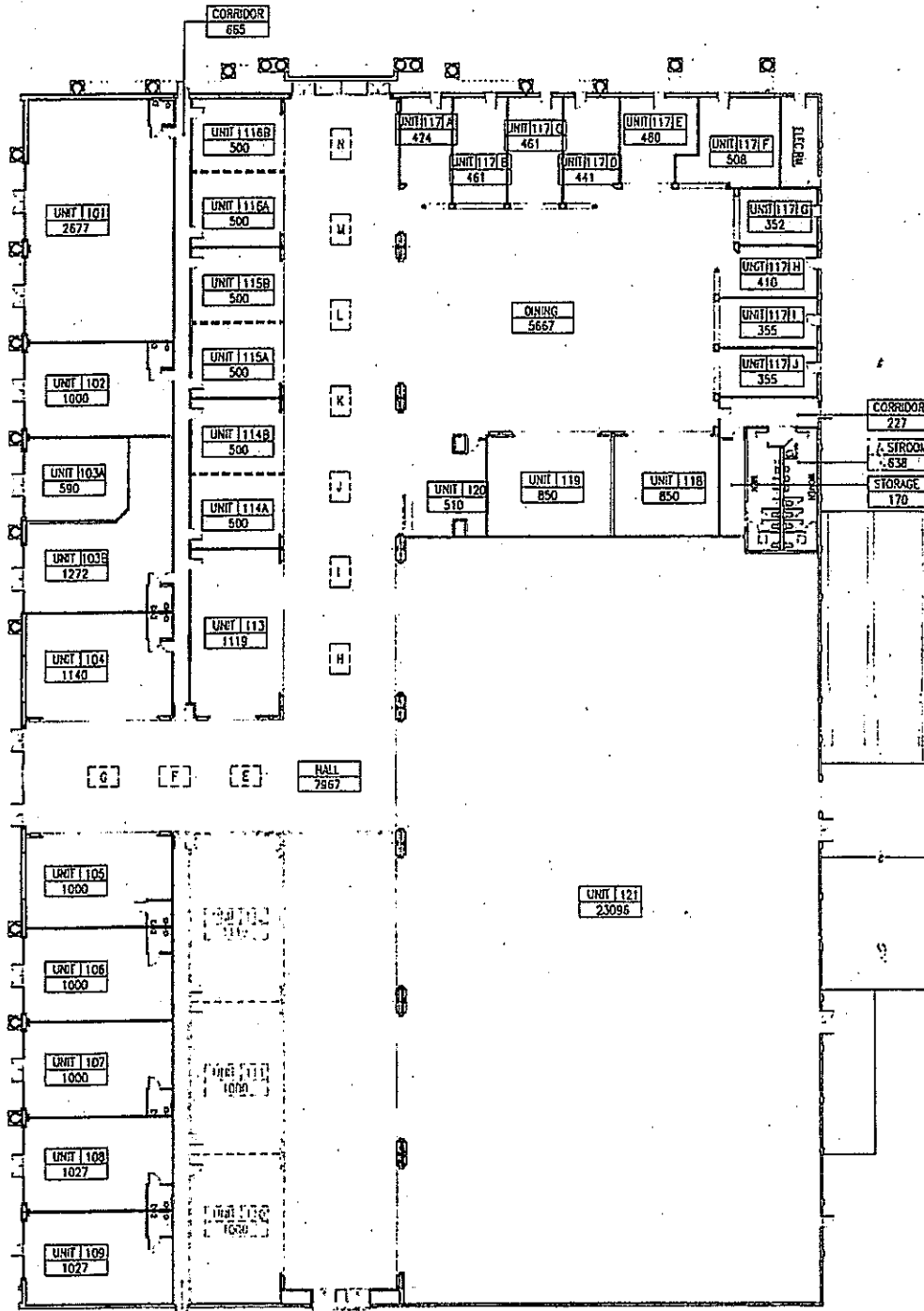


EXHIBIT "A"

BL-8150
S. RTS.

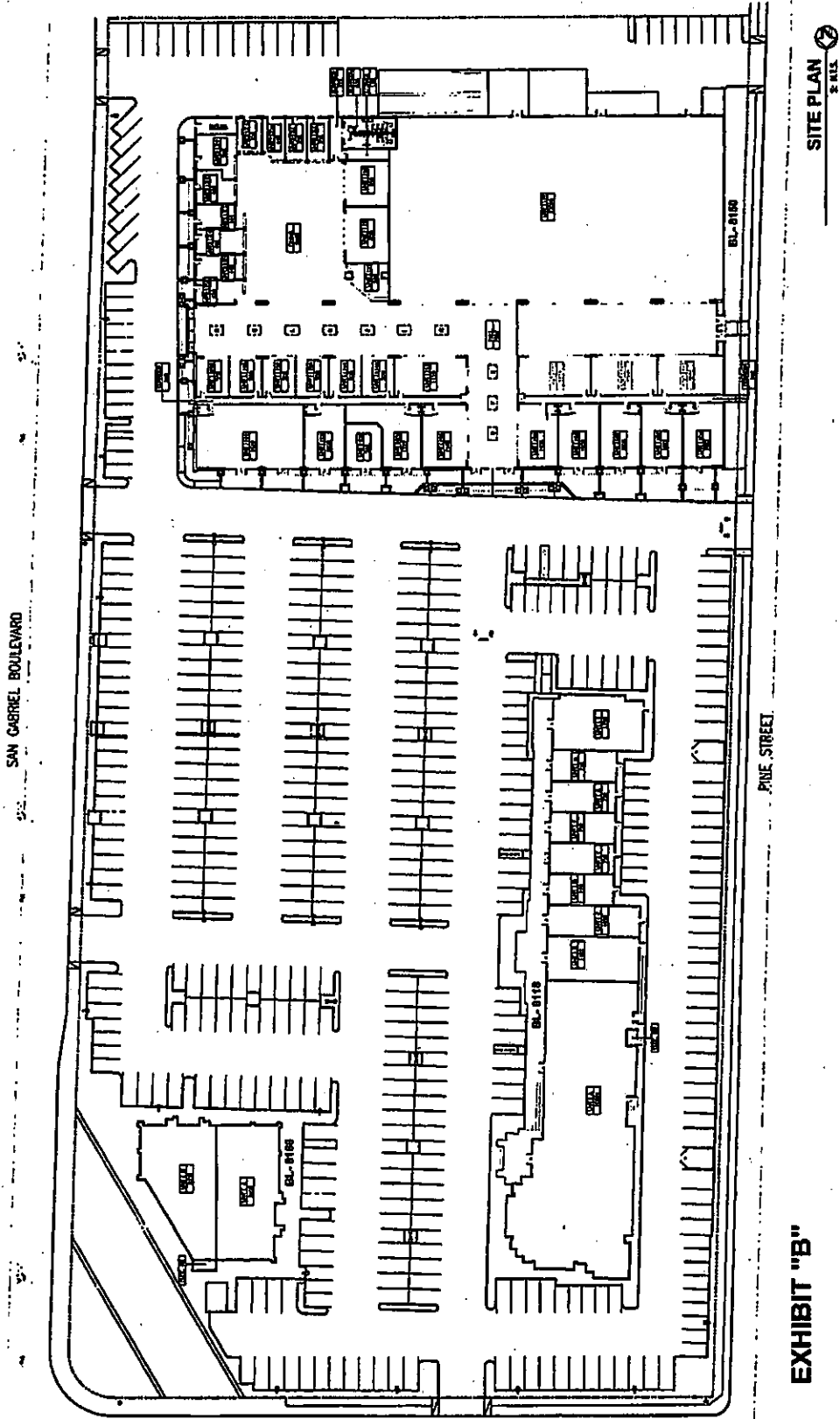


EXHIBIT "B"

SITE PLAN
3/15/17

CARVEY

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, CA 90071-1406.

A true and correct copy of the foregoing document entitled (*specify*): MOTION OF DEBTOR IN POSSESSION FOR ORDER: (1) AUTHORIZING SALE OF BUSINESS ASSETS LOCATED AT 8150 GARVEY AVENUE, ROSEMEAD, CALIFORNIA, FREE AND CLEAR OF LIENS, CLAIMS AND INTERESTS, (2) CONFIRMING SALE TO THIRD PARTY; (3) DETERMINING THAT BUYER IS A GOOD FAITH PURCHASER; (4) ASSUMING AND ASSIGNING LEASE; AND (5) WAIVING THE FOURTEEN (14) DAY STAY PRESCRIBED BY RULE 6004(h) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE; DECLARATION OF MACK LEE IN SUPPORT THEREOF will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) March 29, 2017 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Eugene S Alkana on behalf of Interested Party Courtesy NEF
eugenealkana@mindspring.com, kathy.wilber@yahoo.com

Glenn Besnyl on behalf of Creditor National Commercial Recovery, Inc.
gab1.law@msn.com

Frank W Chen on behalf of Defendant IXZIBIT, Inc.
fchen@FrankChenLaw.com, FrankWChen@aol.com

Frank W Chen on behalf of Defendant Square 44, Corp.
fchen@FrankChenLaw.com, FrankWChen@aol.com

Frank W Chen on behalf of Defendant Mack Lee
fchen@FrankChenLaw.com, FrankWChen@aol.com

Paul P Cheng on behalf of Creditor Grace Lai
LAOffice@paulchenglaw.com, clove@paulchenglaw.com

Mark S Horoupian on behalf of Debtor The Square Group, LLC
mhoroupian@sulmeyerlaw.com,
ppenn@sulmeyerlaw.com; mhoroupian@ecf.inforuptcy.com; dperez@sulmeyerlaw.com; ppenn@ecf.inforuptcy.com

Andy Kong on behalf of Creditor Committee Official Committee Of Unsecured Creditors
Kong.Andy@ArentFox.com

Andy Kong on behalf of Interested Party Courtesy NEF
Kong.Andy@ArentFox.com

John A Lapinski on behalf of Creditor EastWest Bank
jlapinski@clarktrev.com, knielsen@clarktrev.com

John A Lapinski on behalf of Interested Party Courtesy NEF
jlapinski@clarktrev.com, knielsen@clarktrev.com

Kenneth G Lau on behalf of U.S. Trustee United States Trustee (LA)
kenneth.g.lau@usdoj.gov

Frank E Marchetti on behalf of Plaintiff HYUN J. PAK
frank@marchettilaw.com, marchettilaw@gmail.com

Stacey A Miller on behalf of Creditor Porsche Financial Services, Inc.
smiller@tharpe-howell.com

Stacey A Miller on behalf of Creditor Porsche Leasing Ltd.
smiller@tharpe-howell.com

Katherine N Nguyen on behalf of Interested Party Courtesy NEF
katnguyenlaw@gmail.com

Aram Ordubegian on behalf of Creditor Committee Official Committee Of Unsecured Creditors
ordubegian.aram@arentfox.com

Randal Jason Read on behalf of Creditor QSI
jason@rjlaw.com, abby@rjlaw.com

David M Reeder on behalf of Creditor Rosemead Hwang, LLC
dmr@vrmlaw.com, jle@vrmlaw.com

David M Reeder on behalf of Interested Party Courtesy NEF
dmr@vrmlaw.com, jle@vrmlaw.com

Alan G Tippie on behalf of Debtor The Square Group, LLC
atippie@sulmeyerlaw.com, dwalker@sulmeyerlaw.com;atippie@ecf.inforuptcy.com;ppenn@ecf.inforuptcy.com

Alan G Tippie on behalf of Defendant The Square Group, LLC
atippie@sulmeyerlaw.com, dwalker@sulmeyerlaw.com;atippie@ecf.inforuptcy.com;ppenn@ecf.inforuptcy.com

United States Trustee (LA)
ustpregion16.la.ecf@usdoj.gov

Katherine Warwick on behalf of Defendant IXZIBIT, Inc.
kbwesq@pacbell.net

Katherine Warwick on behalf of Defendant Square 44, Corp.
kbwesq@pacbell.net

Katherine Warwick on behalf of Defendant Mack Lee
kbwesq@pacbell.net

Katherine Warwick on behalf of Respondent Mack Lee
kbwesq@pacbell.net

Steven Werth on behalf of Debtor The Square Group, LLC
swerth@sulmeyerlaw.com,
asokolowski@sulmeyerlaw.com;slee@sulmeyerlaw.com;slee@ecf.inforuptcy.com;asokolowski@ecf.inforuptcy.com;swert
h@ecf.inforuptcy.com

Steven Werth on behalf of Defendant Square 44, Corp.
swerth@sulmeyerlaw.com,
asokolowski@sulmeyerlaw.com;slee@sulmeyerlaw.com;slee@ecf.inforuptcy.com;asokolowski@ecf.inforuptcy.com;swert
h@ecf.inforuptcy.com

Steven Werth on behalf of Defendant The Square Group, LLC
swerth@sulmeyerlaw.com,

asokolowski@sulmeyerlaw.com;slee@sulmeyerlaw.com;slee@ecf.inforuptcy.com;asokolowski@ecf.inforuptcy.com;swert
h@ecf.inforuptcy.com

Sam X J Wu on behalf of Creditor LVS Seafood Corp.
wuefile@yahoo.com

Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (date) March 29, 2017, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Kenneth G Lau
Office of the United States Trustee
915 Wilshire Blvd, Suite 1850
Los Angeles, CA 90017

Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) March 29, 2017, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

The Honorable Deborah J. Saltzman
U.S. Bankruptcy Court
Roybal Federal Building
Bin outside of Suite 1634
255 E. Temple Street
Los Angeles, CA 90012

Service information continued on attached page.

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

March 29, 2017

Denise Walker

/s/Denise Walker

Date

Printed Name

Signature