

**LEASE AGREEMENT
(Aldea Legacy Apartments)**

by and between

ALDEA FONTANA FOOTHILL, LLC,

a California limited liability company

“Landlord”

and

FONTANA HOUSING AUTHORITY,

a public body, corporate and politic,

“Tenant”

Dated as of _____, 2024

(for reference purposes only)

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LEASE AGREEMENT
(Aldea Legacy Apartments)

This **LEASE AGREEMENT** (“Lease”) dated _____, 2024 is entered into by and between **ALDEA FONTANA FOOTHILL, LLC**, a California limited liability company, (“Landlord”) and **FONTANA HOUSING AUTHORITY**, a public body, corporate and politic (“Tenant”). Landlord and Tenant sometimes hereinafter individually referred to as a “Party” and collectively as the “Parties.”

R E C I T A L S

A. Landlord is the owner of certain real property including all improvements located on an approximately 2.27-acre parcel, generally known as 15186 Foothill Boulevard, in the City of Fontana, County of San Bernardino, State of California, identified with Assessor’s Parcel Number 1110-161-44-0000 (former APN 1110-161-09-0000) (the “Property”) and as more legally described in **Exhibit A**, Legal Description, attached hereto and by this reference incorporated herein.

B. Landlord is controlled by an experienced owner and developer of multi-family residential housing development complexes and is currently finishing construction of a 78-unit apartment complex, consisting of four (4) apartment buildings (consisting of buildings: 1 (consisting of 18 units), 2 (consisting of 21 units), 3 (consisting of 21 units), & 4 (consisting of 18 units)), each which may be referred to as “Building”), and an amenity building (referred to as “Building A”, and buildings 1-4 and Building A may be referred to as the “Buildings”), drive aisles, parking stalls, landscaping, site amenities and utilities (the “Improvements”) on the Property.

C. Tenant is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code.

D. Tenant desires to lease the Property to provide an affordable housing apartment complex.

E. All conditions precedent to the Parties entering into this Lease have been satisfied or waived.

F. Tenant intends to take possession of Building A, Building 1, Building 2 and Building 3 on the Commencement Date (as defined below in Section 3.1) and will take possession of Building 4 upon Landlord receiving a final certificate of occupancy for Building 4, pursuant to the terms and conditions of this Lease.

G. Landlord desires and Tenant is agreeable for Landlord to leaseback from Tenant a portion of the Property for use as office space as further described herein this Lease.

H. This Lease is in the vital and best interests of the City of Fontana, California, and the health, safety and welfare of its residents, it will assure that this certain residential housing development will be secured to provide residential units affordable to households of very low, low, and moderate income, and in accordance with the public purposes of applicable state and local laws and requirements.

I. The foregoing Recitals constitute a substantive part of this Lease.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE 1

LEASE OF THE PROPERTY

1.1 Lease of the Property; Ownership of Improvements. Landlord hereby leases the Property to Tenant, and Tenant hereby leases the Property from Landlord, on the terms and conditions set forth in this Lease and as shown in **Exhibit B**, Site Plan, attached hereto and by this reference incorporated herein. Subject to the provisions of Article 10 hereof, Landlord will hold title to all Improvements constructed on the Property during the Term (as defined below in Section 3.1) hereof, and shall continue to hold title to such Improvements during such Term.

1.2 Leaseback. During the Term (and any Option Term) of the Lease, Tenant hereby leases back to Landlord, and Landlord leases from Tenant a certain portion of the Property, located in Building A, Suite 1010, (“Leaseback Property”) for the rental amount (“Leaseback Rent”) as further provided in Section 4.3 below. Landlord shall not sublease any portion of the Leaseback Property, except to any entity that controls, is controlled by or is under common control with Landlord, or to any entity resulting from a merger or consolidation with Landlord, or to any person or entity which acquires all the assets of Landlord’s business as a going concern, without prior written consent of the Tenant, which such consent shall not be unreasonably withheld or delayed, and for no more than the Leaseback Rent due to Tenant by Landlord.

1.3 Recorded Encumbrances. This Lease, the interests of Landlord and Tenant hereunder, and the Property, are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record.

ARTICLE 2

PURPOSE AND INTENT OF LEASE

2.1 Purpose of Lease. The purpose of this Lease is for Landlord to lease to Tenant and for Tenant to lease from Landlord a seventy-eight (78) unit multi-family apartment complex for the Term and pursuant to this Lease. Except as otherwise provided herein, Tenant shall use, maintain and manage the Property, for Tenant’s desired purpose of affordable housing during the Term pursuant to the terms and provisions of this Lease.

2.2 Intent of Lease. The Parties understand and agree that the Tenant intends to have and desires that the Property be used as a site for affordable housing to low-income individuals, families or seniors, and Landlord has agreed to lease the Property and grant an option to purchase the Property to Tenant for that purpose. Tenant desires to lease and have the right to subsequently purchase the Property for the aforementioned purpose, in accordance with the terms and conditions set forth in this Lease.

ARTICLE 3

TERM

3.1 Term. This Lease shall be effective upon the date of its full execution by the Parties hereto. The Term of this Lease shall be for five (5) years (“Initial Term”), commencing on October 1, 2024 (the “Commencement Date”), and shall expire on September 30, 2029 (“Expiration Date”), unless terminated sooner or extended pursuant to the terms of this Lease. Within ten (10) days after Landlord’s written request, Tenant shall execute a written confirmation of the Commencement Date and the Expiration Date of the Initial Term in the form of the Notice of Lease Term Dates attached hereto as

Exhibit C and by this reference incorporated herein. The Notice of Lease Term Dates shall be binding upon Tenant unless Tenant reasonably objects thereto in writing within such ten (10) day period.

3.2. Lease Year. For purposes of this Lease, the term Lease Year (Lease Year) means each consecutive twelve-month (12-month) period during the Term, provided, however:

3.2.1. The first Lease Year commences on the Commencement Date and ends on the last day of the twelfth (12th) calendar month thereafter;

3.2.2. The second (2nd) and each succeeding Lease Year commences on the first day of the next calendar month; and

3.2.3. The last Lease Year ends on the Expiration Date unless terminated earlier pursuant to the terms and conditions of this Lease.

3.3. Option to Extend Term. Landlord hereby grants to Tenant one (1) option to extend the Initial Term (“Extension Option”), under the same terms, covenants and conditions as set forth in this Lease, for a further term of five (5) years (“Option Term”), from and after the expiration of the original term of this Lease, subject to the conditions described in this section. Provided Tenant is not in default in any terms of this Lease, Tenant may exercise its Extension Option by submitting notice to Landlord no sooner than that date which is twelve (12) months and no later than that date which is six (6) months prior to the expiration of the then current Term of the Lease. Provided, Tenant has properly and timely exercised the Extension Option, the Option Term will commence on the next day following the Expiration Date of the Initial Term and end at midnight on the 5th Lease Year of the Option Term. The Initial Term and Option Term may sometimes collectively be referred to as the Term, unless expressly otherwise provided.

ARTICLE 4

RENT & SECURITY DEPOSIT

4.1 Base Rent. Tenant agrees to pay Landlord, monthly Base Rent as designated in the table below and reoccurring monthly charges of Additional Rent (defined below), payable quarterly on or before the first day of each quarter (for purposes of this Lease the quarterly payments shall be tied to a three (3) month period commencing as of the Commencement Date) (“Due Date”) during the Term to the Landlord as provided in Section 20.1, without further demand, invoice or notice, except as otherwise provided herein. Base Rent for any partial month shall be prorated in the proportion that the number of days this Lease is in effect during such month bears to the actual number of days in such month.

MONTH OR PERIOD	BASE RENT AMOUNT DUE BY TENANT PER MONTH
Upon Commencement Date	\$121,795.39*
Upon Delivery of Possession of Building 4	\$36,538.61**
Months 31 – 42 04/1/2027 – 03/31/ 2028	\$163,084.02
Months 43 – 54 04/1/2028 – 03/31/ 2029	\$167,976.54
Months 55 – 66*** 04/1/2029 – 03/31/ 2030	\$173,015.84

Months 67 – 78 04/1/2030 – 03/31/ 2031	\$178,206.31
Months 79 – 90 04/1/2031 – 03/31/ 2032	\$183,552.50
Months 91 – 102 04/1/2032 – 03/31/ 2033	\$189,059.08
Months 103 – 114 04/1/2033 – 03/31/ 2034	\$194,730.85
Months 114 – 120 04/1/2034 – 09/30/ 2039	\$200,572.78

*The Base Rent reflects the delivery of Building A, Building 1, 2, 3 on the Commencement Date.

** Upon delivery of Building 4 to Tenant, the additional monthly Base Rent set forth above shall be due and payable, on a monthly basis, for the total number of months remaining in such applicable quarter. For the avoidance of doubt, upon Landlord’s delivery of possession of Building A, Building 1, 2, 3 and 4, the total monthly Base Rent due shall be equal to One Hundred Fifty Eight Thousand Three Hundred and Thirty-Four and No/100 Dollars (\$158,334.00).

***Such month or period includes a portion of the Initial Term and an Option Term if such Extension Option is properly exercised.

4.1.1 Additional Rent. Except as otherwise provided for in this Lease, in addition to the Base Rent required by Section 4.1 above, Tenant shall also pay to Landlord as “Additional Rent” under this Lease any all costs, expenses and obligations of every kind or nature whatsoever relating to the Property which may arise or become due during the Term of this Lease, including without limitation, all costs and expenses of the utilities, Taxes, Insurance Costs, repairs and maintenance. Provided, however, such Additional Rent shall specifically excluding any costs or expenses that are related to the Landlord’s occupancy of Suite 1010 and any of the construction costs related to completion of any improvements on the Property prior to delivery of such to Tenant, or any fines or fees assessed to the Landlord or the improvements that are not the fault of or caused by Tenant, Tenant Parties or any subtenants.

4.1.2 Option Rent. The Base Rent payable by Tenant shall be in accordance with the table set forth in Section 4.1 above during the Option Term (“Option Rent”) paid quarterly.

4.2 Payment of Rent. All Rent that becomes due and payable pursuant to this Lease shall be paid quarterly to Landlord as designated herein or such other place as Landlord may from time to time designate by written notice to Tenant without notice or demand, and without setoff, counterclaim, abatement, deferment, suspension or deduction.

4.3 Leaseback Rent. Landlord shall pay Tenant during the Term of the Lease, Leaseback Rent in the amount of One Dollar (\$1.00) annually on or before the first date of a Lease Year at the Tenant’s address or such other place as Tenant may from time to time designate by written notice to Tenant without notice, demand or setoff.

4.4 Place of Payment of Rent. Rent and all other sums which shall become due under this Lease, including but not limited to Additional Rent, shall be payable by hand delivery, mail at the office of the Landlord located at the address provided in Section 20.1 or by ACH transfer to Landlord’s designated account, or at such other place as Landlord may designate from time to time in writing.

4.5 Late Charges & Interest Rate. If Landlord does not receive Rent or any other payment due from Tenant within five (5) days after the Due Date, Tenant shall pay to Landlord a late charge equal

to five percent (5%) of such past due Rent or other payment. Tenant agrees that this late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of Tenant's late payment. Accepting any late charge shall not constitute a waiver by Landlord of Tenant's default with respect to any overdue amount nor prevent Landlord from exercising any other rights or remedies available to Landlord. If any installment of Base Rent or Additional Rent, or any other amount payable by Tenant hereunder is not received by Landlord by the Due Date, it shall bear interest at the lesser of: (a) five percent (5%) or (b) the maximum rate permitted by law in California from the Due Date until paid (the "Interest Rate"). All interest, and any late charges imposed pursuant to this Section 4.5, shall be considered Additional Rent due from Tenant to Landlord under the terms of this Lease. Notwithstanding the foregoing provisions of this Section 4.5, on the first (1st) occasion in each calendar year during the Term, Landlord shall not assess a late charge or interest on any unpaid amount due until five (5) calendar days after the Due Date; provided, however, that Tenant shall pay to Landlord a late charge and interest on any and all other late payments commencing as of the Due Date and without any notice during the remainder of each such calendar year.

4.6 Security Deposit. Concurrently with Tenant's execution and delivery of this Lease to Landlord, Tenant shall deposit with Landlord a security deposit equal to Four Hundred Seventy-Five Thousand and No/100 Dollars (\$475,000.00) ("Security Deposit"). The Security Deposit shall be held by Landlord as security for the full and faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be performed by Tenant during the Term. If Tenant defaults with respect to any of its obligations under this Lease, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Base Rent, Additional Rent or any other sum in default, or for the payment of any other amount, loss or damage which Landlord may spend, incur or suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days after demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant within thirty (30) days following the expiration of the Term, provided that Landlord may retain the Security Deposit until such time as any amount due from Tenant in accordance with this Lease has been determined and paid in full. If Landlord sells its interest in the Property during the Term and if Landlord deposits with or credits to the purchaser the Security Deposit (or balance thereof), then, upon such sale, Landlord shall be discharged from any further liability with respect to the Security Deposit.

ARTICLE 5

PERMITTED USES; POSSESSION OF PROPERTY

5.1 Permitted Uses. The Property shall be occupied and used by Tenant as an affordable housing apartment complex, or for any lawful residential purpose. Tenant, its invitees, subtenants and assigns, shall have the non-exclusive right to use the parking area and driveways, sidewalks, hallways, restrooms within facilities or common area that are open for use by anyone on the Property, common area pathways to and from the parking area and Property as well as with Landlord's use of same. Tenant shall procure, at its sole cost and expense, any and all permits required by applicable Laws for Tenant's use and occupancy of the Property. Tenant shall use the Property solely for the permitted use set forth in this Section 5.1, and shall not use or permit the Property to be used for any other use or purpose whatsoever without Landlord's prior written approval. Tenant shall, at its sole cost and expense, observe and comply with all Laws and all requirements of any board of fire underwriters or similar body relating to the Property now or hereafter in force relating to or affecting the condition, use, occupancy, alteration or improvement of the Property (whether, except as otherwise provided herein, structural or nonstructural,

including unforeseen and/or extraordinary alterations and/or improvements to the Property and regardless of the period of time remaining in the Term). Tenant shall not use or allow the Property to be used for any improper, immoral, unlawful or reasonably objectionable purpose. Tenant shall not cause, maintain or permit any nuisance in, on or about the Property, nor commit or suffer to be committed any waste in, on or about the Property. Without limiting the foregoing, Tenant agrees that the Property shall not be used for the use, growing, producing, processing, storing (short or long term), distributing, transporting, or selling of marijuana, cannabis, cannabis derivatives, or any cannabis containing substances (“Cannabis”), or any office uses related to the same.

5.2 Possession of Property. From the Commencement Date and during the Term, Tenant will take possession of the portion of the Property with the completed Improvements and will continue to occupy and use such portion for the Term of the Lease, unless sooner terminated per the terms of the Lease. From the Commencement Date until the completion of the remainder portion of the Property, Landlord shall retain possession and use the Property to complete the Improvements over such remainder portion of the Property. Tenant agrees that since the entirety of the Property will not be delivered to Tenant on or prior to the Commencement Date, the Lease is not void or voidable, nor will Landlord be liable to Tenant for any loss or damage therefrom. Notwithstanding the foregoing, Landlord will not be obligated to deliver possession of the Property to Tenant until Landlord has received from Tenant all of the following: (i) a copy of this Lease fully executed by Tenant; (ii) any Security Deposit, required hereunder and the first installment of monthly Base Rent and Additional Rent, if any, due under this Lease; (iii) the Option Consideration and (iv) copies of Tenant’s insurance certificates as required hereunder.

5.3 Condition of the Property. Tenant warrants and agrees that Tenant has inspected the Property. Tenant agrees to take possession of the portion of the Property with completed Improvements in its present condition (which exists on the Commencement Date), knowing that the construction of the Improvements on the remainder Property is not fully completed by Landlord. Subject to the terms and conditions of this Lease, Landlord shall have the obligation and responsibility for completing the Improvements to the Property, no later than the Outside Completion Date (described in Section 6.1 below) even though Tenant is occupying the Property before such Outside Completion Date. Tenant acknowledges that, except as otherwise expressly set forth in this Lease, (i) neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Property or their condition, or with respect to the suitability thereof for the conduct of Tenant’s business, and Tenant shall accept the Property in its then as-is condition on delivery by Landlord, and (ii) the acceptance of possession of the Property by Tenant shall establish that the Property was at such time complete and in good, sanitary and satisfactory condition and repair with all work required to be performed by Landlord, if any, completed and without any obligation on Landlord’s part to make any further alterations, upgrades or improvements thereto, subject only to completion of the Improvements. Landlord represents and warrants that on the date of delivery of possession of the applicable Building, the Improvements were constructed and completed in compliance with the applicable codes and regulations, the permits and the approved plans for the Improvements.

5.4 Condition Upon Surrender. Upon the Expiration Date or earlier termination of this Lease pursuant to the terms of this Lease and in the event that Tenant does not exercise its option to purchase the Property in accordance with Article 7, Tenant shall surrender the Property to Landlord, vacant with any and all residential tenants removed, and the property in as good condition as when received, ordinary wear and tear excepted (casualty damage excepted), with all of Tenant’s (and their invitees and residential tenant’s) personal property, electronic, fiber, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant (to be removed in accordance with the National Electric Code and other applicable Laws) and those items, if any, of Alterations identified by Landlord pursuant to Section 13.2, removed therefrom and all damage caused by such removal repaired.

If Tenant fails to maintain the Property in good order and repair, after thirty (30) days' prior written notice, Landlord may, at its option, make such repairs, and Tenant shall pay the cost thereof as Additional Rent hereunder within ten (10) days after receipt of a written statement therefor. If Tenant fails to remove by the expiration or sooner termination of this Lease all of its personal property and Alterations identified by Landlord for removal pursuant to Section 8.4, Landlord may, (without liability to Tenant for loss thereof), at Tenant's sole cost and in addition to Landlord's other rights and remedies under this Lease, at law or in equity: (a) remove and store such items in accordance with applicable Law; and/or (b) upon ten (10) days' prior notice to Tenant, sell all or any such items at private or public sale for such price as Landlord may obtain as permitted under applicable Law. Landlord shall apply the proceeds of any such sale to any amounts due to Landlord under this Lease from Tenant (including Landlord's attorneys' fees and other costs incurred in the removal, storage and/or sale of such items), with any remainder to be paid to Tenant.

ARTICLE 6

CONSTRUCTION OF THE IMPROVEMENTS

6.1 Improvements. Subject to the terms and conditions of this Lease, Landlord shall have the obligation and responsibility, actual and implied, to complete the Improvements to the Property in accordance with the Plans on or before December 31, 2024 ("Outside Completion Date").

6.2 Commencement and Completion of Construction. Landlord shall cause the work for construction of the Improvements to continue and prosecute with due diligence until completion and shall complete the Improvements in accordance with the scope of development, construction drawing and all development plans (the "Plans") as approved by the City of Fontana ("City"), in its capacity as authorizing jurisdiction for land use, planning, building and related matters, of the Landlord's applications and said Plans on the Property. All Improvements, together with all off-site improvements that may be made by reason of certain requirements imposed by the City ("Governmental Requirements") as a condition to the construction upon the Property, shall be constructed in a good and workmanlike manner using materials of commercially reasonable quality and in substantial compliance with the Plans, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

6.3 Cost of Construction and Fees. Landlord shall bear the entire and sole cost of finishing the construction of the Improvements in accordance with the Plans, including all fees and mitigation measures. The City may allow deferment of development impact fees to the end of the Lease or upon the consummation of the purchase of the Property by Tenant, subject to the Landlord submitting a deferment request under the City's development impact fee program for deferrals of fees and pursuant to the terms and conditions of a separate agreement for such deferment. Tenant shall reasonably cooperate and assist Landlord in connection with such request to defer impact fees.

6.4 Completion of Construction. The Improvements shall be considered complete for purposes of this Lease when (a) all work described in the final Plans has been substantially completed, and (b) all work for the Improvements requiring inspection or certification by governmental agencies has been completed and all requisite certificates, approvals and other necessary authorizations (including any required final certificates of occupancy) have been obtained. For purposes of this Section, substantially completed shall mean that the work would otherwise be complete under the terms of this Lease, except that minor, insubstantial work of a primarily cosmetic nature and minor punch list items remains which will not hinder or interfere with the use and occupancy of Building 4 by Tenant for their intended purposes.

6.5 Landlord's Completion of Improvements. Tenant acknowledges that Landlord will be

completing the Improvements, while Tenant is in occupancy thereof and paying Rent for Buildings A, Building 1, Building 2, and Building 3, and Tenant acknowledges that some minor interruptions and/or interference with Tenant's use of the Property may occur during the course of Landlord's completion of the Improvements, but agrees that no minor interruptions or inconveniences to Tenant or its business suffered as a result of Landlord's completion of the Improvements at the Property shall excuse Tenant from paying any Rent that it is scheduled to pay pursuant to this Lease, and shall not constitute a constructive eviction under this Lease. Tenant agrees to cooperate with Landlord to the Property available to Landlord and its agents for the performance of Improvements. Tenant shall be responsible for, at Tenant's sole cost and expense, to relocate Tenant's personal property, including any equipment, in the path of or in proximity to Building 4, prior to and during the period Landlord is completing the Improvements.

6.6 Tenant's Review. Tenant does not have, and by this Lease expressly disclaims, the duty to review the Plans for the purpose of determining compliance with building codes, safety features or standards or for the purpose of determining or approving engineering or structural design, sufficiency or integrity. Tenant does not have and expressly disclaims any right of supervision or control over the architects, designers, engineers or other draft persons and professionals responsible for the drafting and formulation of the Plans, or any right of supervision or control of contractors, builders, trades and other persons engaged in constructing and fabricating the improvements pursuant to the Plans. Tenant further acknowledges that it shall not have any right to disapprove any plan, specification or drawing which logically evolves from any previously approved plan, specification or drawing or to request or require a change in any previously approved item.

6.7 Governmental Approvals. If requested by Tenant in writing, Landlord agrees to deliver to Tenant conformed copies (and certified copies of all recorded instruments) of all governmental approvals and permits obtained by Landlord for the construction, alteration or reconstruction of any Improvements upon the Property in accordance with the Plans. Landlord shall have obtained all necessary governmental approvals and permits to so construct such Improvements.

6.8 Notice of Non-Responsibility. After the recordation of the Certificate of Completion for the Improvements in the Official Records, Landlord shall provide Tenant with prior written notice of not less than fifteen (15) days before commencing construction of any structural alteration of the Improvements, or any non-structural alteration which will cost more than Two Hundred Thousand Dollars (\$200,000.00), and shall permit Tenant to record and post appropriate notices of non-responsibility on the Property.

6.9 Notice of Completion. Upon completion of construction of the Improvements, Landlord shall file or cause to be filed a notice of completion.

6.10 Prevailing Wages. It shall be the sole responsibility of Landlord to determine whether to comply with the Prevailing Wage Laws (California Labor Code sections 1720 et seq. and 1770 et seq.) for any or all work required under this Lease. As a material part of the Lease, Landlord agrees to assume all risk of liability arising from any decision not to comply with Prevailing Wage Laws for work required under this Lease. If any work to be performed under this Lease by Landlord is being performed as part of an applicable "public works" project, as defined by the Prevailing Wage Laws, Landlord agrees to comply with the Prevailing Wage Laws. Landlord shall indemnify, defend and hold harmless Tenant, its officials, officers, employees and agents from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure by Landlord to comply with the Prevailing Wage Laws.

6.11 Delay due to Force Majeure and Tenant Delays. All obligations of Landlord to promptly commence and thereafter diligently prosecute to completion the construction of the

Improvements, shall be extended by such number of days as Landlord shall be delayed by reason of events of Force Majeure pursuant to Article 18 and any material delays due to the act or failure to act by Tenant, Tenant's employees, agents, architects, independent contractors, consultants and/or any other person on behalf of Tenant that actually affected or caused a delay in Landlord's performance obligations related to completion of the construction of the Improvements.

ARTICLE 7

TENANT'S OPTION TO PURCHASE

7.1 Option to Purchase.

7.1.1 Grant of Option. Landlord grants to Tenant the option to purchase the Property ("Purchase Option") on the terms and conditions set forth in this Article 7, provided Tenant is not in default under the Lease. Upon the Expiration Date of the Initial Term or earlier termination of this Lease by Landlord or Tenant and Tenant has not timely provided notice to Landlord of its election to purchase the Property, the right to exercise the option shall terminate, provided the Purchase Option may be exercised, up to and including the Expiration Date.

7.1.2 Option Consideration. The option consideration for the Purchase Option shall be Five Hundred Thousand and No/100 Dollars (\$500,000.00) ("Option Consideration"), due concurrently upon execution of this Lease. If Tenant properly exercises the Purchase Option in accordance with the terms and conditions of this Lease, such Option Consideration shall be applied to the Purchase Price (as defined below). In the event Tenant fails to properly exercise the Purchase Option, such Option Consideration shall be forfeited, and Landlord shall retain the Option Consideration.

7.1.3 Purchase Price. In the event that Tenant properly exercises the Purchase Option within thirty (30) months following the Commencement Date of the Lease, the purchase price for the Property shall be equal to the sum of Twenty-Six Million and No/100 Dollars (\$26,000,000.00) ("Purchase Price"), with no adjustment for Rent paid. In the event that the Tenant exercises the Purchase Option any time after the initial thirty (30) months following the Commencement Date, up to the Expiration Date of the Initial Term of the Lease, the Purchase Price shall increase by five percent (5%), compounded annually commencing as of the thirty-first (31st) month of the Initial Term. The Purchase Option shall expire on the Expiration Date of the Initial Term of the Lease. If the Tenant exercises the Purchase Option, the Lease shall terminate on the date the purchase of the Property is consummated.

7.1.4 Exercise. Tenant may unilaterally exercise its right to purchase the Property at any time up until by 5:00 PM on last day of the fifty fourth (54th) month of the Initial Term of this Lease. Exercise of the Purchase Option by Tenant shall be by written notice to Landlord prior to the Expiration Date of this Lease in accordance with the notice provisions of this Lease. Within ten (10) calendar days of receiving Tenant's notice, Landlord shall acknowledge receipt of said notice in writing to Tenant. Failure by Tenant to properly provide Landlord with notice of its exercise of the Purchase Option by the last day of the fifty-fourth (54th) month of the Initial Term shall be deemed a waiver of the Purchase Option and the Purchase Option shall be deemed null and void.

7.2 Purchase Process. After Tenant exercises the Purchase Option, Landlord agrees to sell and Tenant agrees to purchase the Property in accordance with the terms of this Lease and a Purchase and Sale Agreement ("Agreement") to be executed at a later date. Such Agreement must be mutually agreed upon by the Parties, including without limitation, following good faith efforts to negotiate by the Parties and review by independent counsel and approval such Agreement by the respective governing bodies, persons or councils of the Parties. The Agreement shall contain the terms of this Article 7 and the Parties

will execute said Agreement within ninety (90) days of Tenant exercising the Purchase Option.

7.2.1 Escrow. If Tenant exercises Purchase Option, the transaction shall be consummated through an escrow with a title insurance company agreeable to the Parties ("Escrow Holder").

7.2.2 Instructions. The escrow instructions given to Escrow Holder shall be consistent with the terms of this Lease, and, as between the parties, the terms of this Lease shall prevail if there is any inconsistency, unless the typewritten rather than the printed portion of the instructions specifically provide to the contrary.

7.2.3 Close of Escrow. Escrow shall close within sixty (60) days after Landlord and Tenant execute the Purchase and Sale Agreement provided all the conditions precedent have occurred. The Lease shall terminate on the close of escrow.

7.2.4 Costs. Tenant shall pay transfer taxes, if any. Tenant shall pay the cost of recording the deed. Landlord and Tenant shall each pay one-half (1/2) of the cost of the title insurance policy and escrow fees. Any other costs incurred in this transaction are to be allocated in accordance with the usual custom of San Bernardino County as determined by Escrow Holder.

7.2.5 Prorations and Lease Termination. Rent under the Lease shall be prorated and except for provisions which specifically survive the Closing, and the Lease shall terminate at close of escrow.

7.2.6 Title. Title to the Property shall be conveyed to Tenant free and clear of any mortgages, deeds of trust, loans, liens, judgments and encumbrances, monetary liens, subject only to any taxes and assessments not yet due, bonds, or anything of record accepted by the Tenant. Landlord shall, at Tenant's expense, cause the Escrow Holder to cause its underwriter to issue a ALTA policy of title insurance insuring title in Tenant with liability in the amount of the Purchase Price, subject to the foregoing taxes and exceptions.

7.2.7 Deed and Cash. Landlord shall cause Escrow Holder to be ready, willing and able to deliver to Tenant the deed required from Landlord, duly executed by Landlord and notarized. Tenant shall cause Escrow Holder to be ready, willing and able to deliver to Landlord the cash required from Tenant.

7.2.8 Commissions to Brokers. Landlord and Tenant acknowledge that there are no brokers involved in the Lease or Purchase Option. Landlord and Tenant hereby acknowledge that no broker's commission or finder's fee is payable with regard to this transaction and the Landlord and Tenant each agrees to indemnify, defend, and hold the other harmless from and against all liability, claims, demands, damages or costs of any kind arising from or connected with any broker's or finder's fee or commission or charge claimed to be due any person arising from such Party's conduct with respect to this transaction.

7.2.9 Options and Rights in General. Any option (each an "Option" and collectively, the "Options"), including without limitation, any option to extend, option to purchase, option to terminate, option to expand, right to lease, right of first offer, and/or right of first refusal, granted to Tenant is personal to the original Tenant executing this Lease and may be exercised only by the original Tenant executing this Lease while occupying the entire Property and without the intent of thereafter assigning this Lease or subletting the Property and may not be exercised or be assigned, voluntarily or involuntarily, by any person or entity other than the original Tenant executing this Lease. The Options, if any, granted

to Tenant under this Lease are not assignable separate and apart from this Lease, nor may any Option be separated from this Lease in any manner, either by reservation or otherwise. Tenant will have no right to exercise any Option, notwithstanding any provision of the grant of option to the contrary, and Tenant's exercise of any Option may be nullified by Landlord and deemed of no further force or effect, if Tenant is in default under the terms of this Lease and such default is uncured past the times provided in this Lease as of Tenant's exercise of the Option in question or at any time after the exercise of any such Option and prior to the commencement of the Option. Each Option granted to Tenant, if any, is hereby deemed an economic term which Landlord, in its reasonable discretion, may or may not offer in conjunction with any future extensions of the Term, which shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, provided Tenant is not in default, Tenant may assign this Lease or sublet the Property or any portion thereof (herein, a "Permitted Transfer"), without Landlord's consent to the City of Fontana or any entity that controls, is controlled by or is under common control with Tenant, or to any entity resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern (each, a "Permitted Transferee"), provided that: (a) at least sixty (60) days prior to such assignment or sublease, Tenant delivers to Landlord a reasonably detailed description of the proposed transfer; (b) in the case of an assignment, the assignee assumes, in full, the obligations of Tenant under this Lease (or in the case of a sublease, the sublessee of a portion of the Property or Term assumes, in full, the obligations of Tenant with respect to such portion) pursuant to an assignment and assumption agreement (or a sublease, as applicable) reasonably acceptable to Landlord, a fully executed copy of which is delivered to Landlord within thirty (30) days following the effective date of such assignment or subletting; (c) each guarantor of this Lease executes a reaffirmation of its guaranty in form satisfactory to Landlord; (d) the tangible net worth of the assignee or sublessee equals or exceeds that of Tenant as of (i) the date of execution of this Lease, or (ii) the date immediately preceding the proposed transfer, whichever is greater; and (e) the use of the remains the same pursuant to the terms of this Lease.

ARTICLE 8

REPAIRS AND MAINTENANCE; ALTERATIONS AND RECONSTRUCTION

8.1 Repair and Maintenance. Subject to the provisions of this Lease concerning condemnation, damage and destruction, Tenant agrees to assume full responsibility for the operation and maintenance of the Property and the Improvements and all fixtures and furnishings thereon or therein, throughout the Term hereof without expense to Landlord, and to perform all repairs necessary to maintain and preserve the Property, the Improvements, fixtures and furnishings in a decent, safe and sanitary condition consistent with good practices and in compliance with all applicable Laws. Tenant agrees that Landlord shall not be required to perform any maintenance, repairs or services, or to assume any expense not specifically assumed herein in connection with the Property and the Improvements thereon except as otherwise expressly required under the terms of this Lease. Tenant shall, at Tenant's sole cost and expense, maintain the Property, above, in good condition and repair. Said maintenance shall include but not be limited to, the structures of the Property, roof(s), the exterior walls and interior of the buildings and structures on the Property, exterior and interior doors and windows, door locks, closing devices, shelving, kitchen cabinets and hardware, bathroom vanities and hardware and fixtures, appliances of any kind (including without limitation, dishwashers, washing machines, dryers), lighting, solar panels, elevators, common areas (including landscaping and irrigation, all fixtures and equipment, including without limitation, security devices, plate glass, electrical wiring, plumbing fixtures, plumbing drains (from the interior of the Property to the point of connection of Tenant's drainage system with the sanitary sewer system owned, managed, and/or maintained by the local municipality). Tenant shall maintain the heating and air conditioning system and solar panels in good and working order at Tenant's sole expense and cost. Such maintenance and repairs shall be performed with due diligence, lien-free and in a first-class and workmanlike manner, by licensed contractor(s). If Tenant refuses or neglects to repair and maintain the

Property properly as required hereunder to the reasonable satisfaction of Landlord, then at any time following thirty (30) days from the date on which Landlord makes a written demand on Tenant (except in the case of an emergency) to effect such repair and maintenance, Landlord may enter upon the Property and make such repairs and/or maintenance, and upon completion thereof, Tenant agrees to pay to Landlord as Additional Rent, Landlord's costs for making such repairs plus an amount not to exceed ten percent (10%) of such costs for overhead, within thirty (30) days after receipt from Landlord of a written itemized bill therefor. Any amounts not reimbursed by Tenant within such thirty (30) day period will bear interest at the Interest Rate until paid by Tenant.

8.2 Subsequent Alterations and Additions. Following completion of the Improvements, Landlord shall not be under any obligation to make or cause to be made any subsequent alterations, additions, or improvements to or of the Property or any part thereof. Except in the case of an emergency or in order to comply with applicable Laws, Landlord shall seek the prior written advance notice to Tenant at least sixty (60) days prior to commencement of such subsequent alteration or improvements if Landlord elects to do so. If any alterations require additional changes to comply with Laws which are triggered by Landlord's alterations, all such resulting requirements to comply with Laws shall be at Landlord's expense and any Tenant consent to such alterations shall be conditioned on Landlord's payment for same. Any alterations, additions, or improvements affixed to the Property, except furnishings, equipment, and trade fixtures, shall become part of the real property and belong to the owner of the fee interest in the Property. If Tenant consents to the making of any alteration, additions, or improvements to the Property by Landlord, they shall be made at Landlord's sole cost and expense. Landlord shall keep the Property free and clear of any liens or encumbrances which may arise from such work.

8.3 Waste. Tenant agrees to keep the Property and the Improvements clean and clear of refuse and obstructions, and to dispose properly of all garbage, trash and rubbish.

8.4 Alteration of Improvements. Tenant shall not make or permit to be made any, alterations, additions or changes or improvements to the Property ("Alterations"), unless such Alterations are completed upon the following terms and conditions:

- a) Tenant shall not make any Alterations which: (i) affect any area outside the Property including the outside appearance, character or use of any portions of the Building or other portions of the Property; (ii) affect the Building's roof, roof membrane, any structural component or any base Building equipment, services or systems (including fire and life/safety systems), or the proper functioning thereof, or Landlord's access thereto; (iii) in the reasonable opinion of Landlord, lessen the value of the Building or the Property; (iv) will violate or require a change in any occupancy certificate applicable to the Building(s); or (v) would trigger a legal requirement which would require Landlord to make any alteration or improvement to a Building or other aspect of the Property.
- b) Tenant shall not make any Alterations not prohibited by Section 8.4(a), unless Tenant first obtains Landlord's prior written consent, which consent Landlord shall not unreasonably withhold, provided Landlord's prior approval shall not be required for any Alterations that is not prohibited by Section 8.4(a) above and is of a cosmetic nature that satisfies all of the following conditions (hereinafter a "Pre-Approved Alteration"): (i) the costs of such Alterations do not exceed Twenty-Five Thousand and No/100 Dollars (\$25,000.00); (ii) to the extent reasonably required by Landlord or by Law due to the nature of the work being performed, Tenant delivers to Landlord final plans, specifications, working drawings, permits and approvals for such Alterations at least ten (10) days prior to commencement of the work thereof; (iii) Tenant and such Alterations otherwise satisfy all other conditions set forth in this Section 8.4; and (iv) the making of such

Alterations will not otherwise cause a default by Tenant under any provision of this Lease. Tenant shall provide Landlord with ten (10) days' prior written notice before commencing any Alterations. In addition, before proceeding with any Alteration, Tenant's contractors shall obtain, on behalf of Tenant and at Tenant's sole cost and expense: (A) all necessary governmental permits and approvals for the commencement and completion of such Alterations, and (B) if the cost of such Alterations exceeds \$25,000.00, a completion and lien indemnity bond, or other surety satisfactory to Landlord for such Alterations. Landlord's approval of any plans, contractor(s) and subcontractor(s) of Tenant shall not release Tenant or any such contractor(s) and/or subcontractor(s) from any liability with respect to such Alterations and will create no liability or responsibility on Landlord's part concerning the completeness of such Alterations or their design sufficiency or compliance with Laws.

- c) All Alterations shall be performed: (i) in accordance with the approved plans, specifications and working drawings, if any; (ii) lien-free and in a first-class workmanlike manner; (iii) in compliance with all building codes and Laws; (iv) in such a manner so as not to impose any additional expense upon nor delay Landlord in the maintenance and operation of the Building(s) or Property; (v) by licensed and bondable contractors, subcontractors and vendors selected by Tenant (provided Landlord reserves the right to require Tenant to utilize Landlord's preferred contractors, subcontractors and vendors for certain work performed within the Property or as to systems serving the Property as approved by Landlord such as for fire/life safety, HVAC control work, architectural and engineering services), and (vi) at such times, in such manner and subject to such rules and regulations as Landlord may from time to time reasonably designate. Tenant shall pay to Landlord, within ten (10) days after written demand, the costs of any increased insurance premiums incurred by Landlord to include such Alterations in the causes of loss – special form property insurance obtained by Landlord pursuant to this Lease, if Landlord elects in writing to insure such Alterations; provided, however, Landlord shall not be required to include the Alterations under such insurance. If the Alterations are not included in Landlord's insurance, Tenant shall insure the Alterations under its causes of loss-special form property insurance pursuant to this Lease.
- d) Tenant shall pay to Landlord, as Additional Rent, the reasonable costs of Landlord's engineers and other consultants for review of all plans, specifications and working drawings for the Alterations, within ten (10) business days after Tenant's receipt of invoices either from Landlord or such consultants.
- e) Throughout the performance of the Alterations, Tenant shall obtain, or cause its contractors to obtain, workers compensation insurance and commercial general liability insurance in compliance with the insurance provisions of this Lease.

8.4.1 Removal of Alterations. All Alterations and the initial Improvements in the Property (whether installed or paid for by Landlord or Tenant), shall become the property of Landlord and shall remain upon and be surrendered with the Property at the end of the Term; provided, however, Landlord may, by written notice delivered to Tenant within thirty (30) days after Landlord's receipt of plans for any Alterations identify those Alterations which Landlord shall require Tenant to remove at the end of the Term. If Landlord requires Tenant to remove any such Alterations, Tenant shall, at its sole cost, remove the identified items on or before the expiration or sooner termination of this Lease and repair any damage to the Property caused by such removal to its original condition (or, at Landlord's option, Tenant shall pay to Landlord all of Landlord's costs of such removal and repair).

8.4.2 Liens. Tenant shall not permit any mechanic's, materialmen's or other liens to be filed against all or any part of the Property, nor against Tenant's leasehold interest in the Property, by reason of or in connection with any repairs, alterations, improvements or other work contracted for or undertaken by Tenant or any of the Tenant's Parties. If any such liens are filed, Tenant shall, at its sole cost,

immediately cause such liens to be released of record or bonded so that such lien(s) no longer affect(s) title to the Property. If Tenant fails to cause any such lien to be released or bonded within ten (10) days after filing thereof, Landlord may cause such lien to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such lien, and Tenant shall reimburse Landlord within five (5) business days after receipt of invoice from Landlord, any sum paid by Landlord to remove such liens, together with interest at the Interest Rate from the date of such payment by Landlord.

ARTICLE 9

UTILITIES; TAXES AND ASSESSMENTS

9.1 Utilities. Tenant shall be responsible for the payment of all water, gas, electricity, refuse collection and disposal, and all other utilities used on the Property. Landlord expressly has no obligation regarding provision of or payment for utilities serving the Property upon completion of construction and the certificate of occupancy has been issued for each Building constructed by the Landlord per the Plan.

9.2 Utility Services. Tenant shall pay or cause to be paid all charges for all public or private utility services, and all sprinkler systems and protective services at any time rendered to or in connection with the Property or the Improvements, or any part thereof, and shall comply with all contracts existing on the date hereof that have been assumed by Tenant or subsequently executed by Tenant relating to any such services, and will do all other things required for the maintenance and continuance of all such services.

9.3 Taxes and Assessments.

9.3.1 Payment of Taxes. Tenant is responsible for and shall pay any and all Taxes applicable to the Property during the Term of this Lease. All such payments shall be made prior to the delinquency date of such payment. If any such Taxes paid by Tenant shall cover any period of time prior to or after the expiration of the Term, Tenant's share of such Taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Landlord shall reimburse Tenant to the extent required. If Tenant shall fail to pay any such Taxes, Landlord shall have the right to pay the same, in which case Tenant shall repay such amount to Landlord within ten (10) days after demand from Landlord together with interest at the Interest Rate.

9.3.2 Definition. As used herein, the term "Taxes" shall include any form of real estate tax or assessment (including, without limitation, on possessory interests), general, special, ordinary or extraordinary, sales taxes, personal property taxes, gross receipt taxes, and any license or use tax or fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income, or estate taxes), transit charges or other impositions of any kind (including fees "in-lieu" or in substitution of any such tax or assessment) imposed on the Property or any interest (including, without limitation, possessory interests) therein by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in the Property or in the real property of which the Property is a part, as against Landlord's right to rent or other income therefrom. Notwithstanding anything herein to the contrary, Tenant shall be liable for all taxes levied or assessed against personal property, furniture, fixtures, above-standard Tenant improvements and alterations, additions or improvements placed by or for Tenant in the Property. Furthermore, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services provided herein or otherwise respecting this Lease, and (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Property

9.3.3 Apportionment. If any of Tenant's said personal property shall be assessed with Landlord's real property, first Tenant shall advise the County of San Bernardino Tax Assessor and Tax Collector of the same in writing, and Tenant shall pay Landlord the taxes attributable to Tenant not later than the later of (a) ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property, or (b) fifteen (15) days prior to the date said taxes are due and payable.

ARTICLE 10

OWNERSHIP OF IMPROVEMENTS & LIMITED LICENSE

10.1 Ownership During Term. All Improvements on the Property as permitted or required by this Lease shall, during the Term, be and remain the property of Landlord, and Tenant shall not have title thereto until and in the event Tenant exercises its option to purchase the Property and properly consummates such transaction. Landlord shall not, however, demolish, remove, sell, encumber, lease, assign or otherwise convey any Improvements from the Property during the Initial Term of the Lease and shall not encumber, lease, assign or other transfer any rights to the Property in a sum total not to exceed Twenty-Five Million and No/100 Dollars (\$25,000,000) except as permitted herein.

10.2 Ownership at Expiration or Termination. Upon the Expiration Date, all Improvements constructed by Landlord which constitute or are a part of the Property shall be the property of Landlord free and clear of all liens, claims and encumbrances on such Property by Tenant, and anyone claiming under or through Tenant. Tenant shall then quitclaim to Landlord any and all rights, interests and claims to the Property upon surrendering of the Property.

10.3 Grant of License. Tenant acknowledges that Landlord and its affiliates own the parcel directly next to the Property (the "Adjacent Parcel") and intend to develop such parcel at a future time. Tenant agrees to grant to Landlord such licenses ("Licenses") in, over, and under the Property or any portion thereof as shall be reasonably required for the installation or maintenance of mains, conduits, shafts, pipes or other facilities to serve the Adjacent Parcel (the "Shared Services"), but not by way of limitation; provided, however, that Landlord shall pay for any alteration required on to the Property as a result of any such exercise, occupancy under or enjoyment of any such license and, provided further, that no exercise, occupancy under or enjoyment of such license or easement shall result in any unreasonable permanent interference with Tenant's use, occupancy or enjoyment of the Property as contemplated by this Lease. The Licenses shall be granted by a separate license agreement between the parties and in a form acceptable to the parties or shall be set forth in an easement agreement concurrently with Tenant's purchase of the Property in accordance with Section 7 above. Provided Landlord provides Tenant with prior written notice, Landlord shall have the right to have an easement recorded to memorialize the Shared Services set forth in this Section 10.3.

ARTICLE 11

REPRESENTATIONS AND WARRANTIES; MATERIAL ADVERSE CHANGE

11.1 Landlord's Representations. Landlord represents and warrants to Tenant that as of the Commencement Date, as follows:

11.1.1 Landlord represents and warrants to Tenant it owns the Property in fee simple and has the power and authority to enter into this Lease and perform all obligations and agreements incidental or pertinent to this Lease.

11.1.2 Landlord is a California limited liability company duly organized, validly

existing, formed, and in good standing under the laws of the State of California that has the power and authority to own property and carry on business as is now being conducted.

11.1.3 Landlord has full power and authority to execute and deliver this Lease, and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease, and to perform and observe the terms and provisions of all of the above.

11.1.4 This Lease, and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Landlord enforceable against it in accordance with their respective terms, subject to application of laws relating to bankruptcy, insolvency, or other laws affecting the enforcement generally of creditors' rights and remedies.

11.1.5 Landlord is not in default under any law or regulation or under any order of any federal, state, or local court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Landlord, threatened against or affecting Landlord or the Property, at law or in equity, before or by any federal, state, or local court, board, commission or agency whatsoever which might, if determined adversely to Landlord, materially affect Landlord's ability to perform its obligations hereunder.

11.2 Landlord agrees, to the extent possible, to notify Tenant in advance of at least ten (10) days in the event that Landlord identifies, believes or determines that Landlord will be unable to perform all of its obligations, including without limitation, the obligation to complete the construction of the Improvements, under this Lease.

11.3 Tenant's Representations. Tenant represents and warrants to Landlord, as of the Commencement Date, as follows:

11.3.1 Tenant has full power and authority to execute and deliver this Lease, and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease, and to perform and observe the terms and provisions of all of the above.

11.3.2 This Lease, and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Tenant enforceable against it in accordance with their respective terms, subject to application of laws relating to bankruptcy, insolvency, or other laws affecting the enforcement generally of creditors' rights and remedies.

11.3.3 Tenant has examined the Property and acknowledges that subject to Landlord's representations and warranties set forth in Section 11.1 above, it hereby accepts possession of the portion of the Property in its current condition, that has been completed by Landlord as of the Commencement Date.

11.4 The representations and warranties set forth in this Section 11 shall survive the Expiration Date. The fact that a representation or warranty contained in this Section 11 has become inaccurate or misleading shall not, in and of itself, constitute a breach under this Lease; however, (a) failure to notify the other party of material inaccuracies in these representations and warranties within ten (10) business days of the other party's request for such information and (b) any intentional material misrepresentation by either party relating to such representations and warranties shall each constitute an Event of Default hereunder, subject to delivery of notice and expiration of the cure period provided

hereunder.

11.5 Landlord obligation to Notify re Material Adverse Change. During the entire Term hereof, both Parties shall have the ongoing obligation to promptly (but in no event later than five (5) business days following a material adverse change inform the other Party (in writing) of the occurrence of any material adverse change that may inhibit or prevent such Party to comply with its obligations under this Lease.

11.6 CASp Disclosure. The Property has not undergone inspection by a Certified Access Specialist (CASp) as referenced in California Civil Code section 1938. Further, pursuant to Section 1938 of the California Civil Code, Landlord notifies Tenant of the following: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." Therefore and notwithstanding anything to the contrary contained in this Lease, Landlord and Tenant agree that (a) Tenant may, at its option and at its sole cost, cause a CASp to inspect the Property and determine whether the Property complies with all of the applicable construction-related accessibility standards under California law, (b) the parties shall mutually coordinate and reasonably approve of the timing of any such CASp inspection so that Landlord may, at its option, have a representative present during such inspection, and (c) Landlord shall be solely responsible for the cost of any repairs necessary to correct violations of construction-related accessibility standards within the Property, any and all such alterations and repairs to be performed in accordance with Article 8 of this Lease provided Tenant shall have no obligation to remove any repairs or alterations made pursuant to a CASp inspection under this Section 11.6.

ARTICLE 12

COMPLIANCE WITH LAWS/HAZARDOUS MATERIALS

12.1 Landlord and Tenant shall each comply with and cause all of the Parties' respective agents to comply with all applicable laws, ordinances, rules and regulations of governmental authorities applicable to the Property or the use or occupancy thereof, including, without limitation, the law commonly known as the Americans With Disabilities Act and California Code of Regulations Title 8, Sections 3281 through 3299 (collectively, "Laws").

12.2 During the use and occupation of the Property by Tenant, Tenant shall not cause or permit any Hazardous Materials, as defined below, to be brought upon, kept, used, discharged, deposited or leaked in or about the Property or the Building by Tenant or any of Tenant's agents, officers, directors, shareholders, members, managers, partners, employees, subtenants, assignees, licensees, contractors or invitees (collectively, "Tenant's Parties"), or by anyone in the Property (other than Landlord or its agents, employees or contractors), except to the extent such Hazardous Materials are cleaning or office supplies customarily kept or used by typical office tenants and are kept and used in accordance with all applicable Laws. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of any Hazardous Material on the Property or the Building caused or suffered or permitted by Tenant or any Tenant Parties or by anyone in the Property (other than Landlord or its agents, employees or contractors) results in contamination of the Property or the Building, or if contamination of the Property or the Building by any Hazardous Material otherwise occurs for which Tenant is legally liable, then Tenant shall

indemnify, defend, protect and hold Landlord and Landlord's members, shareholders, partners, officers, directors, managers, employees, agents, contractors, successors and assigns (collectively, "Landlord Parties") harmless from and against any and all claims, damages, judgments, suits, causes, of action, losses, penalties, fines, costs, liabilities and expenses (including, without limitation, diminution in value or use of the Property, attorneys' fees, consultant fees and expert fees and court costs) which arise or result during or after the Term as a result of such contamination on, in, under or about the Building(s) or any other portion of the Property. This indemnification shall include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work on or under the Property. The provisions of this Section 12.2 will survive the expiration or earlier termination of this Lease. Tenant shall give Landlord written notice of any evidence of Mold, water leaks or water infiltration at the Property promptly upon discovery of same. At its expense, Tenant shall investigate, clean up and remediate any Mold in the Property. Investigation, clean up and remediation may be performed only after Tenant has Landlord's written approval of a plan for such remediation. All clean up and remediation shall be done in compliance with all applicable Laws and to the reasonable satisfaction of Landlord. As used in this Lease, "Mold" means mold, fungi, spores, microbial matter, mycotoxins and microbiological organic compounds. "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local, state or federal governmental authority or by common law decisions, including without limitation (i) all chlorinated solvents, (ii) petroleum products or by-products, (iii) asbestos and (iv) polychlorinated biphenyls.

12.3 During the course of construction by Landlord and the use and occupation of the Property by Landlord in the manner described herein, Landlord shall not cause or permit any Hazardous Materials, as defined below, to be brought upon, kept, used, discharged, deposited or leaked in or about the Property or the Building by Landlord or Landlord's Parties, except to the extent such Hazardous Materials are cleaning or office supplies customarily kept or used by typical office or building tenants and are kept and used in accordance with all applicable laws. If Landlord breaches the obligations stated in the preceding sentence, or if the presence of any Hazardous Material on the Property or the Building caused or suffered or permitted by Landlord or any of Landlord's Parties results in contamination of the Property or the Building, or if contamination of the Property or the Building by any Hazardous Material otherwise occurs for which Landlord is legally liable, then Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, damages, costs, liabilities and expenses (including, without limitation, diminution in value or use of the Property, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification shall include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work on or under the Property. "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local, state or federal governmental authority or by common law decisions, including without limitation (i) all chlorinated solvents, (ii) petroleum products or by-products, (iii) asbestos, and (iv) polychlorinated biphenyls.

ARTICLE 13

INDEMNIFICATION AND INSURANCE

13.1 Tenant's Assumption of Risk and Waiver. Except to the extent such matter is not covered by the insurance required to be maintained by Tenant under this Lease and/or except to the extent such matter is attributable to the gross negligence or willful misconduct of Landlord or Landlord's agents, contractors or employees, Landlord shall not be liable to Tenant, or any of Tenant's Parties for: (i) any damage to property of Tenant, or of others, located in, on or about the Property, (ii) the loss of or damage to any property of Tenant or of others by theft or otherwise, (iii) any injury or damage to persons or property resulting from fire, explosion, falling ceiling tiles masonry, steam, gas, electricity, water, rain or

leaks from any part of the Property or from the pipes, appliance of plumbing works or from the roof, street or subsurface or from any other places or by dampness or by any other cause of whatsoever nature, (iv) any such damage caused by other tenants or persons in the Property, occupants of any other portions of the Property, or the public, or caused by operations in construction of any private, public or quasi-public work, or (v) any interruption of utilities and services. Landlord shall in no event be liable to Tenant or any other person for any consequential, special or punitive damages or for loss of business, revenue, income or profits and Tenant hereby waives any and all claims for any such damages. Notwithstanding anything to the contrary contained in this Section 16.1, all property of Tenant and Tenant's Parties kept or stored on the Property, whether leased or owned by any such parties, shall be so kept or stored at the sole risk of Tenant and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carriers. Landlord or its agents shall not be liable for interference with light or other intangible rights.

13.2 Indemnification by Tenant. Tenant shall indemnify, defend, protect and hold Landlord and the Landlord Parties harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities and expenses, including, without limitation, attorneys' fees and court costs (collectively, "**Indemnified Claims**"), arising or resulting from (a) any occurrence in or at the Property following the date Landlord delivers possession of all or any portion of the Property to Tenant, except to the extent caused by the gross negligence or willful misconduct of Landlord or Landlord's agents, contractors or employees, (b) any act or omission of Tenant or any of Tenant's Parties; (c) the use of the Building(s) and the Property and conduct of Tenant's business by Tenant or any of Tenant's Parties, or any other activity, work or thing done, permitted or suffered by Tenant or any of Tenant's Parties, in or about the Building(s) or elsewhere on the Property; and/or (d) any default by Tenant as to any obligations on Tenant's part to be performed under the terms of this Lease or the terms of any contract or agreement to which Tenant is a party or by which it is bound, affecting this Lease or the Property. The foregoing indemnification shall include, but not be limited to, any injury to, or death of, any person, or any loss of, or damage to, any property on the Property, or on adjoining sidewalks, streets or ways, on the Property or connected with the use, condition or occupancy thereof. In case any action or proceeding is brought against Landlord or any Landlord Parties by reason of any such Indemnified Claims, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel approved in writing by Landlord, which approval shall not be unreasonably withheld. Tenant's indemnification obligations under this Section 13.2 and elsewhere in this Lease shall survive the expiration or earlier termination of this Lease. Tenant's covenants, agreements and indemnification in this 13.2 are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this

13.3 Indemnification by Landlord. Notwithstanding anything to the contrary contained in Section 13.2, Tenant shall not be required to protect, defend, save harmless or indemnify Landlord from any liability for injury, loss, accident or damage to any person resulting from Landlord's grossly negligent acts or omissions or willful misconduct or that of its agents, contractors, servants, employees or licensees, in connection with Landlord's activities on or about the Property, and subject to the terms of Section 15 below, Landlord shall indemnify, defend, pay for, and hold harmless the Tenant or Tenant's Parties, (collectively the "Indemnitees") from and against Indemnified Claims arising out of Landlord's grossly negligent acts or omissions or willful misconduct or those of its agents, contractors, servants, employees or licensees in connection with Landlord's activities on or about the Property. Such exclusion from Tenant's indemnity and such agreement by Landlord to so indemnify and hold Tenant harmless are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease to the extent that such policies cover (or, if such policies would have been carried as required, would have covered) the result of grossly negligent acts or omissions or willful misconduct of Landlord or those of its agents, contractors, servants, employees or licensees; provided, however, the provisions of this sentence shall in no way be construed to imply the

availability of any double or duplicate coverage. Landlord's and Tenant's indemnification obligations hereunder may or may not be coverable by insurance, but the failure of either Landlord or Tenant to carry insurance covering the indemnification obligation shall not limit their indemnity obligations hereunder. The indemnity obligation of Landlord under this Article shall survive the expiration or termination, for any reason, of this Lease. .

13.4 Insurance. As used in this Lease, "Insurance Costs" means the cost of insurance obtained by Landlord pursuant to this Section 13.4 (including self-insured amounts and deductibles, if any), excepting therefrom cost of insurance Landlord has obtained for construction of the Improvements and for its use of the Leaseback Property. Tenant shall pay for the Insurance Costs as Additional Rent. During the Term, Landlord shall maintain property insurance written on a Special Form (formerly known as "all risk") basis covering the Property, including the Improvements (excluding, however, Tenant's furniture, equipment and other personal property and Alterations, unless Landlord otherwise elects to insure the Alterations pursuant to Section 8.4 above) against damage by fire and standard extended coverage perils and with vandalism and malicious mischief endorsements, rental loss coverage, at Landlord's option, earthquake damage coverage, and such additional coverage as Landlord deems appropriate. Landlord shall also carry commercial general liability insurance coverage on an occurrence basis, including personal injury, bodily injury (including wrongful death), broad form property damage, operations hazard, owner's protective coverage, contractual liability, products and completed operations liability of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate. At Landlord's option, all such insurance may be carried under any blanket or umbrella policies that Landlord has in force for other buildings and projects. In addition, at Landlord's option, Landlord may elect to self-insure all or any part of such required insurance coverage. The cost of insurance obtained by Landlord pursuant to this Section 13.4 (including self-insured amounts and deductibles) shall be included in Insurance Costs. Landlord may, but shall not be obligated to carry any other form or forms of insurance as Landlord or any Mortgagee or ground lessors of Landlord may reasonably determine is advisable. Landlord shall obtain and maintain worker's compensation insurance, in statutory amounts and employers liability, covering all persons employed in connection with any work done in, on or about the Property for which claims for death, bodily injury or illness could be asserted against Landlord, Tenant or the Property with limits as mandated pursuant to the laws California, or One Million Dollars (\$1,000,000.00) per person, disease and accident, whichever is greater.

13.4.1 Tenant's Insurance. On or before the Commencement Date or the date Tenant commences or causes to be commenced any work of any type at the Property, and continuing during the entire Term, Tenant shall obtain and keep in full force and effect, the following insurance:

(i) Special Form (formerly known as "all risk") insurance, including fire and extended coverage, sprinkler leakage (including earthquake sprinkler leakage), vandalism, malicious mischief plus earthquake and flood coverage upon property of every description and kind owned by Tenant and located in the Buildings or Property, or for which Tenant is legally liable or installed by or on behalf of Tenant including, without limitation, furniture, equipment and any other personal property, and any Alterations (, in an amount not less than the full replacement cost thereof. In the event that there shall be a dispute as to the amount which comprises full replacement cost, the decision of Landlord or any Mortgagee of Landlord shall be presumptive;

(ii) Commercial general liability insurance coverage on an occurrence basis, including personal injury, bodily injury (including wrongful death), broad form property damage, operations hazard, owner's protective coverage, contractual liability, products and completed operations liability of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate;

(iii) Commercial Automobile Liability covering all owned, hired and non-owned automobiles with limits of liability of not less than One Million Dollars (\$1,000,000.00) per accident;

(iv) Worker's compensation, in statutory amounts and employers liability, covering all persons employed in connection with any work done in, on or about the Property for which claims for death, bodily injury or illness could be asserted against Landlord, Tenant or the Property with limits as mandated pursuant to the laws California, or One Million Dollars (\$1,000,000.00) per person, disease and accident, whichever is greater;

(v) Umbrella liability insurance on an occurrence basis, in excess of and following the form of the underlying insurance described in Section 13.3.1 (ii) and (iii) and the employer's liability coverage in Section 13.3.1 (iv) which is at least as broad as each and every area of the underlying policies with limits of not less than Three Million Dollars (\$3,000,000.00) per occurrence. Such umbrella liability insurance shall include pay on behalf of wording, concurrency of effective dates with primary policies, blanket contractual liability, application of primary policy aggregates, and shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance, subject to customary commercially reasonable deductible amounts imposed on umbrella policies

(vi) Loss of income, extra expense and business interruption insurance in such amounts as will reimburse Tenant for 12 months of direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Property as a result of such perils.

13.5 Requirements. Each policy required to be obtained by Tenant hereunder shall: (a) be issued by insurers which are approved by Landlord and/or Landlord's Mortgagees and are authorized to do business in California and rated not less than Financial Size X, and with a Financial Strength rating of A in the most recent version of Best's Key Rating Guide (provided that, in any event, the same insurance company shall provide the coverages described in Sections 13.3.1 (ii) and 13.3.1 (iv) above); (b) be in form reasonably satisfactory from time to time to Landlord; (c) name Tenant as named insured thereunder and Landlord as a loss payee as to Tenant's property insurance, and shall name Landlord and, at Landlord's request, such other persons or entities of which Tenant has been informed in writing, as additional insureds as to Tenant's other insurance, all as their respective interests may appear; (d) not have a deductible amount exceeding Five Thousand Dollars (\$5,000.00), which deductible amount shall be deemed self-insured with full waiver of subrogation; (e) specifically provide that the insurance afforded by such policy for the benefit of Landlord and any other additional insureds shall be primary, and any insurance carried by Landlord or any other additional insureds shall be excess and non-contributing; (f) contain an endorsement that the insurer waives its right to subrogation; (g) require the insurer to notify Landlord and any other additional insureds in writing not less than thirty (30) days prior to any material change, reduction in coverage, cancellation or other termination thereof; (h) contain a cross liability or severability of interest endorsement; and (i) be in amounts sufficient at all times to satisfy any coinsurance requirements thereof. Tenant agrees to deliver to Landlord, as soon as practicable after the placing of the required insurance, but in no event later than the date Tenant is required to obtain such insurance as set forth in Section 13.3.1 above, certificates from the insurance company evidencing the existence of such insurance and Tenant's compliance with the foregoing provisions of this Section 13. Tenant shall cause replacement certificates to be delivered to Landlord not less than ten (10) days prior to the expiration of any such policy or policies. If any such initial or replacement certificates are not furnished within the time(s) specified herein, Landlord shall have the right, but not the obligation, to procure such policies and certificates at Tenant's expense.

13.6 Effect on Insurance. Tenant shall not do or permit to be done anything which will (a) violate or invalidate any insurance policy or coverage maintained by Landlord or Tenant hereunder, or (b) increase the costs of any insurance policy maintained by Landlord. If Tenant's occupancy or conduct of its business in or on the Property results in any increase in premiums for any insurance carried by Landlord with respect to the Building(s) or the Property, Tenant shall either discontinue the activities affecting the insurance or pay such increase as Additional Rent within ten (10) days after being billed therefor by Landlord. If any insurance coverage carried by Landlord pursuant to this Lease or otherwise with respect to the Building or the Property shall be cancelled or reduced (or cancellation or reduction thereof shall be threatened) by reason of the use or occupancy of the Property other than as allowed by the permitted use by Tenant or by anyone permitted by Tenant to be upon the Property, and if Tenant fails to remedy such condition within five (5) business days after notice thereof, Tenant shall be deemed to be in default under this Lease and Landlord shall have all remedies provided in this Lease, at law or in equity, including, without limitation, the right (but not the obligation) to enter upon the Property and attempt to remedy such condition at Tenant's cost.

13.7 Waiver of Subrogation. Each policy of insurance procured pursuant to Article 13 shall contain, if obtainable upon commercially reasonable terms, either (i) a waiver by the insurer of the right of subrogation against either party hereto for negligence of such party, or (ii) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss accruing to the property described in the insurance policy. Each of the parties hereto waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of such other party, for loss or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under the form of insurance policies required to be carried pursuant to Article 13 of this Lease or under any other policy of insurance carried by such waiving party.

ARTICLE 14

ASSIGNMENT AND SUBLEASING

14.1 Except as otherwise provided herein, Tenant shall not assign or encumber this Lease or any interest therein or sublet the Property or any portion thereof either voluntarily or by operation of law without the prior written consent of Landlord. Tenant shall have the right to rent out the residential housing units without prior written consent of Landlord, provided, however, such rental and occupancy of the residential housing units shall not be deemed a waiver on the part of Landlord, nor should such rental of residential housing units release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay Rent and to perform all other obligations to be performed by Tenant hereunder .

14.2 Landlord shall not encumber the Property or any interest therein either voluntarily or by operation of law in a sum total not to exceed amount of Twenty-Five Million and No/100 Dollars (\$25,000,000) without the prior written consent of Tenant, which consent shall not be unreasonably withheld and during the Initial Term (or any applicable Option Term) of the Lease.

ARTICLE 15

EVENTS OF DEFAULT; REMEDIES; TERMINATION

15.1 Events of Default. Any one or all of the following events shall constitute an "Event of Default" hereunder:

15.1.1 If Tenant shall default in the payment of any Rent or Additional Rent when and

as the same become due and payable and such default shall continue for more than ten (10) days after Landlord shall have given written notice thereof to Tenant; or

15.1.2 The abandonment of the Property by Tenant for a period of thirty (30) days or more after written notice from Landlord to Tenant; or

15.1.3 Tenant shall become bankrupt or insolvent or make a transfer in fraud of creditors, or make an assignment for the benefit of creditors, or take or have taken against Tenant any proceedings of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act and, in the event any such proceedings are involuntary, Tenant is not discharged from the same within thirty (30) days thereafter.

15.1.4 Tenant shall fail to observe, keep or perform any of the other material terms or conditions contained in this Lease and such default continues for a period of thirty (30) days after written notice by Landlord specifying the nature of the default with reasonable particularity, unless the nature of the default is such that more than thirty (30) days is required to cure it and Tenant commences to cure it within such thirty (30) day period and thereafter diligently pursues it to completion.

15.1.5 Notices given under this section shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the Property. Any notice sent by Landlord to Tenant pursuant to this Section 15.1.5 shall be in lieu of, and not in addition to, any notice required under any applicable Law.

15.2 Landlord's Remedies. If any material default by Tenant shall occur, and following notice of default as required by this Lease (for the period applicable to the default under the applicable provision of this Lease) and Tenant has failed to cure or commenced a cure within timeframes in Section 15.1.4 above, Landlord shall have the following remedies in addition to all other rights and remedies provided by law or equity, to which Landlord may resort cumulatively or in the alternative.

15.2.1 Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall so elect to terminate this Lease, then Landlord may recover from Tenant (a) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; (b) the worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's default.

15.2.2 No reentry or taking possession of the Property by Landlord or acceptance of surrender pursuant to this section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

15.2.3 Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement or offset of Rent. In the event of any Default by Tenant, Landlord may, without waiving or releasing Tenant from any of Tenant's obligations, make such payment or perform such other act as required to cure such Default on behalf of Tenant. All sums so paid by Landlord and all

necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within five (5) days after demand therefor as Additional Rent.

15.2.4. All rights, options and remedies of Landlord contained in this Section 15 and elsewhere in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Lease. Nothing in this Section 15 shall be deemed to limit or otherwise affect Tenant's indemnification of Landlord pursuant to any provision of this Lease.

15.3 Tenant's Right to Terminate.

15.3.1 In the event of a material default by the Landlord of any of the terms and conditions under this Lease following and such default continues for a period of thirty (30) days after written notice by Tenant specifying the nature of the default with reasonable particularity, unless the nature of the default is such that more than thirty (30) days is required to cure it and Landlord commences to cure it within such thirty (30)-day period and thereafter diligently pursues it to completion, including but not limited to, Landlord's failure to complete the Improvements as described in this Lease, Tenant shall have the right to terminate this Lease by giving written notice to Landlord at least thirty (30) days in advance of such termination.

15.3.2 California Constitution Article XXXIV. Article XXXIV of the California Constitution ("Article XXXIV") does not apply to development of the improvements described in this Lease. Health and Safety Code Sections 37001 and 37001.5 establish exclusions where the public agency's participation is limited in certain respects to financial assistance. Under Health and Safety Code Section 37001(b) and (e), a public agency does not develop, construct or acquire a low rent housing project when the agency provides assistance to "the development is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership, and is not financed with direct long-term financing from a public body" or "the development consists of existing dwelling units leased by the state public body from the private owner of these dwelling units." In addition, under Health and Safety Code Section 37001.5, a public agency does not develop, construct or acquire a low rent housing project when the agency "leases existing dwelling units from the private owner of such units, provided the lease or sub-tenancy thereunder does not result in a decrease of property tax revenues with respect to the dwelling units leased." That notwithstanding, if, within sixty (60) days of the date of execution of this Lease, the Lease or the improvements are judicially challenged with respect to compliance with Article XXXIV, the Parties shall reasonably cooperate with one another and act in good faith to defend against such judicial challenge. If a final non-appeal order is entered with respect to this Section 15.3.2, the Parties acknowledge and agree to abide by such binding judicial order.

ARTICLE 16

DAMAGE OR DESTRUCTION OF PROPERTY IMPROVEMENTS

16.1 Landlord's Repair Obligation. In case of damage to or destruction of the Property or the Improvements, or any part thereof, by fire or other cause at any time during the Term of this Lease, not caused by the negligence or willful misconduct of Tenant ("Casualty"), Landlord, if and to the extent insurance proceeds are available, and to an extent not exceeding twenty-five percent (25%) of the full replacement cost thereof, and Landlord's contractor estimates in writing delivered to the parties that the damage thereto is such that the Property may be repaired, reconstructed or restored to substantially its condition immediately prior to such damage within one hundred twenty (120) days from the date of such

Casualty, shall diligently restore the same as nearly as possible to their value, condition and character immediately prior to such damage or destruction. In case of damage to or destruction of the Improvements by fire or other cause resulting in a loss exceeding in the aggregate Ten Thousand Dollars (\$10,000), Landlord shall promptly give written notice thereof to Tenant. If, however, the Property is damaged to an extent exceeding twenty-five percent (25%) of the full replacement cost thereof, or Landlord's contractor estimates that such work of repair, reconstruction and restoration will require longer than one hundred twenty (120) days to complete from the date of Casualty, or Landlord will not receive insurance proceeds (and/or proceeds from Tenant, as applicable) sufficient to cover the costs of such repairs, reconstruction and restoration, then Landlord may elect to either: (a) repair, reconstruct and restore the portion of the Property damaged by such Casualty (in which case this Lease shall continue in full force and effect; or (b) terminate this Lease effective as of the date which is thirty (30) days after Tenant's receipt of Landlord's election to so terminate. Under any of the conditions of this Section 16.1, Landlord shall give written notice to Tenant of its intention to repair or terminate within the later of sixty (60) days after the occurrence of such Casualty, or fifteen (15) days after Landlord's receipt of the estimate from Landlord's contractor or, as applicable, thirty (30) days after Landlord receives approval from Landlord's Mortgagee to rebuild.

16.2 Tenant's Costs and Insurance Proceeds. In the event of any damage or destruction of all or any part of the Property, Tenant shall immediately: (a) notify Landlord thereof; and (b) deliver to Landlord all insurance proceeds received by Tenant with respect to the Improvements and Alterations (to the extent such items are not covered by Landlord's casualty insurance obtained by Landlord pursuant to this Lease) and with respect to Alterations in the Property that Tenant is required to insure pursuant to Section 8.4, excluding proceeds for Tenant's furniture and other personal property, whether or not this Lease is terminated as permitted in Section 16.1, and Tenant hereby assigns to Landlord all rights to receive such insurance proceeds.

16.3 Abatement. If as a result of any such damage, repair, reconstruction and/or restoration of the Buildings or Property, Tenant is prevented from using, and does not use, the Property or any portion thereof, then Rent shall be abated or reduced, as the case may be, during the period that Tenant continues to be so prevented from using and does not use the Property or portion thereof, in the proportion that the rentable square feet of the portion of the Property that Tenant is prevented from using, and does not use, bears to the total rentable square feet of the Property, from the date of the damage until the Property is restored. Notwithstanding the foregoing to the contrary, if the damage is due directly or indirectly by the negligence or willful misconduct of Tenant or any of Tenant's Parties, there shall be no abatement of Rent.

16.4 Inability to Complete. Notwithstanding anything to the contrary contained in this Section 16, if Landlord is obligated or elects to repair, reconstruct and/or restore the damaged portion of the Building or Property pursuant to Section 16.1 above, but is delayed from completing such repair, reconstruction and/or restoration beyond the date which is six (6) months after the date estimated by Landlord's contractor for completion thereof pursuant to Section 16.1, by reason of any causes beyond the reasonable control of Landlord (including, without limitation, delays due to Force Majeure, and delays caused by Tenant or any of Tenant's Parties that directly impact Landlord's ability to perform hereunder this Section 16), then Landlord may elect to terminate this Lease upon thirty (30) days' prior written notice to Tenant.

16.5 Damage to the Property. If there is a total destruction of the improvements on the Property or partial destruction of such improvements, the cost of restoration of which would exceed one-third (1/3) of the then replacement value of all improvements on the Property, by any cause whatsoever, whether or not insured against and whether or not the Property are partially or totally destroyed, Landlord may within a period of one hundred eighty (180) days after the occurrence of such destruction, notify

Tenant in writing that it elects not to so reconstruct or restore such improvements, in which event this Lease shall cease and terminate as of the date of such destruction.

16.6. Damage Near End of Term. In addition to its termination rights in Sections 16.1, 16.4 and 16.5 above, Landlord shall have the right to terminate this Lease if any damage to the Building or Property occurs during the last twelve (12) months of the Term and Landlord's contractor estimates in writing delivered to the parties that the repair, reconstruction or restoration of such damage cannot be completed within the earlier of (a) the scheduled expiration date of the Term, or (b) sixty (60) days after the date of such casualty.

16.7 Tenant's Termination Right. In the event of any damage or destruction which affects Tenant's use and enjoyment of the Property which is not caused by Tenant or any of Tenant's Parties, if Tenant's possession and use of the Property cannot be restored by Landlord within two hundred seventy (270) days for reasons other than delays caused by Tenant or any of Tenant's Parties, Tenant shall have the right to terminate this Lease upon written notice to Landlord given within thirty (30) days after the expiration of said 270-day period, unless Landlord completes the restoration within said 30-day notice period, in which case this Lease shall continue in full force and effect.

ARTICLE 17

EMINENT DOMAIN

17.1 In case the whole of the Property, or such part thereof that substantially interferes with the reasonable use of the Property, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority. Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such taking for Landlord's interest in the Property and Landlord shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Landlord. If there is no substantial interference or if there is substantial interference, but neither party elects to terminate, Landlord shall promptly proceed to restore the Property to substantially the same condition as the Property existed prior to such partial taking, to the extent possible by application of the condemnation proceeds only, and a proportionate allowance shall be made to Tenant for the rent corresponding to the time during which, and to the part of the Property of which Tenant shall be so deprived on account of such taking and restoration. Nothing contained in this Section shall be deemed to give Landlord any interest in any award made to Tenant for the taking of personal property and fixtures belonging to Tenant. Each party waives the provisions of California Code of Civil Procedure section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the Property.

ARTICLE 18

FORCE MAJEURE

18.1 As used herein "Force Majeure" shall mean the occurrence of any event (other than failure to obtain financing for, failure to refinance or cessation of disbursements under existing financing for, the purchase, construction, demolition, repair or ownership of the Property or Improvements) which prevents or delays the performance by Landlord or Tenant of any obligation imposed upon it hereunder (other than payment of Rent) and the prevention or cessation of which event is beyond the reasonable control of the obligor. If Tenant or Landlord shall be delayed, hindered or prevented from performance of

any of its obligations (other than Tenant's obligation to pay Rent) by reason of Force Majeure the time for performance of such obligation shall be extended for the period of such delay, provided that the following requirements are complied with by Landlord or Tenant: (i) the delayed Party shall give prompt written notice of such occurrence to the other Party, and (ii) the delayed Party shall diligently attempt to remove, resolve or otherwise eliminate such event, keep the other Party advised with respect thereto, and commence performance of its obligations hereunder immediately upon such removal, resolution or elimination.

18.2 Force Majeure Events shall mean causes beyond the control of, and without the fault or negligence of Tenant or Landlord, including, but not limited to, governmental actions or inactions, acts of God, acts of the public enemy, acts of war or terrorism, acts of the government, fires, floods, epidemics, quarantine restrictions, strikes, civil commotion, casualties, embargoes, severe or inclement weather beyond that usually encountered in San Bernardino County, California, shortages in labor or materials or similar cause.

ARTICLE 19

NONDISCRIMINATION

19.1 Non-Discrimination Covenants. Landlord and Tenant covenant, their respective successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land. Landlord shall refrain from restricting the rental or lease of the Property on any of the bases listed above. All leases or contracts relating to the Property entered into after the mutual execution of this Lease shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

19.1.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections

12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

19.1.2 In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Lease, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

ARTICLE 20

GENERAL PROVISIONS

20.1 Notices. Any approval, disapproval, demand, document or other notice (“Notice”) which either party may desire to give to the other party under this Lease must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, (iii) by facsimile transmission, or (iv) mailing in the United States Postal Service mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice. Service shall be deemed conclusively made at the time of service if personally served; upon confirmation of receipt if sent by facsimile transmission; the next business day if sent by overnight courier and receipt is confirmed by the signature of an agent or employee of the party served; the next business day after deposit in the United States Postal Service mail, properly addressed and postage prepaid, return receipt requested, if served by express mail; and three (3) days after deposit thereof in the United States Postal Service mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; provided, however, that any notice to a Mortgagee shall be deemed effective only upon actual receipt of such notice (or refusal to accept delivery).

20.1.1 Any notice to Landlord shall be given to:

Aldea Fontana Foothill, LLC
Attn: Mohammad Monshizadeh
1 Venture, Suite 130
Irvine, CA 92618

With electronic copies to:

The Law Office of Amir Sadr
Amir@Sadrlawfirm.com

20.1.2 Any notice to Tenant shall be given to:

City of Fontana – Housing Authority
City Hall
Attn: City Manager
8353 Sierra Avenue
Fontana, CA 92335

With copies to:

Best, Best & Krieger, LLP
Attn: Ruben Duran, Esq.
2855 E. Guasti Rd., Suite 400
Ontario, CA 91761

Any party may, by virtue of written Notice in compliance with this Section 20.1, alter or change the address or the identity of the person to whom any notice, or copy thereof, is to be sent.

20.2 Estoppel Certificates. Landlord or Tenant, as the case may be, shall execute, acknowledge and deliver to the other, promptly upon request by Landlord, Tenant, Mortgagee, a Certificate of Landlord or Tenant, as the case may be, certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date of each instrument so modifying this Lease), (b) the date, if any, through which the Rent, if any, has been paid, (c) whether there are then existing any offsets or defenses against the enforcement of any term hereof on the part of Tenant to be performed or complied with (and, if so, specifying the same), and (d) whether any default exists hereunder and, if any such default exists, specifying the nature and period of existence thereof and what action Landlord or Tenant, as the case may be, is taking or proposes to take with respect thereto and whether notice thereof has been given to the party in default. Any Certificate may be relied upon by any prospective purchaser, transferee, mortgagee or trustee under a deed of trust or leasehold estate in the Property or any part thereof or of Landlord's or Tenant's interest under this Lease. Tenant will also deliver to Landlord, promptly upon request, such information with respect to the Property or any part thereof as from time to time may reasonably be requested.

20.3 No Merger of Title. There shall be no merger of this Lease or the leasehold estate created by this Lease with any other estate in the Property or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly (a) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate, and (b) any other estate in the Property and the Improvements or any part thereof or any interest in such estate, and no such merger shall occur unless and until all persons, corporations, firms and other entities, including any Mortgagee or Mortgagees, having any interest (including a security interest) in (i) this Lease or the leasehold estate created by this Lease, and (ii) any other estate in the Property or the Improvements or any part thereof shall join in a written instrument effecting such merger and shall duly record the same.

20.4 Quiet Enjoyment. Tenant, upon paying the Rent, if any, and other charges herein provided for and upon performing and complying with all covenants, agreements, terms and conditions of this Lease to be performed or complied with by it, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation by Landlord, or any person or persons claiming through Landlord.

20.5 Inspection & Entry. Landlord and its authorized representatives may enter the Property or any part thereof at all reasonable times for the purpose of inspecting, servicing or posting notices,

protecting the Property or the Improvements, or for any other lawful purposes, including to exhibit the Property to prospective lenders or purchasers (or during the last year of the Term or during any default by Tenant, to prospective tenants), to post notices of non-responsibility, and/or to alter, improve or repair the Property or any other portion of the Building(s), all without being deemed guilty of or liable for any breach of Landlord's covenant of quiet enjoyment or any eviction of Tenant, and without abatement of Rent. In exercising such entry rights, Landlord shall endeavor to minimize, to the extent reasonably practicable, the interference with Tenant's business, and shall provide Tenant with reasonable advance notice (oral or written) of such entry (except in emergency situations and for scheduled services). Notwithstanding the immediately preceding sentence, except in the event of an emergency, Landlord may only enter the Housing Units after giving Tenant three (3) days' prior written notice.

20.6 No Waiver by Landlord. To the extent permitted by applicable law, no failure by Landlord to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a default under this Lease, and no acceptance of rent during the continuance of any such default, shall constitute a waiver of any such default or of any such term. No waiver of any default shall affect or alter this Lease, which shall continue in full force and effect, or the rights of Landlord with respect to any other then existing or subsequent default.

20.7 Holding Over. Tenant will not be permitted to hold over possession of the Property after the expiration or earlier termination of the Term without the express written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. In the event Tenant shall hold over or remain in possession of the Property or the Improvements with the consent of Landlord after the expiration or earlier termination of the Term then, in addition to all other remedies available to Landlord, Tenant shall become a tenant at sufferance only, upon the terms and conditions set forth in this Lease so far as applicable (including Tenant's obligation to pay all Additional Rent under this Lease), but at a monthly Base Rent equal to one hundred twenty-five percent (125%) of the monthly Base Rent applicable to the Property immediately prior to the date of such expiration or earlier termination. Any such holdover Rent shall be paid on a per month basis without reduction for partial months during the holdover. Acceptance by Landlord of Rent after such expiration or earlier termination shall not constitute consent to a hold over hereunder or result in an extension of this Lease. This Section 20.7 shall not be construed to create any express or implied right to holdover beyond the expiration of the Term or any extension thereof. Tenant shall be liable, and shall pay to Landlord within ten (10) days after demand, for all losses incurred by Landlord as a result of such holdover, and shall indemnify, defend and hold Landlord and the Landlord Parties harmless from and against all liabilities, damages, losses, claims, suits, costs and expenses (including reasonable attorneys' fees and costs) arising from or relating to any such holdover tenancy, including without limitation, any claim for damages made by a succeeding tenant. Tenant's indemnification obligation hereunder shall survive the expiration or earlier termination of this Lease. The foregoing provisions of this Section 20.7 are in addition to, and do not affect, Landlord's right of re-entry or any other rights of Landlord hereunder or otherwise at law or in equity.

20.8 No Partnership. Anything contained herein to the contrary notwithstanding, Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of its business, or otherwise, or a joint venturer or member of a joint enterprise with Tenant hereunder.

20.9 Remedies Cumulative. The various rights, options, elections and remedies of Landlord and Tenant, respectively, contained in this Lease shall be cumulative and no one of them shall be construed as exclusive of any other, or of any right, priority or remedy allowed or provided for by law and not expressly waived in this Lease.

20.10 Attorneys' Fees. In the event of a dispute between the parties arising out of or in connection with this Lease, whether or not such dispute results in litigation, the prevailing party (whether

resulting from settlement before or after litigation is commenced) shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit incurred by the prevailing party.

20.11 Time Is of the Essence. Time is of the essence of this Lease and all of the terms, provisions, covenants and conditions hereof.

20.12 Survival of Representations, Warranties and Covenants. The respective representations, warranties and covenants contained herein shall survive the Expiration Date.

20.13 Construction of Lease. This Lease shall be construed in accordance with the substantive laws of the State of California, without regard to the choice of law rules thereof. The rule of construction that a document be construed strictly against its drafter shall have no application to this Lease.

20.14 Governing Law; Choice of Venue. The Lease and the actions of the Parties hereunder in all respects be governed by, interpreted under, construed and enforced in accordance with the laws of the State of California. Any judicial actions brought by either Party to enforce or interpret this Lease shall be initiated in a court of competent jurisdiction in the County of San Bernardino, California.

20.15 Severability. If one or more of the provisions of this Lease shall be held to be illegal or otherwise void or invalid, the remainder of this Lease shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted under applicable laws and regulations.

20.16 Entire Agreement; Modification. This Lease contains the entire agreement of the parties with respect to the matters discussed herein. This Lease may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

20.17 Binding Effect and Benefits. This Lease shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns. Except as otherwise set forth herein, nothing in this Lease, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Lease.

20.18 Further Assurances. Each party hereto will promptly execute and deliver without further consideration such additional agreement, assignments, endorsements and other documents as the other party hereto may reasonably request to carry out the purposes of this Lease.

20.19 Counterparts; Electronic Execution and Delivery. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto. This Agreement may also be executed by DocuSign or other electronic transmission of signatures, including facsimile or email transmission of a counterpart hereof in portable document format (.pdf), and each copy hereof bearing the DocuSign, facsimile or electronic transmitted signature of any party's authorized representative shall be deemed to be an original. Upon request from either party, the parties hereto agree to exchange original signatures as soon as practical thereafter.

20.20 Number and Gender. Whenever the singular number is used in this Lease and required by the context, the same shall include the plural, and the masculine gender shall include the feminine and

neuter genders.

20.21 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease. Tenant agrees that each of the foregoing covenants and agreements shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by any statute or at common law.

20.22 Incorporation by Reference. Every Exhibit attached to this Lease and referred to herein is hereby incorporated by reference.

20.23 Modification. No amendment of this Lease by the Parties shall be effective unless it is in writing and executed by both Parties.

ARTICLE 21

LIMITATION ON LANDLORD'S LIABILITY; SUBORDINATION AND MORTGAGEE PROTECTION

21.1 Limitations on Landlord's Liability Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including as to any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual members, managers, investors, partners, directors, officers, or shareholders of Landlord or Landlord's members or partners, and Tenant shall not seek recourse against the individual members, managers, investors, partners, directors, officers, or shareholders of Landlord or Landlord's members or partners or any other persons or entities having any interest in Landlord, or any of their personal assets for satisfaction of any liability with respect to this Lease. In addition, in consideration of the benefits accruing hereunder to Tenant and notwithstanding anything contained in this Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that the liability of Landlord for its obligations under this Lease (including any liability as a result of any actual or alleged failure, breach or default hereunder by Landlord), shall be limited solely to, and Tenant's and its successors' and assigns' sole and exclusive remedy shall be against, Landlord's interest in the Property, and no other assets of Landlord. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of the Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of, the Property. In the event of any transfer or conveyance of any such title or interest (other than a transfer for security purposes only), the transferor shall be automatically relieved of all covenants and obligations on the part of Landlord contained in this Lease. Landlord and Landlord's transferees and assignees shall have the absolute right to transfer all or any portion of their respective title and interest in the Building(s) and the Property and/or this Lease without the consent of Tenant, and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

21.2 Subordination. Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Building(s) or the Property, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "Mortgage"). This clause shall be self-operative, but no later than ten (10) business days after written request from Landlord or any holder of a Mortgage (a "Mortgagee(s)"), Tenant shall execute a commercially reasonable subordination agreement. As an alternative, a Mortgagee shall have the right at

any time to subordinate its Mortgage to this Lease. No later than ten (10) business days after written request by Landlord or any Mortgagee, Tenant shall, without charge, attorn to any successor to Landlord's interest in this Lease. Tenant hereby waives its rights under any current or future Law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale. Should Tenant fail to sign and return any such documents within said ten (10) business day period, Tenant shall be in default hereunder.

21.3 Mortgagee Protection. If in connection with Landlord's obtaining or entering into any financing or ground lease for any portion of the Building or Property, the lender or ground lessor shall request modifications to this Lease, Tenant shall, within thirty (30) days after request therefor, execute an amendment to this Lease including such modifications, provided such modifications are reasonable, do not increase the obligations of Tenant hereunder, or adversely affect the leasehold estate created hereby or Tenant's rights hereunder. In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or Mortgagee covering the Property or ground lessor of Landlord whose address shall have been furnished to Tenant, and shall offer such beneficiary, Mortgagee or ground lessor a reasonable opportunity to cure the default (including with respect to any such beneficiary or Mortgagee, time to obtain possession of the Property, subject to this Lease and Tenant's rights hereunder, by power of sale or judicial foreclosure, if such should prove necessary to effect a cure.

[Signatures to Lease Agreement appear on following pages]

IN WITNESS WHEREOF, the undersigned have executed this Lease Agreement as of the date last written below.

Dated: _____

LANDLORD

ALDEA FONTANA FOOTHILL, LLC, a
California limited liability company

By: _____

Name:

Title:

Dated: _____

TENANT

FONTANA HOUSING AUTHORITY, a public
body, corporate and politic

By: _____

Name:

Title:

ATTEST:

By: _____

APPROVED AS TO FORM:
BEST, BEST & KRIEGER, LLP

By: _____

Ruben Duran
Authority Counsel

EXHIBIT A

LEGAL DESCRIPTION

LEGAL DESCRIPTION

Real property in the City of Fontana, County of San Bernardino, State of California, described as follows:

Parcel 1:

Parcel 1 of PARCEL MAP NO. 19941, in the City of Fontana, County of San Bernardino, State of California, as per Map recorded in [Book 260 of Parcel Maps at Pages 100-102](#), in the Office of the County Recorder of said County.

Parcel 2:

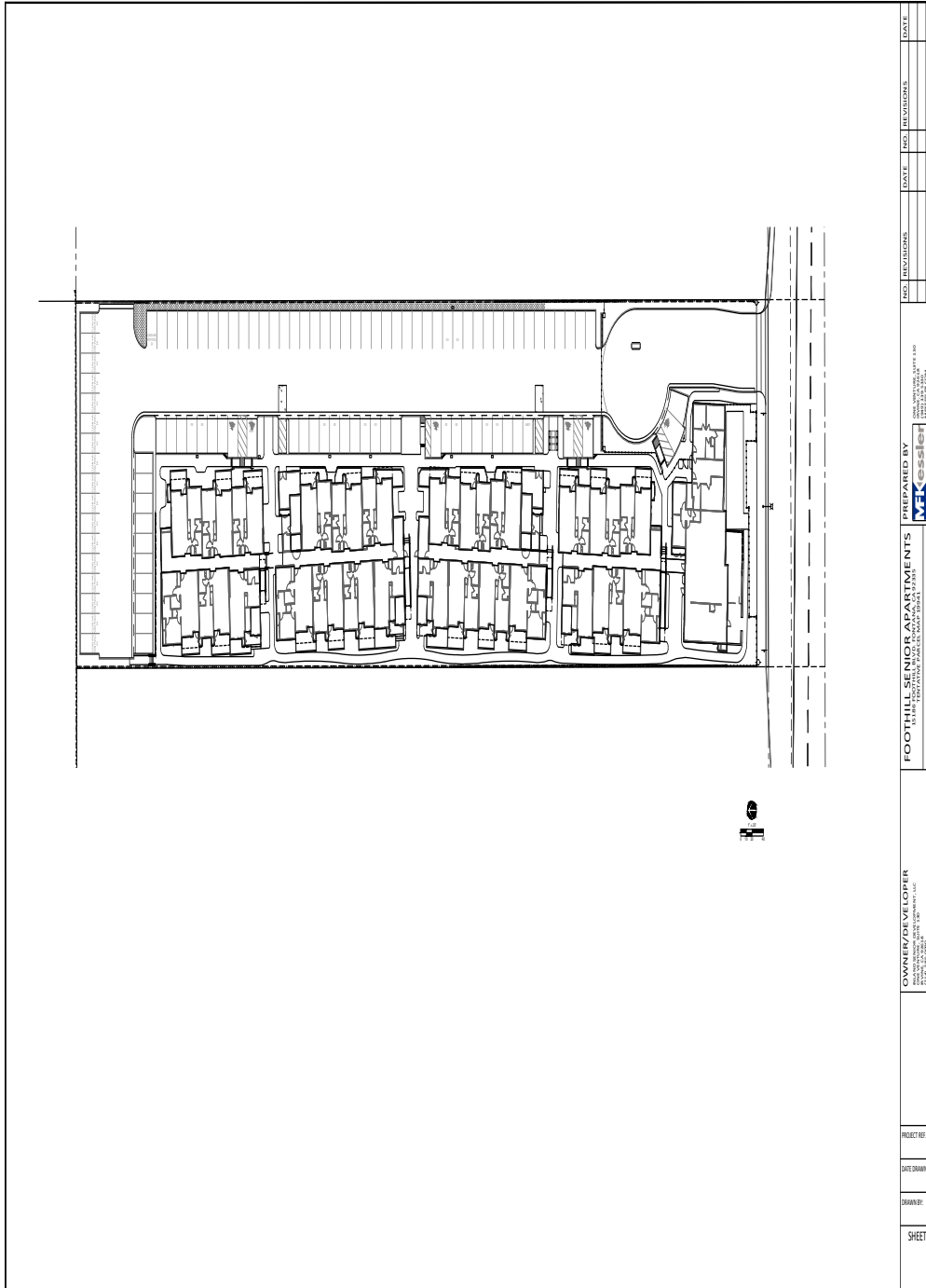
An easement for the purpose of lying and maintaining sewer pipes and erecting and maintaining poles and wires for electric service over that portion of Lot 52, Arrowhead Vineyard Tract #1, Section 2, Township 1 South, Range 6 West, San Bernardino Base and Meridian, recorded in [Book 16, Page 69](#) of Maps, records of said County, described as follows:

A strip of land 5 feet in width beginning at the intersection of Foothill Boulevard with the Westerly line of said Lot 52 and running Easterly along the Northerly boundary of Foothill Boulevard as established by Deed from Dalciade Laliberty and Ella F. Laliberty, husband and wife, dated July 29, 1927 and recorded in [Book 304 of Official Records, Page 314](#), a distance of 330 feet.

Saving and excepting the South 20 feet of said Lot 52 in State Highway.

APN: 1110-161-09-0-000, (New APN: 1110-161-44-0-000, not yet assessed)

EXHIBIT B
SITE PLAN



OWNER/DEVELOPER FOOTHILL SENIOR APARTMENTS 11111 Foothill Blvd. Foothill, CA 91030	PREPARED BY MKessler 11111 Foothill Blvd. Foothill, CA 91030	NO. REVISIONS	DATE	NO. REVISIONS
PROJECT REF:	DATE DRAWN:	NO. REVISIONS	DATE	NO. REVISIONS
DRAWN BY:	DATE	NO. REVISIONS	DATE	NO. REVISIONS
SHEET	DATE	NO. REVISIONS	DATE	NO. REVISIONS

EXHIBIT C

NOTICE OF LEASE TERM DATES

Date: _____, ____

To: _____

Re: [Lease (describe lease title) _____] dated _____, ____ (“Lease”) by and between _____, a _____ (“Landlord”), and _____, a _____ (“Tenant”), for the Property commonly known as _____ (“Property”).

Dear _____:

In accordance with the above-referenced Lease, we wish to advise and/or confirm as follows:

- That Tenant has accepted and is in possession of the Property and acknowledges the following:
 - Term of the Lease:
 - Commencement Date:
 - Expiration Date:
 - Rentable Square Feet:
 - Tenant’s Percentage of Building:
- That in accordance with the Lease, rental payments have commenced on _____ and rent is payable in accordance with the following schedule:

Months	Monthly Base Rent
- Rent is due and payable in advance on the first day of each and every month during the Term of the Lease.

Your rent checks should be made payable to:

ACCEPTED AND AGREED

TENANT:

LANDLORD:

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____