SFUND RECORDS CTR
2298678

BRRECK, LLC

11934 WASHINGTON BLVD., WHITTIER, CA 90606 TEL: (562) 945-7595

February 24, 2015

Keith Olinger, SFD-7-5
U.S. Environmental Protection Agency, Region IX
Superfund Division
75 Hawthorne Street
San Francisco, CA 94105

Re: CERCLA Section 104(e) Request for Information related to Real Property at 11934 Washington Blvd. (formerly known as 11940 Washington Blvd.), Whittier, CA; Omega Chemical Corporation Superfund Site

Dear Mr. Olinger,

Attached please find BRRECK, LLC's answers to the EPA's CERCLA Section 104(e) Request for Information letter dated December 9, 2014. BRRECK believes that it has answered all of the 14 Questions, and has attached the maps and other documents that were required by the Request.

As instructed, all documents are labeled with tabs according to each Question Number to which the respective document(s) primarily respond. However, some documents were responsive to more than one Question, which resulted in a responsive document being referred to in more than one Question.

If you have questions regarding this information, please contact me.

Sincerely,

BRRECK, LLC

Lalo Tovar
Member – Manager

Encl.

ENCLOSURE B: BRRECK, LLC ANSWERS TO INFORMATION REQUEST

Question #1:

Eulalio Tovar Jr.	Member and Manager	since May 12, 2007
Robert J. Walker	Member	since May 12, 2007

11934 E. Washington Blvd.,
Whittier, CA 90606
Tel: (562) 945-7595

Question #2:

The Articles of Organization for BRRECK, LLC ("BRRECK") were filed on May 12, 2007. BRRECK, has been in ACTIVE status since May 12, 2007.

There were no predecessor entities to BRRECK, which has been owned by the same three (3) members since its formation to acquire the subject Property.

a.) BRRECK was formed on May 12, 2007 in the state of California.
A copy of the Article of Organization (Tab 2.1) is attached for your review.
There have been no amendments to the Articles of Organization filed on May 12, 2007.

b.) None.

c.) None.

Question #3:

A copy of the Trust Deed (Tab 3.1) is attached for your review.
A copy of the Grant Deed (Tab 3.2) is attached for your review.
As of February 5, 2008, until the present, BRRECK has continuously owned the subject Property.

Question #4:

Since its acquisition of the subject Property, BRRECK has been solely a landlord, leasing the subject Property to others. BRRECK does not conduct any operations from the subject Property, except the leasing of the Property to one tenant: Special "T" Water Systems, Inc., a California Corporation (Special "T")

Special "T" then subleases portions of the subject Property that it is not using for its operations to subtenants. Note that the Sublease attached as 4.5, incorrectly lists the Lessor as BRRECK. Since Special "T" is the master lessee of BRRECK, the actual lessor should have read Special "T". Copies of all Sublease Agreements (# 4.1-4.11) are attached for your review.

Current Tenants:

SPECIAL "T" WATER SYSTEMS, INC. (4.1)
11934 Washington Blvd.
Whittier, CA 90606
Tel: (562) 945-7595

Fernando R. Lopez, an individual (4.2)
Dba ZEN'S TEA HOUSE
8726 Ocean View Ave.
Whittier, CA 90606
Tel: (562) 686-9441

CINDY YAMILETH MEJIA (4.3)
310 S. Almont Dr., #24
Los Angeles, CA 90048
Tel: (424) 249-2182

Jose Torres, an individual (4.4)
Dba EAJ CUSTOM CABINETS
11944 E. Washington Blvd.
Whittier, CA 90606
Tel: (562) 945-2403

Jose Patricio Sarabia (4.5)
Dba SARABIA PRO AUDIO CABINETS
11944 E. Washington Blvd.
Whittier, CA 90606
Tel: (562) 907-9528

Past Tenants:

UPRISING THREADS, LLC (4.6)
Blaise W. Bollman
26 Laguna Place
Long Beach, CA 90803
Tel: (562) 607-6290

THE ECO GROUP COLLECTIVE (4.7)
Blaise W. Bollman
26 Laguna Place
Long Beach, CA 90803
Tel: (562) 607-6290

THE ECO GROUP COLLECTIVE (4.8)
Jacob Kennell
26793 Hunter Ridge Dr.
Menifee, CA 92584
Tel: (562) 945-2403

THE ECO GROUP COLLECTIVE (4.9)
James S. Stanfield
26793 Hunter Ridge Dr.
Menifee, CA 92584
Tel: (951) 333-3232

UNIFIED LIFT, INC. (4.10)
11765 ½ Slauson Ave.
Santa Fe Springs, CA 90670
Tel: (562) 464-0776

GREG'S PRO AUDIO (4.11)
11940 E. Washington Blvd.
Whittier, CA 90606
Tel: (562) 907-9528

There are no other documents which establish BRRECK's relationship with any other operators at the subject Property. There have been no other operators at the subject Property since BRRECK acquired title to the subject Property in February 2008..

Question #5:

BRRECK did not conduct any operations at the property prior to its acquiring title on February 5, 2008. The only operations at the subject Property by BRRECK has been that of a landlord, leasing such Property to Special "T".

Question #6:

The entity that owned the property prior to BRRECK was Whittier Soft Water Company, a California corporation (Whittier) that was formed in 1957, and is presently dissolved. The date of dissolution of Whittier is unknown.

a.) Beginning dates of operations on the subject Property by Whittier are unknown to BRRECK, which acquired title to the subject Property on February 5, 2008. However, a document entitled "Approval of Plans for Industrial Wastewater Discharge" (12.1) indicates that the water softening business was conducted from the subject Property by Whittier as early as September 28, 1966.
b.) Based upon the attached documents (Tab 12.1) the continuous use of the subject Property since at least 1966 has been for water softening. Additional uses by tenants of Whittier as disclosed by the documents behind Tab 8.1, Tab 8.3 and Tab 12.1.
c.) No documents are available to us which address the issue of the prior owner, Whittier, controlling access to the subject Property.
d.) No documents are available to us which address this issue, other than in the Phase 1 Environmental Report dated May 2, 2007(Tab 8.1) and the Phase II Environmental Site Assessment dated November 29, 2007 (Tab 8.3), pages 9-10.

Question #7:

Go, Inc. was a tenant at the subject Property; it is our understanding that they manufactured gauges. Actual dates of operation at the subject Property are unknown. However, document (Tab 12.1 package) indicates that Go, Inc. was occupying a portion of the subject Property in October 1989.
No environmental documentation is available to BRRECH, other than that cited in response to Question No. 6.

Greg's Pro Audio was a tenant at the time BRRECK purchased the property. Greg's Pro Audio operated an audio equipment sales company. The beginning date of operation is unknown to us. Greg's Pro Audio continued to be a tenant on the property until January 31, 2009.

Regarding all other entities listed on question 7, BRRECK has no knowledge of their operations on the subject Property, other than as discussed in the Phase I and Phase II Reports (Tab 8.1 and Tab 8.3).

Except as discussed above, BRRECK is not aware of whether any of the other entities ever conducted operations on the Subject Property.

Question #8:

Prior to BRRECK acquiring title to and possession of the Property, it obtained a Phase I Report and a Phase II Report to determine whether the subject Property was contaminated. The Phase II Report (Tab 8.3, page 9, § 5.2) concluded that no contamination was detected at elevated levels. Copies of these reports are attached for your review as follows:

a.) Phase I (Tab 8.1)
b.) Scope of Work (Tab 8.2)
c.) Phase II (Tab 8.3)

Question #9:

A Scaled Map of the Facility (Tab 9.1) which includes locations of current tenants and significant buildings is attached for your review. Also, additional map of the subject Property can be found at Tab 8.2, page 6, and an aerial photo of the subject Property can be found at Tab 8.3, page 14.

Owner and Master Lessor

Since its acquisition of the subject Property, BRRECK has been solely a landlord, leasing the subject Property to one tenant: Special "T". BRRECK does not conduct any operations from the subject Property, except the leasing of the Property to one tenant: Special "T"

Current Master Lessee

Special "T" Water Systems

Its primary business is to sell, rent and repair water softening and filtration equipment. The business also operates a soft water regeneration facility. The regeneration plant is run Monday through Friday 8:00am to 5:00pm. Special "T" offers solutions to hard water problems that face our community by way of our soft water exchange service. Special "T" was incorporated in July 1984, currently employs 21 full-time employees and has a fleet of 15 commercial vehicles.

Special "T" does not use chemicals in this regeneration process, other than sodium chloride. The water that is used in the process of soft water regeneration does not produce or contain any hazardous waste materials. The water that is used in the process of soft water regeneration is disposed of in the sewer

system, within acceptable levels of brine, pursuant to an "Industrial Wastewater Discharge Permit No. 012139." (Tab 12.1) The brine is non-toxic. There is no solid waste brine that is disposed of by Special "T". Any brine that is lost in the process is disposed of through the sewer system.

All resin used in the process of water softening are recovered, and are either placed back into media tanks or disposed of as permitted by law. The resin is non-toxic.

There are no underground storage tanks. All storage medias are above ground.

Only exposed soil on the subject Property is the planter area that is adjacent to Washington Blvd, between the front parking lot and Washington Blvd.

The County of Los Angeles monitors and tests the industrial wastewater discharged by Special "T" into the sewer system semiannually to assure compliance with the requirements of the Industrial Wastewater Discharge Permit. Special "T" has been classified as non-significant industrial user of the District's sewer system.

Current Sublessees of Special "T"

Zen's Tea House
Its primary business is the sale of tea & tea accessories.

Cindy Mejia
This business is a showroom and online store retailer of footwear and clothing.

Sarabia Pro Audio
Its primary business is to manufacture and sale of speaker cabinets.

EAJ Custom Cabinets
Its primary business is the manufacture and sale of cabinets. It is in the process of installing a spray booth and has applied for the applicable permits (Tab 10.1).

Prior Sublessees of Special "T"

Uprising Threads LLC
Its primary business was an industrial art design studio (Tab 4.6, ¶ 1.8).

The Eco Compliance Collective LLC
Its primary business was medical marijuana dispensary and cultivation site (Tabs 4.7, 4.8 and 4.9, ¶ 1.8).

Unified Lift, Inc.
Its primary business was the sale and service of forklifts (Tab 4.10, ¶ 4).

Greg's Pro Audio
Its primary business was the manufacture and sale of audio cabinets (Tab 4.11, ¶ 4).

Additional Information Requested

a.) Please see the scaled map (Tab 9.1) to identify the known surface structures.
b.) Please see the scaled map (Tab 9.1) to identify the known subsurface structures
c.) The Phase I report indicated that the "agency records" disclosed a water well on the subject Property (Tab 8.1). However, no water well has been observed by BRRECK since it took possession of the subject Property, nor was the Field Assessor for the Phase I Report able to observe any evidence of a well. BRRECK does not have the specific information requested in its possession.
d.) Please see the scaled map (Tab 9.1) to identify the storm water drainage system, the sanitary sewer system and the sampling box. To BRRECK'S knowledge, there are no septic tanks or subsurface disposal fields on the subject Property.
e.)
(i) The surface of the driveway and rear parking/service areas were concreted prior to BRRECK taking possession of the subject Property (Tab 8.3, page 14). As a result, it is unknown when this concreting of the driveway and rear parking/service areas occurred.
(ii) Greg's Pro Audio had an outside storage container that was used in his operations. The storage container was removed upon his departure on January 31, 2009. The removal of the storage container did not change or affect any physical structure to the property.
(iii) In 2002, the discharge of water collected in the "sump" in the middle of the rear parking/service area was disconnected from the sewer line and connected to the storm drain (Tab 9.2). Additional information regarding why this change was made is unknown to BRRECK.
(iv) BRRECK has no knowledge of any other structural modifications to the subject Property.
f.) Please see the scaled map (Tab 9.1) to identify the waste storage or waste accumulation areas on the subject Property. BRRECK has no knowledge of any other waste disposal areas, dumps, leach fields, or burn pits on the subject Property.

<u>Question #10:</u>

BRRECK does not use, manufacture, produce or generate any hazardous substances/materials/waste on the subject Property, and is unaware of Special "T", or any of its Sublessees using, manufacturing, producing or generating any hazardous substances/materials/waste on the subject Property. All operations of sublessees are conducted inside the building facing Washington Blvd.

Question e & f) BRRECK is aware that EAJ Custom Cabinets is in the process of obtaining a Spray Booth Permit (Tab 10.1), a copy of which is enclosed for your review. Paragraph 14 of EAJ Custom Cabinets' Sublease (Tab 4.4) does allow it to install a "small spray booth" on their premises. Furthermore, BRRECK's Lease of the subject Property to Special "T" requires that it report any Hazardous Substances that the Lessee or any Sublessee may bring on the subject Property. No reports of any Hazardous Substances being brought on the subject Property have been made to BRRECK. BRRECK does not know if of any Hazardous Substance that may be used in the small spray booth once it is installed and permitted, may constitute a Hazardous Substance.

Question #11:

BRRECK, after consultation with the current owner of Special "T", is unaware of any release of hazardous substances that may have occurred during the current or previous operations at the subject Property.

Question #12:

Other than normal waste disposal through its waste hauler, and normal sanitary and industrial wastewater disposal through the sewer system, BRRECK is aware of any documents evidencing its, or past owners' and/or operators' environmental practices at the subject Property.

The water that Special "T" Water Systems uses does not produce, nor dispose of, any Hazardous Substances, including hazardous waste, in the sewer system. The County Sanitation District of Los Angeles monitors and analyzes the wastewater disposed of in the sewer system semiannually. In the past, there was a requirement that the owner provide self-monitoring reports of testing semiannually. However, this requirement was eliminated by the District in April 2013. (Tab 12.1, Requirement List, page 2, ¶ 5, and Permit Data Sheet, page 2, § 5).

In April 2013, Special "T" was reclassified as a Nonsignificant Industrial User (Tab 12.1, Requirement List, page 2, ¶ 5 and Permit Data Sheet, page 2, § 4).

A copy of the County Sanitation Districts of Los Angeles Industrial Wastewater Discharge Permit (Tab 12:1) is attached for your review.

Question #13:

In 2007, prior to acquiring the Property, BRRECK obtained a Phase I Report and a Phase II Report. This report included technical and environmental information, including information derived from drilling and soil samples taken on the subject Property. Other that the technical and environmental information contained in these two Reports, and except as excluded below, BRRECK is unaware of any other environmental information that regarding the subject Property. Copies of the Phase I Report (Tab 8.1), Scope of Work contract (8.2) and Phase II Report (Tab 8.3), are attached for your review.

In answering this Question #13, BRRECK assumes that this Question does not include any permitted industrial wastewater discharges into the sewer system.

Question #14:

Since BRRECK took possession of the subject Property on February 5, 2008, there has been no approval of any remediation or cleanup activities conducted on the subject Property.

Tab 2.1
Articles of Incorporation

2.1

OFFICE OF THE SECRETARY OF STATE

State of California
Secretary of State

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

THE GREAT SEAL OF THE STATE OF CALIFORNIA
EUREKA

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

MAY 12 2007

DEBRA BOWEN
Secretary of State

COPY

LLC-1 File 200712910122

State of California
Secretary of State

LIMITED LIABILITY COMPANY ARTICLES OF ORGANIZATION

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

MAY 04 2007

This Space For Filing Use Only

A $70.00 filing fee must accompany this form.

IMPORTANT – Read instructions before completing this form.

ENTITY NAME (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY

BRRECK, LLC

PURPOSE (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and item 3 must be completed (leave item 4 blank).

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Eulalio A. Tovar, Jr.

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA

ADDRESS	CITY	STATE	ZIP CODE
11934 Washington Boulevard	Whittier,	CA	90606

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

- [ ] ONE MANAGER
- [ ] MORE THAN ONE MANAGER
- [x] ALL LIMITED LIABILITY COMPANY MEMBER(S)

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

MAY 2, 2007
DATE

SIGNATURE OF ORGANIZER

EULALIO A. TOVAR, JR.
TYPE OR PRINT NAME OF ORGANIZER

OFFICE OF THE SECRETARY OF STATE

Tab 3.1
Trust Deed

8169-002-005
DOC# 08-0213937-01

PLEASE READ YELLOW SHEET FIRST

3.1

030/00020**********SNGLP
BRRECK LLC
11934 WASHINGTON BLVD
WHITTIER, CA 90606-2608

(fold line)

RICK AUERBACH
LOS ANGELES COUNTY ASSESSOR
500 WEST TEMPLE STREET, LOS ANGELES CA 90012-2770
For all property tax related questions call
(888) 807-2111 or (213) 974-3211
Website: http://assessor.co.la.ca.us/

HOW THE PROPERTY TAX SYSTEM WORKS

CITIES & COUNTY
Provides copies of all building permits issued.

REGISTRAR-RECORDER/COUNTY CLERK
Website: http://regrec.co.la.ca.us/
Provides copies of all deeds and other recorded documents.

→

COUNTY ASSESSOR
Website: See Above
Assesses all real estate and personal property (businesses, boats, and airplanes) located throughout the entire county.

→

AUDITOR - CONTROLLER
Website: http://auditor.co.la.ca.us/
Receives the assessments from the Assessor and applies the appropriate tax rate to determine the actual amount of property taxes owed.

→

TREASURER - TAX COLLECTOR
Website: http://ttax.co.la.ca.us/main.htm
Mails out the property tax bills, collects the money, and deposits it in the County Treasury.

→

AUDITOR - CONTROLLER
Website: See Above
Allocates the money to over 900 local taxing agencies, including the County, cities, schools and special districts.

COUNTY OF LOS ANGELES
REGISTRAR-RECORDER/COUNTY CLERK
12400 IMPERIAL HWY. – P.O. BOX 1024, NORWALK, CALIFORNIA 90651-1024

CONNY B. McCORMACK
Registrar-Recorder/County Clerk

"Para enriquecer vidas mediante un servicio eficaz y atento"

Dirigido a: Propietarios de casas

Remitente: Departamento del Oficial del Registro Civil/Secretario del Condado, Condado de Los Angeles Departamento de Asuntos del Consumidor, Condado de Los Angeles

Asunto: **AVISO SOBRE DOCUMENTO REGISTRADO**

El Condado de Los Ángeles le envía una copia del documento registrado cada vez que compra, vende o saca un préstamo sobre su propiedad. Esto le brinda la oportunidad de revisar el documento para asegurarse de que esté correcto. La copia se envía a la dirección de la propiedad y a cualquier otra dirección registrada en la Oficina del Asesor del Condado.

Por favor, revise el documento adjunto para asegurarse de que esté correcto. Si está correcto, no debe hacer nada. Si no está correcto, comuníquese con el Departamento de Asuntos del Consumidor.

Para poder revisar bien el documento, por favor lea la hoja azul. Esta hoja le da información sobre los documentos más comunes de bienes raíces, qué significan y qué función tienen.

El documento adjunto es una copia del original y aparece de un tamaño reducido. La copia del original será enviada a la dirección que aparezca en la parte superior izquierda del documento.

Si tiene alguna duda o necesita ayuda, comuníquese con el Departamento de Asuntos del Consumidor al número que aparece a continuación. Nuestros consejeros están disponibles para ayudarlo.

Documento adjunto

Si necesita ayuda comuníquese al:
Departamento de Asuntos del Consumidor del Condado de Los Angeles
Programa de Información y Fraudes de Bienes Raíces

(213) 974-1450

Se envía este aviso en conformidad con la Sección 27297.6 del Código de Gobierno.

RECORDATION REQUESTED BY:

Recording Requested by:
Orange Coast Title

02/05/08

20080213937

WHEN RECORDED MAIL TO:
Lehman Brothers Bank, FSB
Attn: Title Department
25510 Commercentre Drive, Suite 100
Lake Forest, CA 92630

FOR RECORDER'S USE ONLY

DEED OF TRUST

THIS DEED OF TRUST is dated January 11, 2008, among Brreck, LLC, a California Limited Liability Company, whose address is 11934 Washington Boulevard, Whittier, CA 90606 ("Trustor"); Lehman Brothers Bank, FSB, whose address is 25510 Commercentre Drive, Suite 100, Lake Forest, CA 92630 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Orange Coast Title Company, whose address is 14320 Firestone Boulevard, Suite 300, La Mirada, CA 90638 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, for the benefit of Lender as Beneficiary, all of Trustor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Los Angeles County, State of California:

See EXHIBIT "A", which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

THIS DEED OF TRUST IS SECOND AND SUBORDINATE TO A DEED OF TRUST IN THE AMOUNT OF $600,000.00 RECORDING CONCURRENTLY HEREWITH

The Real Property or its address is commonly known as 11934, 11940, 11944 Washington Boulevard, Whittier, CA 90606. The Assessor's Parcel Number for the Real Property is 8169-002-005.

Trustor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Trustor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. This is an absolute assignment of Rents made in connection with an obligation secured by real property pursuant to California Civil Code Section 2938. In addition, Trustor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF THE TRUSTOR UNDER THE NOTE, THE RELATED DOCUMENTS AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Trustor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Trustor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Trustor agrees that Trustor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Trustor may: (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Trustor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Trustor represents and warrants to Lender that: (1) During the period of Trustor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property. (2) Trustor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Trustor nor any tenant, contractor, agent or other authorized user of the Property

10-98158

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust:

Maintenance of Insurance. Trustor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Trustor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Trustor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Notwithstanding the foregoing, in no event shall Trustor be required to provide hazard insurance in excess of the replacement value of the improvements on the Real Property. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Trustor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Trustor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Trustor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Trustor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Trustor fails to do so within fifteen (15) days of the casualty. If in Lender's sole judgment Lender's security interest in the Property has been impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If the proceeds are to be applied to restoration and repair, Trustor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Trustor from the proceeds for the reasonable cost of repair or restoration if Trustor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Trustor as Trustor's interests may appear.

Compliance with Existing Indebtedness. During the period in which any Existing Indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

Trustor's Report on Insurance. Upon request of Lender, however not more than once a year, Trustor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount in the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Trustor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Trustor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Trustor's failure to comply with any obligation to maintain Existing Indebtedness in good standing as required below, or to discharge or pay when due any amounts Trustor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Trustor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Trustor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Trustor warrants that: (a) Trustor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Trustor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Trustor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Trustor's title or the interest of Trustee or Lender under this Deed of Trust, Trustor shall defend the action at Trustor's expense. Trustor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Trustor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Trustor warrants that the Property and Trustor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Trustor in the Deed of Trust

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Attorney-in-Fact. If Trustor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Trustor and at Trustor's expense. For such purposes, Trustor hereby irrevocably appoints Lender as Trustor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Trustor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Trustor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Trustor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Lender may charge Trustor a reasonable reconveyance fee at the time of reconveyance.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust.

Payment Default. Trustor fails to make any payment when due under the Indebtedness.

Other Defaults. Trustor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Trustor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

Default on Other Payments. Failure of Trustor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

False Statements. Any warranty, representation or statement made or furnished to Lender by Trustor or on Trustor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Trustor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Trustor's existence as a going business or the death of any member, the insolvency of Trustor, the appointment of a receiver for any part of Trustor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Trustor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Trustor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Trustor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Trustor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Trustor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Trustor under the terms of any other agreement between Trustor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Trustor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Trustor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Existing Indebtedness. The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note evidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any suit or other action is commenced to foreclose any existing lien on the Property.

Right to Cure. Any default (other than a default in payment) is curable and if Trustor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured if Trustor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Trustor under this Deed of Trust, after Trustor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Foreclosure by Sale. Upon an Event of Default under this Deed of Trust, Beneficiary may declare the entire Indebtedness secured by this Deed of Trust immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note, other documents requested by Trustee, and all documents evidencing expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of the

Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee or any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Los Angeles County, State of California. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustor, and Trustee, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

Acceptance by Trustee. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is recorded in the office of the recorder as provided by law.

NOTICES. Any notice required to be given under this Deed of Trust shall be given in writing, and shall be effective when actually delivered, when actually received by telephone, unless otherwise required by law, when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Trustor agrees that service of any notices of default and sale by mailing to Trustor's address shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Trustor agrees to keep Lender informed at all times of Trustor's current address. Unless otherwise provided or required by law, if there is more than one Trustor, any notice given by Lender to any Trustor is deemed to be notice given to all Trustors.

STATEMENT OF OBLIGATION FEE. Lender may collect a fee, not to exceed the maximum amount permitted by law, for furnishing a statement of obligation as provided by Section 2943 of the Civil Code of California.

SOLE CURE RIGHTS SET FORTH IN NOTE. Notwithstanding any contrary provision of this Deed of Trust, Trustor shall have rights to cure any default under the Note or this Deed of Trust to the extent such rights are expressly set forth in the Note.

EARTHQUAKE INSURANCE. In the event that Trustor or any third parties maintain earthquake insurance covering the Property, such earthquake insurance shall be conclusively deemed to have been required by Lender hereunder, and in any event, Trustor authorizes, agrees and hereby and at present, all earthquake insurance concerning the Property and hereby assigns to Lender and shall be payable to and applied by Lender in the same manner as this Deed of Trust provides for other property insurance proceeds.

REVISED RELATED DOCUMENTS DEFINITION. The following provisions shall be substituted for the "Defined Documents" paragraph in the "Definitions" section of this document: **Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

FIXTURE FILING. THIS DEED OF TRUST COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE RECORDED IN THE REAL ESTATE RECORDS AS A FIXTURE FILING. TRUSTOR IS THE "DEBTOR", PENFED BANK IS THE "SECURED PARTY" AND THE ADDRESSES OF EACH ARE SET FORTH IN THE FIRST PARAGRAPH OF THIS DEED OF TRUST.

COUNTERPART SIGNATURES. This document may be executed in one or more identical counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same document.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Trustor's residence, Trustor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Trustor's previous fiscal year in such form and detail Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Trustor agrees upon Lender's request to submit to the jurisdiction of the courts of Orange County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in

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TRUSTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND TRUSTOR AGREES TO ITS TERMS.

TRUSTOR:

BRRECK, LLC

By: _____
Robert J. Walker, Manager/Member of Brreck, LLC

By: _____
Cheryl M. Walker, Manager/Member of Brreck, LLC

By: _____
Ryan B. Sharp, Manager/Member of Brreck, LLC

By: _____
Eulalio A. Tovar, Jr., Manager/Member of Brreck, LLC

By: _____
Beatriz Tovar, Manager/Member of Brreck, LLC

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On _____, 20 __ before me, _____
(here insert name and title of the officer)

personally appeared Robert J. Walker, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS

On 1-29-08 before me, Kelli Duenas, Notary Public

a notary public in and for said state, personally appeared Eulalio A Tovar Jr, Beatriz Tovar
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Kelli Duenas (Seal)

KELLI DUENAS
Commission # 1597617
Notary Public - California
Orange County
My Comm. Expires Jul 26, 2009

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document: Deed of Trust

Document Date: _____ Number of Pages: _____

Signer(s) other than named above _____

CAPACITY(IES) CLAIMED BY SIGNER(S)

[ ] INDIVIDUAL
[ ] CORPORATE OFFICER(S) TITLE(S) _____
[ ] PARTNER(S)- [ ] LIMITED [ ] GENERAL
[ ] ATTORNEY-IN-FACT
[ ] TRUSTEE(S)
[ ] GUARDIAN OR CONSERVATOR
[ ] OTHER _____

Right Thumbprint of Signer
Top of thumb here

[ ] INDIVIDUAL
[ ] CORPORATE OFFICER(S) TITLE(S) _____
[ ] PARNER(S)- [ ] LIMITED [ ] GENERAL
[ ] ATTORNEY-IN-FACT
[ ] TRUSTEE(S)
[ ] GUARDIAN OR CONSERVATOR
[ ] OTHER _____

Right Thumbprint of Signer
Top of thumb here

SIGNER IS REPRESENTING:

_____ _____

_____ _____

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CERTIFICATE OF ACKNOWLEDGMENT

STATE OF)
) SS
COUNTY OF)

On , 20 , before me,
(here insert name and title of the officer)

personally appeared Ryan B. Sharp, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature (Seal)

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF)
) SS
COUNTY OF)

On , 20 , before me,
(here insert name and title of the officer)

personally appeared Eulalio A. Tovar, Jr., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature (Seal)

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Exhibit "A"

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That part of tract no. 4 of the Santa Gertrudes, in the County of Los Angeles, State of California, as per map recorded in book 1, page(s) 502 of miscellaneous records, described as follows:

The Easterly one acre of the Northerly 3 acres of that certain 10 acres conveyed by Mrs. Leah Morton to Joseph See by Deed recorded in book 852, page(s) 93 of Deeds.

Except therefrom the Westerly 1 foot thereof.

Also except any portion in Center Street (formerly Kings Lane) 40 feet wide, said 3 acres being bounded on the North by the old line Kings Lane, 40 feet wide, and on the East by land now or formerly George W. Cole.

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shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Trustor's Indebtedness shall be paid in full.

EXISTING INDEBTEDNESS. The following provisions concerning Existing Indebtedness are a part of this Deed of Trust:

Existing Lien. The lien of this Deed of Trust securing the Indebtedness may be secondary and inferior to an existing lien. Trustor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

No Modification. Trustor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Trustor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Lender.

CONDEMNATION. The following provisions relating to eminent domain and inverse condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any eminent domain or inverse condemnation proceeding is commenced affecting the Property, Trustor shall promptly notify Lender in writing, and Trustor shall promptly take such steps as may be necessary to pursue or defend the action and obtain the award. Trustor may be the nominal party in any such proceeding, but Lender shall be entitled, at its election, to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Trustor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If any award is made or settlement entered into in any condemnation proceedings affecting all or any part of the Property or by any proceeding or purchase in lieu of condemnation, Lender may at its election, and to the extent permitted by law, require that all or any portion of the award or settlement be applied to the Indebtedness and to the repayment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation proceedings.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Trustor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Trustor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Trustor which Trustor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Trustor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Trustor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Trustor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. Trustor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Trustor shall not remove, sever or detach the Personal Property from the Property. Upon default, Trustor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Trustor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Trustor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Trustor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Trustor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Trustor. Unless prohibited by law or Lender agrees to the contrary in writing, Trustor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property, and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Trustor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Trustor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Trustor or to any other person. The representations and warranties contained herein are based on Trustor's due diligence in investigating the Property for Hazardous Substances. Trustor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Trustor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Trustor's ownership or interest in the Property, whether or not the same was or should have been known to Trustor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Trustor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Trustor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Trustor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Trustor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Trustor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Trustor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Trustor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Trustor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Trustor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Trustor agrees neither to abandon or leave unattended the Property. Trustor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Trustor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Trustor. However, this option shall not be exercised by Lender if such exercise is prohibited by applicable law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Trustor shall pay when due (and in all events at least ten (10) days prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Trustor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due, except for the Existing Indebtedness referred to below, and except as otherwise provided in this Deed of Trust.

Right to Contest. Trustor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Trustor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Trustor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Trustor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Trustor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Trustor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Trustor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Trustor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Trustor can and will pay the cost of such improvements.

writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Trustor, shall constitute a waiver of any of Lender's rights or of any of Trustor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Trustor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Trustor, Lender, without notice to Trustor, may deal with Trustor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Trustor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waive Jury. To the extent permitted by applicable law, all parties to this Deed of Trust hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here _____)

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means Lehman Brothers Bank, FSB, and its successors and assigns.

Borrower. The word "Borrower" means Breck, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Trustor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described in the Existing Liens provision of this Deed of Trust.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Trustor's obligations or expenses incurred by Trustee or Lender to enforce Trustor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lender. The word "Lender" means Lehman Brothers Bank, FSB, its successors and assigns.

Note. The word "Note" means the promissory note dated January 11, 2008, **in the original principal amount of $480,000.00** from Trustor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations

notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement in accordance with applicable law. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary may purchase at such sale. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

Judicial Foreclosure. With respect to all or any part of the Real Property, Lender shall have the right in lieu of foreclosure by power of sale to foreclose by judicial foreclosure in accordance with and to the full extent provided by California law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code, including without limitation the right to recover any deficiency in the manner and to the full extent provided by California law.

Collect Rents. Lender shall have the right, without notice to Trustor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Trustor irrevocably designates Lender as Trustor's attorney-in-fact to endorse instruments received in payment thereof in the name of Trustor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Trustor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Trustor, Trustor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

Notice of Sale. Lender shall give Trustor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Trustor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Trustor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Trustor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Trustor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On _____, 20_____, before me, _____
(here insert name and title of the officer)

personally appeared Ryan B. Sharp, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On _____, 20_____, before me, _____
(here insert name and title of the officer)

personally appeared Eulalio A. Tover, Jr., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

28

Exhibit "A"

That part of tract no. 4 of the Santa Gertrudes, in the County of Los Angeles, State of California, as per map recorded in book [illegible], page(s) 502 of miscellaneous records, described as follows

The Easterly one acre of the Northerly 3 acres of that certain 10 acres conveyed by Mrs. Leah Morton to Joseph See by Deed recorded in book 852, page(s) 93 of Deeds

Except therefrom the Westerly 1 foot thereof

Also except any portion in Center Street (formerly Kings Lane) 40 feet wide said 3 acres being bounded on the North by the old line Kings Lane 40 feet wide, and on the East by land now or formerly George W. Cole

DEPARTAMENT OF CONSUMER AFFAIRS

INFORMATION FOR HOMEOWNERS

MEMBERS OF THE BOARD
GLORIA MOLINA
YVONNE B. BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

DIRECTOR
PASTOR HERRERA, JR.

COMMON REAL ESTATE DOCUMENTS

Here are the three most common recorded real estate documents:

1. A **Grant Deed** or **Quitclaim Deed** is used when there is a change of ownership to a property. This might include buying or selling a property, adding or removing an owner, or placing a property into or out of a living trust.

2. A **Deed of Trust** is used to secure a loan. A deed of trust is recorded when you buy, refinance, take a loan on your property, get an equity line of credit, or post bail for someone.

3. A **Reconveyance** is recorded when a loan has been paid-in-full. It may also be called a "Full Reconveyance" or, "Substitution of Trustee and Full Reconveyance."

To find out which document you received, find the white sheet that has the words, "When Recorded Mail To" in the upper left hand corner. The title of the document will be in the center of the page, in dark letters, about a quarter of the way from the top.

When to Call for Help

The Department of Consumer Affairs Real Estate Fraud and Information Program was created to help homeowners and fight fraud. Our services are free and include counseling, information, referral, mediation and investigation of real estate complaints. Call us if:

- Your name was forged on a real estate document.
- Your home was sold without your knowledge.
- Title was transferred without your knowledge.
- Changes were made to the document after you signed.
- The copies are not clear or pages are missing.
- You did not understand what you got.

For more information and assistance, please call the Department of Consumer Affairs:

(213) 974-1450

COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AFFAIRS
500 W. Temple St., Room B-96 Los Angeles, CA 90012
www.lacountydca.info □ 213-974-1450 □ TTY: 213-626-0913 Revised 07.05

Tab 3.2
Grant Deed

Recording Reque[illegible] by:
Orange Coast [illegible]
RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
ROBERT J. WALKER
CHERYL M. WALKER
RYAN B. SHARP
EULALIO A. TOVAR, JR.
11934 Washington Blvd
Whittier, Ca 90606

02/05/08
20080213936

3.2

Space Above This Line for Recorder's Use Only

A.P.N.: 8169-002-005 Order No.: 868186-01 Escrow No.: 10321

GRANT DEED

79

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY $1,320.00
[X] computed on full value of property conveyed, or
[ ] computed on full value less value of liens or encumbrances remaining at time of sale,
[ ] unincorporated area; [X] City of WHITTIER, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,
WHITTIER SOFT WATER COMPANY, A CORPORATION

hereby GRANT(S) to BRRECK, LLC A CALIFORNIA LIMITED LIABILITY COMPANY

The following described property in the City of WHITTIER, County of Los Angeles State of California;

See Exhibit "A" attached hereto and made a part hereof.

868186-01

~~WHITTIER SOFT WATER COMPANY~~

By: Muriel R. Biddinger
MURIEL R. BIDDINGER, VICE PRESIDENT

By: Barbara E. Stracner
BARBARA E. STRACNER, PRESIDENT

Document Date: March 30, 2007

STATE OF CALIFORNIA)SS
COUNTY OF Los Angeles)
On April 3, 2007 before me, Janet O'Brien, Notary Public
personally appeared Muriel R. Biddinger and Barbara E. Stracner
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Signature Janet O'Brien

JANET O'BRIEN
COMM. #1622269
Notary Public-California
LOS ANGELES COUNTY
My Comm. Exp. Dec 13, 2008

Mail Tax Statements to: SAME AS ABOVE or Address Noted Below

Exhibit "A"

3

That part of tract no. 4 of the Santa Gertrudes, in the County of Los Angeles, State of California, as per map recorded in book 1, page(s) 502 of miscellaneous records, described as follows:

The Easterly one acre of the Northerly 3 acres of that certain 10 acres conveyed by Mrs. Leah Morton to Joseph See by Deed recorded in book 852, page(s) 93 of Deeds.

Except therefrom the Westerly 1 foot thereof.

Also except any portion in Center Street (formerly Kings Lane) 40 feet wide, said 3 acres being bounded on the North by the old line Kings Lane, 40 feet wide, and on the East by land now or formerly George W. Cole.

08 0213935

Tab 4.1
Special "T"
Water Systems, Inc

4.1

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

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties:** This Lease (**"Lease"**), dated for reference purposes only February 10, 2009, is made by and between Brreck, LLC (**"Lessor"**) and Special "T" Water Systems, Inc. (**"Lessee"**), (collectively the **"Parties,"** or individually a **"Party"**).

1.2 **Premises:** That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 11934 Washington Blvd., located in the County of Los Angeles, State of CA, and generally described as (describe briefly the nature of the property and, if applicable, the **"Project"**, if the property is located within a Project) An approximate 13,335 square foot industrial building on a 43,124 square foot parcel. (**"Premises"**). (See also Paragraph 2)

1.3 **Term:** 30 years and 0 months (**"Original Term"**) commencing January 1, 2008 (**"Commencement Date"**) and ending December 31, 2037 (**"Expiration Date"**). (See also Paragraph 3)

1.4 **Early Possession:** n/a (**"Early Possession Date"**). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** $10,600.00 per month (**"Base Rent"**), payable on the 1st day of each month commencing 1/1/2008. (See also Paragraph 4)

☐ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph n/a

1.6 **Base Rent and Other Monies Paid Upon Execution:**

(a) **Base Rent:** $n/a for the period n/a

(b) **Security Deposit:** $n/a (**"Security Deposit"**). (See also Paragraph 5)

(c) **Association Fees:** $n/a for the period n/a

(d) **Other:** $n/a for n/a

(e) **Total Due Upon Execution of this Lease:** $n/a

1.7 **Agreed Use:** Legal uses in the conduct of operating Special "T" Water Systems, Inc., in compliance with local law and zoning oridances. (See also Paragraph 6)

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

1.9 **Real Estate Brokers:** (See also Paragraph 15)

(a) **Representation:** The following real estate brokers (the **"Brokers"**) and brokerage relationships exist in this transaction (check applicable boxes):

☐ ~~represents Lessor exclusively (**"Lessor's Broker"**);~~

☐ ~~represents Lessee exclusively (**"Lessee's Broker"**); or~~

☑ GM Properties, Inc. represents both Lessor and Lessee (**"Dual Agency"**).

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

1.10 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by n/a (**"Guarantor"**). (See also Paragraph 37)

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

☐ an Addendum consisting of Paragraphs 51 through 51;

☐ ~~a plot plan depicting the Premises;~~

☐ ~~a current set of the Rules and Regulations;~~

☐ ~~a Work Letter;~~

☑ other (specify): Origional Lease Document between Brreck, LLC and Special "T" Water Systems, dated 11/7/2007

2. **Premises.**

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

INITIALS INITIALS

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

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

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

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

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date that on which the Base Rent is due, an amount equal to 144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

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

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

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

3. **Term.**

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

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

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

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

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

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

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accrued late charges and attorney's fees, second to accrued interest, then to Base Rent, Insurance and Real Property Taxes, and any remaining amount to any other outstanding charges or costs.

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

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

6. **Use.**

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

6.2 **Hazardous Substances.**

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

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

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

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

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

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

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

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire

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

6.4 **Inspection; Compliance.** Lessor and Lessor's **"Lender"** (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of a written request therefor.

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

7.1 **Lessee's Obligations.**

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), ceilings, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Lessee is also responsible for keeping the roof and roof drainage clean and free of debris. Lessor shall keep the surface and structural elements of the roof, foundations, and bearing walls in good repair (see paragraph 7.2). Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

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

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

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

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 9 (Damage or Destruction) and 14 (Condemnation), it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee, except for the surface and structural elements of the roof, foundations and bearing walls, the repair of which shall be the responsibility of Lessor upon receipt of written notice that such a repair is necessary. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

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

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

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

7.4 **Ownership; Removal; Surrender; and Restoration.**

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

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of

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the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. **Insurance; Indemnity.**

8.1 **Payment of Premium Increases.**

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

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

8.2 **Liability Insurance.**

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

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

8.3 **Property Insurance - Building, Improvements and Rental Value.**

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

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

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

8.4 **Lessee's Property; Business Interruption Insurance.**

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

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

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

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

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

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

8.8 **Exemption of Lessor and its Agents from Liability.** Notwithstanding the negligence or breach of this Lease by Lessor or its

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

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

9. **Damage or Destruction.**

9.1 **Definitions.**

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

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

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

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

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

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

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

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

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

9.6 **Abatement of Rent; Lessee's Remedies.**

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

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

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

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

10.2

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

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

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

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

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

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

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

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

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

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

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

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

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

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

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

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

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

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

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

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

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

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

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach

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exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

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

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

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

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

13. **Default; Breach; Remedies.**

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

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

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

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

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

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

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

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

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

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

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

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

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

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

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or $100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event

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constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

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

13.6 **Breach by Lessor.**

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

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

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the Building, or more than 25% of that portion of the Premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

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

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

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

16. **Estoppel Certificates.**

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

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

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

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

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

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

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

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

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

23. **Notices.**

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

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copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

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

24. **Waivers.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents;

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provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

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

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

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

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

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

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

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

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

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

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

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

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

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

39.4 **Effect of Default on Options.**

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

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

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

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

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

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

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

44. **Authority; Multiple Parties; Execution.**

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

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

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which

INITIALS INITIALS

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together shall constitute one and the same instrument.

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

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

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

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

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

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

51. This Lease Agreement runs concurrent to and is an addendum to the origional lease dated November 7, 2007, between the Lessor, Brreck, LLC, and the Lessee, Special "T" Water Systems, Inc., and upon execution becomes the controlling document between Lessor and Lessee.

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

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

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

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

Executed at: Whittier, CA
On: February [redacted] 2009

By **LESSOR:**
Brreck, LLC

By: [redacted]
Name Printed: Eulalio A. Tovar, Jr
Title: Managing Member

By: [redacted]
Name Printed: Robert J. Walker
Title: [redacted]

By: [redacted]
Name Printed: Cheryl M. Walker
Title: [redacted]

By: [redacted]
Name Printed: Ryan Sharp
Title: [redacted]
Address: 11934 Washington Blvd
Whittier, CA 90606
Telephone: (562) 945-7595
Facsimile: (562) 693-8992
Federal ID No.

BROKER:
GM Properties, Inc

Executed at: Whittier, CA
On: February [redacted], 2009

By **LESSEE:**
Special "T" Water Systems, Inc

By: [redacted]
Name Printed: Robert J. Walker
Title: Chief Executive Officer

By: [redacted]
Name Printed: Cheryl M. Walker
Title: Secretary
Address: 11934 Washington Boulevard
Whittier, CA 90606
Telephone: (562)945-7595
Facsimile: (562) 693-8992
Federal ID No.

BROKER:

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Att: Ben Greer	Att:
Title:	Title:
Address: 12300 E. Washington Blvd	Address:
Whittier, CA 90606	
Telephone:(562)696-0200	Telephone:(____)
Facsimile:(562)693-2126	Facsimile:(____)
Federal ID No.	Federal ID No.

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

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4.1

Lease

THIS LEASE is entered into this 1st day of February 2008, between the parties hereinafter designated **"Lessor"** and **"Lessee"**, without regard to number or gender.

Lessor: **BRRECK, LLC**
a California Limited Liability Company

Lessee: **SPEIAL 'T'WATER SYSTEMS, INC.**
a California Corporation

WITNESSETH:

Lessor does hereby lease and demise to **lessee** the premises hereinafter described upon the following terms and conditions:

1. **DESCRIPTION OF PREMISES:** A portion of an industrial building measuring approximately 35' X 160' located at 11934 Washington Blvd. Santa Fe Springs, California.

2. **TERM:** The term of this lease shall be for a period of five (5) years commencing February 1, 2008 and ending on January 31, 2012.,

3. **RENTAL:** **Lessee** shall pay to **Lessor** as rental for the demised premists the sum of 6760.00 per month, payable in advance, on the first day of each month during the term of this lease. **Lessee** has paid a deposit on this property of 1100.00. **Lessor** has the right to increase the monthly sum by no more than 3 percent per year.

4. **USE:** **Lessee** may use and occupy the premises for the purpose of conducting the **lessee** cabinet business, together with such other pursuits and purposes as are ordinarily and usually carried on and conducted in conjunction with the main purpose of this lease; **Lessee** will not use, or permit the use of, the premises for any other purpose or pursuits without the written consent of **Lessor** being first had and obtained.

5. **TAXES:** All taxes or assessments upon all fixtures, equipment, stock in trace and personal property of every kind that is now or may hereafter be located or situated upon said premises shall be paid by **Lessee**. **Lessor** shall pay all taxes that may be levied or assessed upon said real property during the term of this lease. Said taxes shall be payable upon presentment of the bills therefor and before delinquency.

GENERAL TERMS AND CONDITIONS

1. **QUIET POSSESSION:** **Lessor** hereby covenants and agrees that **Lessee**, paying said rent in the manner aforesaid and performing the other covenants, terms and conditions of this lease on the part of **Lessee** to be kept and performed, may and shall have the right at all times during the term of this lease to quietly and peacefully hold, possess, use, occupy and enjoy said premises.

2. **ASSIGNMENTS AND SUBLETTING:** **Lessee** shall not encumber, assign or otherwise transfer this lease, or any right of interest hereunder, or to any of the improvements that hereafter may be constructed or installed thereon, and **Lessee** shall not sublet said premises as a whole, without the prior written consent and approval of **Lessee** provided, however, **Lessor** shall not unreasonably withhold his consent. No such encumbrance, assignment or other transfer, whether voluntary or involuntary, by operation of the law, under legal process, through receivership or bankruptcy, or otherwise, and no such subletting shall be valid or effective without such prior written comsent and approval.

3. **UTILITIES:** **Lessee** shall pay the cost of all utilities supplied to **Lessee**, including but not limited to water, electricity, gas, trash collection, sewage and other services including air conditioning service and maintenance.

4. **INSURANCE HAZARDS:** No use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate on insurance upon the building in which said premises may be located, or cause a cancellation of and insurance policy covering said building, or any part thereof, nor shall **Lessee** sell or permit to be kept, used, or sold, in or about said premises, any article which may be prohibited by the standard form of fire insurance policies. **Lessee** shall, at its sole cost and expense, comply with any and all requirements, pertaining to said premises, or any insurance organization or company, necessary for the maintenance or reasonable fire and public liability insurance, covering said building appurtenances.

5. **INSURANCE**:

(A) **FIRE INSURANCE**: **Lessee** shall not be required to keep, during the term thereof, any and all buildings and improvements on the leased premises insured against loss or damage by fire.

(B) **LIABILITY INSURANCE**: **Lessee** shall at its cost and expense, at all times during the term of this lease, maintain in force for the joint benefit of **Lessor** and **Lessee**, property damage and personal liability insurance (non-vehicle) under which **Lessor** and **Lessee** shall be named as co-insured and under the terms of which each shall be indemnified against liability for damage to the property or bodily injury to or death of any licensee or invitee of **Lessee** or any person entering upon or using the demised premises, or any structure thereon, or any part thereof, and arising from the use and occupancy thereof. Such insurance policy or polices shall be maintained on the minimum basis of $50,000 for property damages and $1,000,000 for bodily injury to or death of one person in any one accident, and **Lessee** shall deliver to **Lessor** the certificate of each insurance carrier as to each such insurance policy.

6. **LESSOR'S LIABILITY**: **Lessor** shall not be liable for any loss, damage or injury to any person or property arising out of or caused by the use and occupancy of the demised premises or buildings thereon or caused by any defect in the building, structure or improvement thereon. Nor shall **Lessor** be liable for any loss, damage or injury caused by or arising out of any act or omission of the **Lessee** or its employees, agents or invitees or for any failure of the **Lessee** to maintain the demised premises in a good and safe condition. **Lessee** hereby waives any and all claims and damages against the **Lessor** for any such loss, damage or injury to **Lessee** and hereby holds **Lessor** harmless from any and all liability for loss, damage or injury to other persons, not arising from **Lessor's** independent negligence, including all costs and expenses of litigation, arising out of any such use or occupancy and attorneys' fees of the **Lessor** in defense of any such action. With respect to the demised premises, the liability and rights to indemnification and contribution among the parties shall be determined as the law provides.

7. **REPAIRS AND MAINTENANCE**: **Lessor** shall maintain the roof, exterior walls and the garage doors of the demised premises. **Lessee** agrees that during the terms of this lease, **Lessee** will, except as otherwise herein provided, at its own expense, keep all and every part of said premises, the fixtures and appurtenances in good order and repair and in clean and wholesome condition, free from dirt and accumulation of waste, boxes or other rubbish, including adjoining streets and alley ways, and in compliance with all laws and ordinances enacted by public authorities, and will not commit or allow any waste or misuse of the premises and will keep outer areas adjoining said premises free from obstructions of any kind whatsoever, reasonable wear and tear excepted.

8. **COMPLIANCE WITH LAWS**: At all times, **Lessee** shall, at its expense, maintain, use and occupy said premises, together with any adjacent sidewalks, alleys or other immediately adjacent areas, if any, in a neat and orderly condition and in accordance with all appropriate federal, state, county and city laws, ordinances or regulations.

9. **WASTE. QUIET CONDUCT**: **Lessee** shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other occupant, if any, in the area in which the demised premises may be located, or adjacent thereto.

10. **ENTRY BY OWNER**: **Lessee** shall permit **Lessor** and his agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same, or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions, or repairs, or for the purposes of placing upon the property in which the said premises are located any usual or ordinary "for sale" signs, without any rebate of rent and without any liability to **Lessee** for any loss of occupation or quiet enjoyment of the premises thereby occasioned; and shall permit **Lessor**, at any time within thirty days prior to the expiration of this lease, to place upon said premises any unusual or ordinary "to let" or "to lease" signs.

11. **ADDITIONS**: **Lessee** shall not make or suffer to be made any additions to or changes or improvements or alterations of the said premises, or any part thereof, without the consent of the **Lessor** first obtained in writing, and any additions to, or alterations of, the said premises, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to **Lessor** upon the termination of the lease period. **Lessee** shall keep the demised premises and the property in which the demised premises are situated free from any liens arising out of any work performed, material furnished, or obligations incurred by **Lessee**.

12. **CERTAIN ASSIGNMENTS**: Should **Lessee**: (a) file a voluntary petition in bankruptcy;or (b) be adjudicated a bankrupt, upon the filing of an involuntary petition, and not be discharged therefrom within thirty (30) days thereof; or (c) should **Lessee** make a voluntary general assignment for the benefit of creditors; or (d) should a receiver be appointed to take possession of the leased land or the operations of **Lessee** thereon, and should said receiver not be discharged within thirty (30) days from the time of taking said possession, then either or any of the foregoing events shall be deemed a breach of the conditions and restrictions of this lease, and thereupon **Lessor** may, at its option, terminate this lease forthwith by written notice, and upon such termination, this lease shall cease and end and thenceforth be of no further force and effect except as herein otherwise provided.

13. **GARNISHMENT AND EXECUTION**: This lease and the interest therein of **Lessee** shall not,
without the written consent of the **Lessor** being first had and obtained, be subject to garnishment of sale under execution in any suit or proceeding which may be brought against or by said **Lessee**, and this lease, and all rights of the **Lessee** hereunder, shall, at the option of the **Lessor**, cease and terminate upon said **Lessee** being by any Court adjudged bankrupt, or insolvent, or upon said Lessee making an assignment for the benefit of creditors.

14. **TIME OF ESSENCE**: Time is of the essence of this agreement, but acceptance by **Lessor** of any overdue payment of rental, or the performance of any conditions or covenants, upon which the **Lessee** is in default, will not constitute a waiver, and **Lessor** may, thereafter, insist upon strict performance of the lease.

15. **DESTRUCTION**: Should the leased premises be wholly or substantially damaged by fire, act of God, superior force or other cause not the result of the conduct of **Lessee** to an extent making it impractical for **Lessee** to occupy said premises, rental on said premises shall cease as of the date of said destruction and shall resume upon completion of repairs, if such be undertaken hereunder. **Lessor** shall have the option of terminating forthwith this lease or of making the necessary repairs and restoration, provided, such work could be completed within 130 days. In the event such work cannot be completed within 130 days, this lease may then be terminated at the election of either **Lessor** or **Lessee**. **Lessor** shall not be liable to **Lessee** for any damage or loss resulting from such destruction or **Lessor's** activities in repairing or restoring same.

16. **CONDEMNATION**: If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the **Lessee** shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire premises at the date of condemnation. If all the demised premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible for occupation hereunder, this lease shall thereupon terminate. If a part or all of the demised premises be taken, or condemned, all compensation awarded upon such condemnation or taking shall go to the Lessor and the **Lessee** shall have no claim thereto, and the **Lessee** hereby irrevocably assigns and transfers to the **Lessor** any right to compensation or damages to which the **Lessee** may become entitled during the term hereof by reason of the condemnation of all, or a part of the demised premises.

17. **DEFAULT**: Should any default occur hereunder, the defaulting party shall remedy the same within fifteen (15) days after the receipt of written notice, except for the nonpayment of rent, which shall constitute a default if not paid on the date herein specified. On failure to remedy the default, then at the option of the party not in default, this lease shall terminate upon written notice thereof duly given. Forfeiture, however, shall not be the sole remedy of the **Lessor** or **Lessee**.

18. **REMEDIES**: In the event of any breach of this lease by **Lessee**, then **Lessor**, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of **Lessee**. Should **Lessor** elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings, or pursuant to any notice provided for by law, it may either, terminate this lease or it may, from time to time, without terminating this lease, re-let said premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this lease) and at such rental or rentals and upon such other terms and conditions as **Lessor**, in its sole discretion, may deem advisable with the right to make alterations and repairs to said premises; upon such re-letting (a) **Lessee** shall be immediately liable to pay **Lessor**, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of alterations and repairs, incurred by **Lessor**, and the amount, if any, by which the rent reserved in this lease for the period of such re-letting (up to but not beyond the term of this lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such re-letting, or (b) at the option of **Lessor** rents received by such **Lessor** from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from **Lessee** to **Lessor**; second, to the payment of any costs and expenses of such re-letting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by **Lessor** and applied in payment of future rent as the same may become due and payable hereunder.

18. **CONT.**
If **Lessee** has been credited with any rent to be received by such re-letting under option (a), and such rent shall not be promptly paid to **Lessor** by the new tenant, or if such rentals received by such re-letting under option (b) during any month be less than that to be paid during that month by **Lessee** hereunder, **Lessee** shall pay any such deficiency to **Lessor**. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession if said premises by **Lessor** shall be construed as an election on his part to terminate this lease, unless a written notice of such intention be given to **Lessee**, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, **Lessor** may at any time thereafter elect to terminate this lease for such previous breach. Should **Lessor** at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover form **Lessee** all damages which may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which shall be immediately due and payable from **Lessee** to **Lessor**.

19. **ENCUMBRANCES**: **Lessee** enters into and accepts this lease and the leasehold interest and estate of **Lessee** hereunder, subject and subordinate to all mortgages or trust deeds which may now or hereafter exist, or be executed upon or with respect to the real property or premises hereby leased, or the real property on which said building is situated.

20. **REPRESENTATIONS:** **Lessee** does hereby acknowledge that it has thoroughly inspected said premises, and read each and every provision of this lease, and enters into this lease in reliance upon its own inspection of each, rather than upon any representation of **Lessor** concerning either.

21. **HOLDING OVER**: Should the **Lessee** hold over the terms hereof with the consent of the **Lessor**, either expressed or implied, such holding over shall be construed to be a tenancy only from month to month, subject to all the terms and provisions of this lease.

22. **ATTORNEYS' FEES**: Should either party fail to comply with the provisions hereof, necessitating court action, the prevailing party in such action shall be entitled to recover costs thereof and reasonable attorneys' fees.

23. **LESSOR'S LIEN AND REMOVAL**: **Lessor** shall have a lien on and against all of the property of **Lessee** of every kind now or hereafter placed on said premises to the extent of any and all liability of **Lessee** under this lease, and such property may not be removed unless and until such liability has been satisfied in full. Provided **Lessee** is not in default hereunder, at the termination of this lease or any extension thereof, either by notice or by expiration of the term or for cause hereunder, the **Lessee** may, and at the **Lessor's** direction shall remove from the premises leased hereunder all furniture and fixtures and other property of the **Lessee** on the premises, provided, however, that the **Lessee** shall put the premises in as good repair and condition as they were at the beginning of said term, reasonable wear and tear and damage by fire, explosion, earthquake, or other sudden violent action of the elements, or other casualty, or other happenings beyond the control of **Lessee** excepted.

24. **SURRENDER OF LEASE NOT MERGER**: The voluntary of other surrender of this lease by **Lessee**, or a mutual cancellation thereof, shall not work a merger, and shall, at the option **Lessor**, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to them of any or all such subleases or subtenancies.

25. **WAIVER**: The waiver by **Lessor** of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by **Lessor** shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than a failure of **Lessee** to pay particular rental so accepted, regardless of **Lessor's** knowledge of such preceding breach at the time of acceptance of such rent.

26. **MINERAL RIGHTS**: Notwithstanding any other provision of this lease, **Lessor** reserves all mineral rights, if any, under the demised premises, without, however, any right of surface entry or entry within 500 feet of the surface thereof.

27. **LATE CHARGES:** **Lessee** hereby acknowledges that late payment by **Lessee** to **Lessor** of rent and other sums due hereunder will cause **Lessor** to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed on **Lessor** by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from **Lessee** shall not be received by **Lessor** or **Lessor's** designee within ten (10) days after such amount shall be due, then, without any requirement for notice to **Lessee. Lessee** shall pay to **Lessor** a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs **Lessor** will incur by reason of late payment by **Lessee**.

28. **SIGNS**: **Lessee** covenants and agrees that it will not erect or maintain any sings on the demised premises during the term of this lease (including any extension or renewal thereof) without **Lessor's** prior written consent.

29. **NOTICES**: Written notices to **Lessor** herein shall be addressed to **Lessor** at:

BRRECK, LLC
11934 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessor** in writing to **Lessee**.

Written notices to **Lessee** herein shall be addressed to **Lessee** at:

SPECIAL 'T' WATER SYSTEMS, INC.
11940 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessee** in writing to **Lessor**.

All notices to be given to **Lessor** or **Lessee** may be given in writing personally, or by depositing in the United States mail, postage prepaid, properly addressed as aforesaid, for delivery by registered or certified mail. Notices shall be deemed given upon deposit in the United States mail, in the manner as set forth in this paragraph.

30. **GENDER AND NUMBER**: Without limiting the generality of the foregoing, the masculine gender, includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

31. **HEIRS AND ASSIGNS**: This lease and all of its terms conditions, stipulations and provisions shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto.

32. **EXCLUSIVE AGREEMENT AND HEADINGS**: This lease which may be signed in counterparts contains all the terms and conditions agreed on by the parties hereto, and no other agreement, oral or otherwise, regarding the subject matter of the contract, shall be deemed to exist or bind any of the parties hereto.

The paragraph heading used herein are used for descriptive purposes only, and shall be given no legal effect.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first hereinabove written.

LESSOR:

BRRECK, LLC

By Robert J. Walker

Robert J. Walker

LESSEE:

SPECIAL 'T' WATER SYSTEMS, INC.

By

Eulalio A. Tovar

LEASE
(General Form)

1. PARTIES:

This Lease is made and entered into this 7th day of November, 2007 by and between Brreck, LLC (hereinafter referred to as "Landlord") and Special 'T' Water Systems, Inc. (hereinafter referred to as "Tenant").

2. PREMISES:

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain real property and the building and other improvements located thereon situated in the City of Whittier, State of California, commonly known as 11934 Washington Boulevard (said real property is hereinafter called the "Premises").

3. TERM:

The term of this Lease shall be for 30 years commencing on January 1, 2008 and ending on December 31, 2037.

4. RENT:

Tenant shall pay to Landlord as rent for the Premises, the sum of ten thousand six hundred ($10,600) dollars per month, in advance on the first day of each month during the term hereof. Rent shall be payable without notice or demand and without any deduction, off-set, or abatement in lawful money of the United States to the Landlord at the address stated herein for notices or to such other persons or such other places as the Landlord may designate to Tenant in writing.

5. TAXES:

(a) Real Property Taxes.

Landlord shall pay all real property taxes and general assessments levied and assessed against the Premises during the term of this Lease.

(b) Personal Property Taxes.

Tenant shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of Tenant contained in the Premises.

6. UTILITIES:

Tenant shall make all arrangements and pay for all water, gas, heat, light, power, telephone and other utility services supplied to the Premises together with any taxes thereon and for all connection charges.

7. ALTERATIONS AND ADDITIONS:

Tenant shall not, without the Landlord's prior written consent, make any alterations, improvements or additions in or about the Premises.

8. HOLD HARMLESS:

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by Tenant in or about the Premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising therefrom. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the Premises.

9. ASSIGNMENT AND SUBLETTING:

Tenant shall not voluntarily or by operation of law assign, transfer, sublet, mortgage, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent which consent shall not be unreasonably withheld.

10. DEFAULT:

It is agreed between the parties hereto that if any rent shall be due hereunder and unpaid, or if Tenant shall default and breach any other covenant or provision of the Lease, then the Landlord, after giving the proper notice required by law, may re-enter the Premises and remove any property and any and all persons therefrom in the manner allowed by law. The Landlord may, at his option, either maintain this Lease in full force and effect and recover the rent and other charges as they become due or, in the alternative, terminate this Lease. In addition, the Landlord may recover all rentals and any other damages and pursue any other rights and remedies which the Landlord may have against the Tenant by reason of such default as provided by law.

11. SURRENDER:

On the last day of the term of this Lease, Tenant shall surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear and damage by fire and the elements excepted.

12. HOLDING OVER:

If Tenant, with the Landlord's consent, remains in possession of the Premises after expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the provisions of this Lease applicable to such a month-to-month tenancy.

13. BINDING ON SUCCESSORS AND ASSIGNS:

Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition. The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors and assigns.

14. NOTICES:

Whenever under this Lease a provision is made for any demand, notice or declaration of any kind, it shall be in writing and served either personally or sent by registered or certified United States mail, postage prepaid, addressed at the addresses as set forth below:

TO LANDLORD AT: Brreck, LLC
11934 Washington Boulevard
Whittier, CA 90606

TO TENANT AT: Special 'T' Water Systems, Inc.
11934 Washington Boulevard
Whittier, CA 90606

Such notice shall be deemed to be received within forty-eight (48) hours from the time of mailing, if mailed as provided for in this paragraph.

15. WAIVERS:

No Waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provisions.

16. TIME:

Time is of the essence of this Lease.

17. SUBORDINATION:

This Lease shall be subordinate to any ground Lease, Mortgage, Deed of Trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacement and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. Tenant agrees to execute any documents required to effectuate an attornment or subordination. Tenant's failure to execute such documents within 10 days after written demand shall constitute a material default by Tenant hereunder, or, at Landlord's option, Landlord shall execute such document on behalf of Tenant as Tenant's attorney-in-fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead, to execute such documents in accordance with this paragraph.

The parties hereto have executed this Lease on the date first above written.

LANDLORD: Breck, LLC

By: Robert J. Walker
Robert Walker

By: Cheryl M. Walker
Cheryl Walker

By: _____
Eulalio Tovar

By: _____
Ryan Sharp

TENANT: Special 'T' Water Systems, Inc.

By: Robert J. Walker
Robert Walker

Tab 4.2
Zen's Tea House

STANDARD SUBLEASE
MULTI-TENANT
AIR COMMERCIAL REAL ESTATE ASSOCIATION

4.2

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only February 25, 2013, is made by and between Special "T" Water Systems, Inc. ("**Sublessor**") and Fernando R. Lopez, an individual, dba, Zen's Tea House ("**Sublessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as 11938 Washington Blvd., Whittier, CA, 90606, consisting of approximately 1,200 square feet ("**Premises**"). The Premises are located at: 11938 Washington Blvd., in the City of Whittier, County of Los Angeles, State of CA, with zip code 90606. In addition to Sublessee's rights to use and occupy the Premises as hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**."

1.2(b) **Parking**: 2 unreserved and n/a reserved vehicle parking spaces.

1.3 **Term**: 2 years and 1 months commencing January 1, 2014 ("**Commencement Date**") and ending January 31, 2016 ("**Expiration Date**").

1.4 **Early Possession**: If the Premises are available Sublessee may have non-exclusive possession of the Premises commencing 12/13/2013, provided Lessee has executed the lease, deliverd the deposit and provided proof of insurance. ("**Early Possession Date**").

1.5 **Base Rent**: $995.00 per month ("**Base Rent**)", payable on the 1st day of each month commencing January 1, 2014. ☑ If this box is checked, there are provisions in this Sublease for the Base Rent to be adjusted. paragraph 13

1.6 **Sublessee's Share of Operating Expenses**: n/a percent (n/a %) ("**Sublessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $995.00 for the period 1/1/14 - 1/31/14

(b) **Security Deposit**: $1,025.00 ("**Security Deposit**").

(c) **Other**: $ n/a for n/a

(d) **Total Due Upon Execution of this Lease**: $2,020.00

1.8 **Agreed Use: The Premises shall be used and occupied only for** Tea sales & tea sales accessories and distribution and storge space. and for no other purposes.

1.9 **Real Estate Brokers**:

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☐ ~~represents Sublessor exclusively ("Sublessor's Broker");~~

☐ ~~represents Sublessee exclusively ("Sublessee's Broker"); or~~

☑ GM Properties, Inc - Ben Greer, CCIM represents both Sublessor and Sublessee ("**Dual Agency**").

(b) **Payment to Brokers**: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers for the brokerage services rendered by the Brokers the fee agreed to in the attached separate written agreement or if no such agreement is attached, the sum of as agreed or n/a % of the total Base Rent payable for the original term of the Sublease, the sum of n/a or n/a of the total Base Rent payable during any period of time that the Sublessee occupies the Premises subsequent to the original term of the Sublease, and/or the sum of n/a or n/a % of the purchase price in the event that the Sublessee or anyone affiliated with Sublessee acquires from the owner of the Premises any rights to the Premises.

1.10 **Guarantor**. The obligations of the Sublessee under this Sublease shall be guaranteed by n/a ("**Guarantor**").

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1.11 **Attachments**. Attached hereto are the following, all of which constitute a part of this Sublease:

☑ an Addendum consisting of Paragraphs 13 through 15 ;

~~☐ a plot plan depicting the Premises and/or Project;~~

~~☐ a current set of the Rules and Regulations;~~

~~☐ a Work Letter;~~

☑ a copy of the **Master Lease**;

~~☐ other (specify):~~

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Sublessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Sublessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☐ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

2.9 **Common Areas - Rules and Regulations**. Sublessor or such other person(s) as Sublessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants

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or tenants of the Building and the Project and their invitees. Sublessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Sublessor shall not be responsible to Sublessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession**.

3.1 **Early Possession**. Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement**. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance**. Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges**.

4.1 **Rent Defined**. All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses**. Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities**. Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease**.

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein _____

_____

_____ is the lessor, hereinafter the "**Master Lessor**".

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6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: _____

_____

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 If a separate brokerage fee agreement is attached then Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or

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any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule attached to such brokerage fee agreement.

9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer**. This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. Base Rent: Effective 1/1/2015, Base Rent Shall be $1,025.00

14. Abated Rent: Rent shall be abated (free) for the month of January 2015, provided Lessee has been current on all monthly rent payments and not in default on any provision of the Lease.

15. Improvements: Lessor will provide the following improvements at Lessor's sole expense

- Deliver unit broom clean and debris free, with all electrical, plumbing, lighting, heating, ventilating, air conditioning, and all other such elements in the unit in good working order.
- Renmove the carpet, leaving the cement floor clean and ready for occupancy.
- Repair and or replace any windows that are damaged or have graffiti.

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

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Executed at: Whittier
On: November 26, 2013

By SUBLESSOR:
Special "T" Water Systems, Inc.

By:
Name Printed: Eulalio A. Tovar
Title: President
By:
Name Printed: Beatriz Tovar
Title: Secretary
Address: 11934 Washington Blvd.
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Email:
Email:
Federal ID No.

Executed at: Whittier
On: November 26, 2013

By SUBLESSEE:
Fernando R. Lopez II, an individual
dba, Zen's Tea House

By:
Name Printed: Fernando R. Lopez II
Title: an individual
By:
Name Printed:
Title:
Address: 8726 Ocean View Ave
Whittier, CA 90605
Telephone:(562) 686-9441
Facsimile:(___)
Email:
Email:
Federal ID No.

BROKER:
GM Properties, Inc

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Email:
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:

Attn:
Title:

Address:

Telephone:(___)
Facsimile:(___)
Email:
Federal ID No.
Broker/Agent DRE License #:

Consent to the above Sublease is hereby given.

Executed at: Whittier, CA
On: November 26, 2013

By MASTER LESSOR:
Brrect, LLC

By:
Name Printed: Eulalio A. Tovar
Title: Managing Member

By:
Name Printed:
Title:
Address: 11934 Washington Blvd.
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Email:
Federal ID No.

Executed at:
On:

By GUARANTOR(S):
By:
Name Printed:
Address:

By:
Name Printed:
Address:

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NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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4.3

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only May 16, 2013, is made by and between Special "T" Water Systems, Inc.

Tab 4.3
Cindy Yamileth Mejia

☐ ~~a plot plan depicting the Premises and/or Project;~~
☐ ~~a current set of the Rules and Regulations;~~
☐ ~~a Work Letter;~~
☑ a copy of the **Master Lease**;
☐ ~~other (specify):~~ n/a

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances (**"Applicable Requirements"**) in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☑ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

2.9 **Common Areas - Rules and Regulations**. Sublessor or such other person(s) as Sublessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Sublessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Sublessor

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shall not be responsible to Sublessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession.**

3.1 **Early Possession**. Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement**. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance**. Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges.**

4.1 **Rent Defined**. All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses**. Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities**. Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease.**

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Brreck, LLC _____ is the lessor, hereinafter the "**Master Lessor**".

6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease

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shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: _____

_____

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

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9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer**. This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. Sublessor, at Sublessor's sole expense, shall:

- Make sure all electrical, HVAC, plumbing, lights, and all other elements in the unit are in good working order.
- Clean interior and finish any remodeling and repair work not yet finished.
- Replace damaged or graffitied windows as needed (broken or missing molding).

14. Sublessee at Sublessee's sole expense shall:

- Install the carpet or flooring of Sublessee's choice. Upon finishing the installation of the flooring, Sublessor shall reimburse Sublessee $1,500.00 for the purchase and installation of said flooring. At the end of the Lease, Sublessee shall remove the flooring, if so directed by the Sublessor.

15. Base Rent is fixed for the origional of this lease.

--

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

Executed at: Whittier	Executed at: Whittier, CA
On: May 16, 2013	On: May 16, 2013
By SUBLESSOR:	**By SUBLESSEE:**
Special "T" Water Systems, Inc	Cindy Yamileth Mejia
	an individual

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By: [signature]
Name Printed: ~~Robert J. Walker~~ Eulalio A Tovar
Title: Chief Executive Officer
By: [signature]
Name Printed: ~~Cheryl M. Walker~~ Beatriz Tovar
Title: Secretary
Address: 11934 Washington Boulevard
Whittier, CA 90606
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By: [signature]
Name Printed: Cindy Yamileth Mejia
Title: an individual
By:
Name Printed:
Title:
Address: 310 S. Almont Dr., #24
Los Angeles, CA 90048
Telephone:(424) 249-2182
Facsimile:( )
Federal ID No.

BROKER:
GM Properties, Inc

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:
GM Properties, Inc

Attn: Ben Greer
Title:

Address: 12300 E Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

Consent to the above Sublease is hereby given.

Executed at: Whittier
On:

Executed at:
On:

By MASTER LESSOR:

Brrect, LLC

By: [signature]
Name Printed: Eulalio A. Tovar
Title: Managing Member
By: [signature]
Name Printed: ~~Robert J. Walker~~ Eulalio A Tovar
Title: President
Address: 11934 Washington Blvd
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By GUARANTOR(S):

By:
Name Printed:
Address:

By:
Name Printed:
Address:

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

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Tab 4.4
E.A.J.
Custom Cabinets

STANDARD SUBLEASE
MULTI-TENANT
AIR COMMERCIAL REAL ESTATE ASSOCIATION

4.4

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only October 18, 2010, is made by and between Special "T" Water Systems, Inc. ("**Sublessor**") and Jose Torres, an individual ("**Sublessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as 11944 E. Washington Blvd, Whittier, CA, consisting of approximately 1,904 square feet ("**Premises**"). The Premises are located at: 11944 E. Washington Blvd., in the City of Whittier, County of Los Angeles, State of CA, with zip code 90606. In addition to Sublessee's rights to use and occupy the Premises as hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project.**"

1.2(b) **Parking**: 3 unreserved and n/a reserved vehicle parking spaces.

1.3 **Term**: 1 years and 2 months commencing December 1, 2010 ("**Commencement Date**") and ending January 31, 2012 ("**Expiration Date**").

1.4 **Early Possession**: If the Premises are available Sublessee may have non-exclusive possession of the Premises commencing n/a ("**Early Possession Date**").

1.5 **Base Rent**: $952.00 per month ("**Base Rent**)", payable on the 1st day of each month commencing December 1, 2010.

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

1.6 **Sublessee's Share of Operating Expenses**: n/a percent (n/a %) ("**Sublessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $952.00**** for the period n/a.

(b) **Security Deposit**: $952.00 ("**Security Deposit**").

(c) **Other**: $n/a for n/a.

(d) **Total Due Upon Execution of this Lease**: $1,904.00.

1.8 **Agreed Use: The Premises shall be used and occupied only for** Cabinetry shop ****Rent for December 2010. Rent for January and February 2011 is abated. Rent resumes March 2011 (See Par 15)**** and for no other purposes.

1.9 **Real Estate Brokers**:

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☑ GM Properties, Inc. - Ben Greer, CCIM represents Sublessor exclusively ("**Sublessor's Broker**");

☑ GM Properties, inc - Matt Wagner represents Sublessee exclusively ("**Sublessee's Broker**"); or

☐ n/a ~~represents both Sublessor and Sublessee ("Dual Agency").~~

(b) **Payment to Brokers**: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of n/a or as agreed % of the total Base Rent for the brokerage services rendered by the Brokers).

1.10 **Guarantor**. The obligations of the Sublessee under this Sublease shall be guaranteed by n/a ("**Guarantor**").

1.11 **Attachments**. Attached hereto are the following, all of which constitute a part of this Sublease:

☑ an Addendum consisting of Paragraphs 13 through 15;

☐ ~~a plot plan depicting the Premises and/or Project;~~

☐ ~~a current set of the Rules and Regulations;~~

☐ ~~a Work Letter;~~

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☑ a copy of the **Master Lease**;
☐ ~~other (specify):~~ _____

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☑ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

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

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic,

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landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession.**

3.1 **Early Possession.** Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement.** Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance.** Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges.**

4.1 **Rent Defined.** All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses.** Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities.** Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease.**

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Brreck, LLC _____ is the lessor, hereinafter the "**Master Lessor**".

6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

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6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: _____

_____

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this

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Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer.** This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. Lessor will provide the following improvements at lessor's sole expense:

- Roof leaks to be repaired.
- Reattach all hanging foil from the ceiling.
- Premises shall be delivered completely vacent and broom swept.

14. Lessee shall install, at lessee's sole expense, a small spray booth on the premises. The spray booth shall conform to all city and AQMD codes. Lessee shall obtain any permit required from any city, county, or any other governmental entity, necessary to install and operate said spray booth, at lessee's sole expense.

15. Rent for January and February 2011 shall be abated.

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

Executed at: Whittier	Executed at: Whittier, CA
On:	On: October 18, 2010
By SUBLESSOR:	**By SUBLESSEE:**
Special "T" Water Systems, Inc	Jose Torres
	an individual
By: Robert J. Walker	By:
Name Printed: Robert J. Walker	Name Printed: Jose Torres
Title: Chief Executive Officer	Title: an individual
By:	By:
Name Printed: Cheryl M. Walker	Name Printed:
Title: Sceretary	Title:

JT
INITIALS

RJW
INITIALS

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Address: 11934 Washington Boulevard
Whittier, CA 90606
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

Address: 26793 Hunter Ridge Dr.
Menifee, CA 92584
Telephone:(562) 945-2403
Facsimile:( )
Federal ID No.

BROKER:
GM Properties, Inc

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:
GM Properties, Inc

Attn: Matt Wagner
Title:

Address: 12300 E Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 1814211

Consent to the above Sublease is hereby given.

Executed at: Whittier
On:

Executed at:
On:

By MASTER LESSOR:

Brrect, LLC

By:
Name Printed: Eulalio A. Tovar
Title: Managing Member

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: President
Address: 11934 Washington Blvd
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By GUARANTOR(S):

By:
Name Printed:
Address:

By:
Name Printed:
Address:

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

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/07/2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
PREMIER ONE INSURANCE SERVICES
1869 W FOOTHILL BLVD
UPLAND CA 91786

CONTACT NAME: Bob Ramirez
PHONE (A/C, No, Ext): 909-981-6565 FAX (A/C, No): 866-576-5761
E-MAIL ADDRESS: bob.ramirez@premierone.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : LANDMARK AMERICAN INSURANCE COMPANY	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
JOSE TORRES DBA:
EAJ CUSTOM CABINETS
11944 WASHINGTON BLVD
WHITTIER CA 90606

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY ✓ COMMERCIAL GENERAL LIABILITY CLAIMS-MADE ✓ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ✓ POLICY PRO-JECT LOC			TBD	12/07/2010	12/07/2011	EACH OCCURRENCE	$ 1000000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 100000
							MED EXP (Any one person)	$ 5000
							PERSONAL & ADV INJURY	$ EXCLUDED
							GENERAL AGGREGATE	$ 2000000
							PRODUCTS - COMP/OP AGG	$ EXCLUDED
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					WC STATU-TORY LIMITS OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

PER TERMS AND CONDITIONS OF THE POLICY. CERTIFICATE HOLDER IS ALSO NAMED AS ADDITIONAL INSURED.

CERTIFICATE HOLDER
SPECIAL "T" WATER SYSTEMS, INC.
11934 WASHINGTON BLVD.
WHITTIER CA 90606

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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Tab 4.5
Sarabia Pro
Audio Cabinets

Lease

4.5

THIS LEASE is entered into this 1st day of February 2008, between the parties hereinafter designated "**Lessor**" and "**Lessee**", without regard to number or gender.

Lessor: **BRRECK, LLC**
a California Limited Liability Company

Lessee: **Jose Patricio Sarabia DBA**
SARABIA PRO AUDIO CABINETS
a California Company

WITNESSETH:

Lessor does hereby lease and demise to **lessee** the premises hereinafter described upon the following terms and conditions:

1. **DESCRIPTION OF PREMISES:** A portion of an industrial building measuring approximately 34' X 56' located at 11944 Washington Blvd. Santa Fe Springs, California.

2. **TERM:** The term of this lease shall be for a period of five (5) years commencing February 1, 2008 and ending January 31, 2012.

3. **RENTAL:** **Lessee** shall pay to **Lessor** as rental for the demised premists the sum of 1485.00 per month, payable in advance, on the first day of each month during the term of this lease. **Lessee** has paid a deposit of 1485.00 to be returned at the end of the lease providing the **lessee** is not in default. **Lessor** has the right to increase the monthly sum by no more than 3 percent per year.

4. **USE:** **Lessee** may use and occupy the premises for the purpose of conducting the **lessee** cabinet business, together with such other pursuits and purposes as are ordinarily and usually carried on and conducted in conjunction with the main purpose of this lease; **Lessee** will not use, or permit the use of, the premises for any other purpose or pursuits without the written consent of **Lessor** being first had and obtained.

5. **TAXES:** All taxes or assessments upon all fixtures, equipment, stock in trace and personal property of every kind that is now or may hereafter be located or situated upon said premises shall be paid by **Lessee**. **Lessor** shall pay all taxes that may be levied or assessed upon said real property during the term of this lease. Said taxes shall be payable upon presentment of the bills therefor and before delinquency.

GENERAL TERMS AND CONDITIONS

1. **QUIET POSSESSION:** **Lessor** hereby covenants and agrees that **Lessee**, paying said rent in the manner aforesaid and performing the other covenants, terms and conditions of this lease on the part of **Lessee** to be kept and performed, may and shall have the right at all times during the term of this lease to quietly and peacefully hold, possess, use, occupy and enjoy said premises.

2. **ASSIGNMENTS AND SUBLETTING:** **Lessee** shall not encumber, assign or otherwise transfer this lease, or any right of interest hereunder, or to any of the improvements that hereafter may be constructed or installed thereon, and **Lessee** shall not sublet said premises as a whole, without the prior written consent and approval of **Lessee** provided, however, **Lessor** shall not unreasonably withhold his consent. No such encumbrance, assignment or other transfer, whether voluntary or involuntary, by operation of the law, under legal process, through receivership or bankruptcy, or otherwise, and no such subletting shall be valid or effective without such prior written comsent and approval.

3. **UTILITIES:** **Lessee** shall pay the cost of all utilities supplied to **Lessee**, including but not limited to water, electricity, gas, trash collection, sewage and other services including air conditioning service and maintenance.

4. **INSURANCE HAZARDS:** No use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate on insurance upon the building in which said premises may be located, or cause a cancellation of and insurance policy covering said building, or any part thereof, nor shall **Lessee** sell or permit to be kept, used, or sold, in or about said premises, any article which may be prohibited by the standard form of fire insurance policies. **Lessee** shall, at its sole cost and expense, comply with any and all requirements, pertaining to said premises, or any insurance organization or company, necessary for the maintenance or reasonable fire and public liability insurance, covering said building appurtenances.

5. **INSURANCE**:

(A) **FIRE INSURANCE**: **Lessee** shall not be required to keep, during the term thereof, any and all buildings and improvements on the leased premises insured against loss or damage by fire.

(B) **LIABILITY INSURANCE**: **Lessee** shall at its cost and expense, at all times during the term of this lease, maintain in force for the joint benefit of **Lessor** and **Lessee**, property damage and personal liability insurance (non-vehicle) under which **Lessor** and **Lessee** shall be named as co-insured and under the terms of which each shall be indemnified against liability for damage to the property or bodily injury to or death of any licensee or invitee of **Lessee** or any person entering upon or using the demised premises, or any structure thereon, or any part thereof, and arising from the use and occupancy thereof. Such insurance policy or polices shall be maintained on the minimum basis of $50,000 for property damages and $1,000,000 for bodily injury to or death of one person in any one accident, and **Lessee** shall deliver to **Lessor** the certificate of each insurance carrier as to each such insurance policy.

6. **LESSOR'S LIABILITY**: **Lessor** shall not be liable for any loss, damage or injury to any person or property arising out of or caused by the use and occupancy of the demised premises or buildings thereon or caused by any defect in the building, structure or improvement thereon. Nor shall **Lessor** be liable for any loss, damage or injury caused by or arising out of any act or omission of the **Lessee** or its employees, agents or invitees or for any failure of the **Lessee** to maintain the demised premises in a good and safe condition. **Lessee** hereby waives any and all claims and damages against the **Lessor** for any such loss, damage or injury to **Lessee** and hereby holds **Lessor** harmless from any and all liability for loss, damage or injury to other persons, not arising from **Lessor's** independent negligence, including all costs and expenses of litigation, arising out of any such use or occupancy and attorneys' fees of the **Lessor** in defense of any such action. With respect to the demised premises, the liability and rights to indemnification and contribution among the parties shall be determined as the law provides.

7. **REPAIRS AND MAINTENANCE**: **Lessor** shall maintain the roof, exterior walls and the garage doors of the demised premises. **Lessee** agrees that during the terms of this lease, **Lessee** will, except as otherwise herein provided, at its own expense, keep all and every part of said premises, the fixtures and appurtenances in good order and repair and in clean and wholesome condition, free from dirt and accumulation of waste, boxes or other rubbish, including adjoining streets and alley ways, and in compliance with all laws and ordinances enacted by public authorities, and will not commit or allow any waste or misuse of the premises and will keep outer areas adjoining said premises free from obstructions of any kind whatsoever, reasonable wear and tear excepted.

8. **COMPLIANCE WITH LAWS**: At all times, **Lessee** shall, at its expense, maintain, use and occupy said premises, together with any adjacent sidewalks, alleys or other immediately adjacent areas, if any, in a neat and orderly condition and in accordance with all appropriate federal, state, county and city laws, ordinances or regulations.

9. **WASTE. QUIET CONDUCT**: **Lessee** shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other occupant, if any, in the area in which the demised premises may be located, or adjacent thereto.

10. **ENTRY BY OWNER**: **Lessee** shall permit **Lessor** and his agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same, or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions, or repairs, or for the purposes of placing upon the property in which the said premises are located any usual or ordinary "for sale" signs, without any rebate of rent and without any liability to **Lessee** for any loss of occupation or quiet enjoyment of the premises thereby occasioned; and shall permit **Lessor**, at any time within thirty days prior to the expiration of this lease, to place upon said premises any unusual or ordinary "to let" or "to lease" signs.

11. **ADDITIONS**: **Lessee** shall not make or suffer to be made any additions to or changes or improvements or alterations of the said premises, or any part thereof, without the consent of the **Lessor** first obtained in writing, and any additions to, or alterations of, the said premises, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to **Lessor** upon the termination of the lease period. **Lessee** shall keep the demised premises and the property in which the demised premises are situated free from any liens arising out of any work performed, material furnished, or obligations incurred by **Lessee**.

12. **CERTAIN ASSIGNMENTS**: Should **Lessee**: (a) file a voluntary petition in bankruptcy;or (b) be adjudicated a bankrupt, upon the filing of an involuntary petition, and not be discharged therefrom within thirty (30) days thereof; or (c) should **Lessee** make a voluntary general assignment for the benefit of creditors; or (d) should a receiver be appointed to take possession of the leased land or the operations of **Lessee** thereon, and should said receiver not be discharged within thirty (30) days from the time of taking said possession, then either or any of the foregoing events shall be deemed a breach of the conditions and restrictions of this lease, and thereupon **Lessor** may, at its option, terminate this lease forthwith by written notice, and upon such termination, this lease shall cease and end and thenceforth be of no further force and effect except as herein otherwise provided.

13. **GARNISHMENT AND EXECUTION**: This lease and the interest therein of **Lessee** shall not,
without the written consent of the **Lessor** being first had and obtained, be subject to garnishment of sale under execution in any suit or proceeding which may be brought against or by said **Lessee**, and this lease, and all rights of the **Lessee** hereunder, shall, at the option of the **Lessor**, cease and terminate upon said **Lessee** being by any Court adjudged bankrupt, or insolvent, or upon said Lessee making an assignment for the benefit of creditors.

14. **TIME OF ESSENCE**: Time is of the essence of this agreement, but acceptance by **Lessor** of any overdue payment of rental, or the performance of any conditions or covenants, upon which the **Lessee** is in default, will not constitute a waiver, and **Lessor** may, thereafter, insist upon strict performance of the lease.

15. **DESTRUCTION**: Should the leased premises be wholly or substantially damaged by fire, act of God, superior force or other cause not the result of the conduct of **Lessee** to an extent making it impractical for **Lessee** to occupy said premises, rental on said premises shall cease as of the date of said destruction and shall resume upon completion of repairs, if such be undertaken hereunder. **Lessor** shall have the option of terminating forthwith this lease or of making the necessary repairs and restoration, provided, such work could be completed within 130 days. In the event such work cannot be completed within 130 days, this lease may then be terminated at the election of either **Lessor** or **Lessee**. **Lessor** shall not be liable to **Lessee** for any damage or loss resulting from such destruction or **Lessor's** activities in repairing or restoring same.

16. **CONDEMNATION**: If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the **Lessee** shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire premises at the date of condemnation. If all the demised premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible for occupation hereunder, this lease shall thereupon terminate. If a part or all of the demised premises be taken, or condemned, all compensation awarded upon such condemnation or taking shall go to the Lessor and the **Lessee** shall have no claim thereto, and the **Lessee** hereby irrevocably assigns and transfers to the **Lessor** any right to compensation or damages to which the **Lessee** may become entitled during the term hereof by reason of the condemnation of all, or a part of the demised premises.

17. **DEFAULT**: Should any default occur hereunder, the defaulting party shall remedy the same within fifteen (15) days after the receipt of written notice, except for the nonpayment of rent, which shall constitute a default if not paid on the date herein specified. On failure to remedy the default, then at the option of the party not in default, this lease shall terminate upon written notice thereof duly given. Forfeiture, however, shall not be the sole remedy of the **Lessor** or **Lessee**.

18. **REMEDIES**: In the event of any breach of this lease by **Lessee**, then **Lessor**, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of **Lessee**. Should **Lessor** elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings, or pursuant to any notice provided for by law, it may either, terminate this lease or it may, from time to time, without terminating this lease, re-let said premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this lease) and at such rental or rentals and upon such other terms and conditions as **Lessor**, in its sole discretion, may deem advisable with the right to make alterations and repairs to said premises; upon such re-letting (a) **Lessee** shall be immediately liable to pay **Lessor**, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of alterations and repairs, incurred by **Lessor**, and the amount, if any, by which the rent reserved in this lease for the period of such re-letting (up to but not beyond the term of this lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such re-letting, or (b) at the option of **Lessor** rents received by such **Lessor** from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from **Lessee** to **Lessor**; second, to the payment of any costs and expenses of such re-letting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by **Lessor** and applied in payment of future rent as the same may become due and payable hereunder.

18. **CONT.**
If **Lessee** has been credited with any rent to be received by such re-letting under option (a), and such rent shall not be promptly paid to **Lessor** by the new tenant, or if such rentals received by such re-letting under option (b) during any month be less than that to be paid during that month by **Lessee** hereunder, **Lessee** shall pay any such deficiency to **Lessor**. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession if said premises by **Lessor** shall be construed as an election on his part to terminate this lease, unless a written notice of such intention be given to **Lessee**, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, **Lessor** may at any time thereafter elect to terminate this lease for such previous breach. Should **Lessor** at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover form **Lessee** all damages which may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which shall be immediately due and payable from **Lessee** to **Lessor**.

19. **ENCUMBRANCES**: **Lessee** enters into and accepts this lease and the leasehold interest and estate of **Lessee** hereunder, subject and subordinate to all mortgages or trust deeds which may now or hereafter exist, or be executed upon or with respect to the real property or premises hereby leased, or the real property on which said building is situated.

20. **REPRESENTATIONS:** **Lessee** does hereby acknowledge that it has thoroughly inspected said premises, and read each and every provision of this lease, and enters into this lease in reliance upon its own inspection of each, rather than upon any representation of **Lessor** concerning either.

21. **HOLDING OVER**: Should the **Lessee** hold over the terms hereof with the consent of the **Lessor**, either expressed or implied, such holding over shall be construed to be a tenancy only from month to month, subject to all the terms and provisions of this lease.

22. **ATTORNEYS' FEES**: Should either party fail to comply with the provisions hereof, necessitating court action, the prevailing party in such action shall be entitled to recover costs thereof and reasonable attorneys' fees.

23. **LESSOR'S LIEN AND REMOVAL**: **Lessor** shall have a lien on and against all of the property of **Lessee** of every kind now or hereafter placed on said premises to the extent of any and all liability of **Lessee** under this lease, and such property may not be removed unless and until such liability has been satisfied in full. Provided **Lessee** is not in default hereunder, at the termination of this lease or any extension thereof, either by notice or by expiration of the term or for cause hereunder, the **Lessee** may, and at the **Lessor's** direction shall remove from the premises leased hereunder all furniture and fixtures and other property of the **Lessee** on the premises, provided, however, that the **Lessee** shall put the premises in as good repair and condition as they were at the beginning of said term, reasonable wear and tear and damage by fire, explosion, earthquake, or other sudden violent action of the elements, or other casualty, or other happenings beyond the control of **Lessee** excepted.

24. **SURRENDER OF LEASE NOT MERGER**: The voluntary of other surrender of this lease by **Lessee**, or a mutual cancellation thereof, shall not work a merger, and shall, at the option **Lessor**, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to them of any or all such subleases or subtenancies.

25. **WAIVER**: The waiver by **Lessor** of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by **Lessor** shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than a failure of **Lessee** to pay particular rental so accepted, regardless of **Lessor's** knowledge of such preceding breach at the time of acceptance of such rent.

26. **MINERAL RIGHTS**: Notwithstanding any other provision of this lease, **Lessor** reserves all mineral rights, if any, under the demised premises, without, however, any right of surface entry or entry within 500 feet of the surface thereof.

27. **LATE CHARGES:** **Lessee** hereby acknowledges that late payment by **Lessee** to **Lessor** of rent and other sums due hereunder will cause **Lessor** to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed on **Lessor** by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from **Lessee** shall not be received by **Lessor** or **Lessor's** designee within ten (10) days after such amount shall be due, then, without any requirement for notice to **Lessee. Lessee** shall pay to **Lessor** a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs **Lessor** will incur by reason of late payment by **Lessee**.

28. **SIGNS**: **Lessee** covenants and agrees that it will not erect or maintain any sings on the demised premises during the term of this lease (including any extension or renewal thereof) without **Lessor's** prior written consent.

29. **NOTICES**: Written notices to **Lessor** herein shall be addressed to **Lessor** at:

BRRECK, LLC
11934 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessor** in writing to **Lessee**.

Written notices to **Lessee** herein shall be addressed to **Lessee** at:

SABABIA PRO AUDIO CABINETS
11944 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessee** in writing to **Lessor**.

All notices to be given to **Lessor** or **Lessee** may be given in writing personally, or by depositing in the United States mail, postage prepaid, properly addressed as aforesaid, for delivery by registered or certified mail. Notices shall be deemed given upon deposit in the United States mail, in the manner as set forth in this paragraph.

30. **GENDER AND NUMBER**: Without limiting the generality of the foregoing, the masculine gender, includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

31. **HEIRS AND ASSIGNS**: This lease and all of its terms conditions, stipulations and provisions shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto.

32. **EXCLUSIVE AGREEMENT AND HEADINGS**: This lease which may be signed in counterparts contains all the terms and conditions agreed on by the parties hereto, and no other agreement, oral or otherwise, regarding the subject matter of the contract, shall be deemed to exist or bind any of the parties hereto.

The paragraph heading used herein are used for descriptive purposes only, and shall be given no legal effect.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first hereinabove written.

LESSOR:

BRRECK, LLC

By _____
Eulalio A. Tovar

LESSEE:

SARABIA PRO AUDIO CABINETS

By _____
Jose Patricio Sarabia

Tab 4.6
Uprising Threads, LLC

BRRECK LLC

4.6

October 5, 2012

Uprising Threads LLC
11940 Washington Blvd
Whittier, CA 90606

Subject: Lease Agreement

As we discussed this letter is to inform you that you have until the October 31, 2012 to vacate the property commonly known as 11938-11940 Washington Blvd., Whittier, CA 90606

As a result BRRECK LLC is cancelling the lease dated November 1, 2011.

BRRECK LLC

Uprising Threads

BLAZE Bollman

STANDARD SUBLEASE
MULTI-TENANT
AIR COMMERCIAL REAL ESTATE ASSOCIATION

4.6

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only November 1, 2011, is made by and between Special "T" Water Systems, Inc. ("**Sublessor**") and Uprising Threads LLC ("**Sublessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as 11938 - 11940 E. Washington Blvd, Whittier, CA, consisting of approximately 2,400 square feet ("**Premises**"). The Premises are located at: 11934 E. Washington Blvd., in the City of Whittier, County of Los Angeles, State of CA, with zip code 90606. In addition to Sublessee's rights to use and occupy the Premises as hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**."

1.2(b) **Parking**: 4 unreserved and n/a reserved vehicle parking spaces.

1.3 **Term**: 2 years and 0 months commencing November 1, 2011 ("**Commencement Date**") and ending October 31, 2013 ("**Expiration Date**").

1.4 **Early Possession**: If the Premises are available Sublessee may have non-exclusive possession of the Premises commencing Execution of Lease, delivery of deposit & proof of insurance. ("**Early Possession Date**").

1.5 **Base Rent**: $2,260.00 per month ("**Base Rent**)", payable on the 1st day of each month commencing November 1, 2011.

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

1.6 **Sublessee's Share of Operating Expenses**: n/a percent (n/a %) ("**Sublessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $2,260.00 for the period 11/1/2011 - 11/30/2011.

(b) **Security Deposit**: $2,260.00 ("**Security Deposit**").

(c) **Other**: $n/a for n/a

(d) **Total Due Upon Execution of this Lease**: $4,520.00

1.8 **Agreed Use: The Premises shall be used and occupied only for** Industrial Art Design Studio. and for no other purposes.

1.9 **Real Estate Brokers**:

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☑ GM Properties, Inc. - Ben Greer, CCIM represents Sublessor exclusively ("**Sublessor's Broker**");

☐ ~~represents Sublessee exclusively ("Sublessee's Broker"); or~~

☐ ~~n/a represents both Sublessor and Sublessee ("Dual Agency").~~

(b) **Payment to Brokers**: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of $250.00 or n/a % of the total Base Rent for the brokerage services rendered by the Brokers).

1.10 **Guarantor**. The obligations of the Sublessee under this Sublease shall be guaranteed by Blaise W. Bollman ("**Guarantor**").

1.11 **Attachments**. Attached hereto are the following, all of which constitute a part of this Sublease:

☑ an Addendum consisting of Paragraphs 13 through 14;

☐ ~~a plot plan depicting the Premises and/or Project;~~

☐ ~~a current set of the Rules and Regulations;~~

☐ ~~a Work Letter;~~

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☑ a copy of the **Master Lease**;
☐ ~~other (specify):~~ _____

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☑ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

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

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic,

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landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession.**

3.1 **Early Possession**. Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement**. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance**. Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges.**

4.1 **Rent Defined**. All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses**. Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities**. Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease.**

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Bireck, LLC _____ is the lessor, hereinafter the "**Master Lessor**".

6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

_____ INITIALS

R/W INITIALS

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6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: no paragraphs are excluded.

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this

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Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer**. This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. Lessor agrees to the following conditions:
Lessee accepts the unit isn "AS IS" condition.

14. Rent shall be adjusted as follows:
- April 1, 2012 - Rent shall be $2,328.00
- April 1, 2013 - Rent shall be $2,398.00

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

Executed at: Whittier	Executed at: Whittier, CA
On:	On: November 3, 2011
By SUBLESSOR:	**By SUBLESSEE:**
Special "T" Water Systems, Inc	Uprising Threads LLC
By: Robert J. Walker	By: Blaise W. Bollman
Name Printed: Robert J. Walker	Name Printed: Blaise W. Bollman
Title: Chief Executive Officer	Title: Managing Member
By: Cheryl M. Walker	By:
Name Printed: Cheryl M. Walker	Name Printed:
Title: Sceretary	Title:
Address: 11934 Washington Boulevard	Address: 26 Laguna Place
Whittier, CA 90606	Long Beach, CA 90803
Telephone:(562) 945-7595	Telephone:(562) 607-6290
Facsimile:(562) 693-8992	Facsimile:( )
Federal ID No.	Federal ID No.

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BROKER:
GM Properties, Inc
12300 E. Washington Blvd., Suite A

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:

Attn:
Title:

Address:

Telephone:( )
Facsimile:( )
Federal ID No.
Broker/Agent DRE License #: 1814211

Consent to the above Sublease is hereby given.

Executed at: Whittier
On:

Executed at:
On:

By MASTER LESSOR:

Brrect, LLC

By:
Name Printed: Eulalio A. Tovar
Title: Managing Member

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: President
Address: 11934 Washington Blvd
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By GUARANTOR(S):

By: Blaise W. Bollman
Name Printed: Blaise W. Bollman
Address: 26 Laguna Place.
Long Beach, CA 90803

By:
Name Printed:
Address:

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

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GUARANTY OF LEASE

WHEREAS, Special "T" Water Systems, Inc., hereinafter "Lessor", and Uprising Threads LLC, hereinafter "Lessee", are about to execute a document entitled "Lease" dated November 1, 2011 concerning the premises commonly known as 11938 - 11940 E. Washington Blvd., Whittier, CA 90606 wherein Lessor will lease the premises to Lessee, and

WHEREAS, Blaise W. Bollman hereinafter "Guarantors" have a financial interest in Lessee, and

WHEREAS, Lessor would not execute the Lease if Guarantors did not execute and deliver to Lessor this Guaranty of Lease.

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

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

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

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

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

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

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

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

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

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

The term "Lessee" refers to and means the Lessee named in the Lease and also Lessee's successors and assigns.

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

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

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

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

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

If this Form has been filled in, it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by the AIR Commercial Real Estate Association, the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Form or the transaction relating thereto.

Executed at: Whittier
On: November 3, 2011
Address: 26 Laguna Place
Long Beach, CA 90803

x. Blaise W. Bollman
Blaise W Bollman

"GUARANTORS"

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Tab 4.7
The Eco Group Collective
Blaise Bollman

4.7

SUBLEASE CANCELATION AGREEMENT
BY AND BETWEEN
SPECIAL "T" WATER SYSTEMS, INC., AS SUBLESSOR
AND THE ECO COMPLIANCE COLLECTIVE L.L.C., AS SUBLESSEE
FOR THE PROPERTY LOCATED AT
11944 E WASHINGTON BLVD., WHITTIER, CA,
FOR THE SUBLEASE AGREEMENT DATED FEBRUARY 21, 2011
THIS DOCUMENT DATED NOVEMBER 2, 2011

THIS AGREEMENT CANCELLES THE SUBLEASE AGREEMENT BETWEEN SPECIAL "T" WATER SYSTEMS, INC., AS SUBLESSOR AND THE ECO COMPLIANCE COLLECTIVE L.L.C., FOR THE ABOVE MENTIONED SPACE EFFECTIVE NOVEMBER 1, 2011.

SUBLESSOR:

Special "T" Water Systems, Inc.

Robert J. Walker

Robert J. Walker
Chief Executive Officer

Cheryl M. Walker

Cheryl M. Walker
Secretary

SUBLESSEE:

The Eco Compliance Collective L.L.C.

Blaise W. Bollman

Blaise W Bollman,
Vice President, Manager

4.7

SUBLEASE CANCELATION AGREEMENT
BY AND BETWEEN
SPECIAL "T" WATER SYSTEMS, INC., AS SUBLESSOR
AND THE ECO GROUP COLLECTIVE L.L.C., AS SUBLESSEE
FOR THE PROPERTY LOCATED AT
11938 E WASHINGTON BLVD., WHITTIER, CA,
FOR THE SUBLEASE AGREEMENT DATED FEBRUARY 10, 2010
THIS DOCUMENT DATED NOVEMBER 2, 2011

THIS AGREEMENT CANCELLES THE SUBLEASE AGREEMENT BETWEEN SPECIAL "T" WATER SYSTEMS, INC., AS SUBLESSOR AND THE ECO GROUP COLLECTIVE LLC., FOR THE ABOVE MENTIONED SPACE, EFFECTIVE NOVEMBER 1, 2011.

SUBLESSOR:

Special "T" Water Systems, Inc.

Robert J. Walker

Robert J. Walker
Chief Executive Officer

Cheryl M. Walker

Cheryl M. Walker
Secretary

SUBLESSEE:

The Eco Group Collective L.L.C.

Jacob Kennell
President, Managing Member

4.7

STANDARD SUBLEASE
MULTI-TENANT
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only February 21, 2011, is made by and between Special "T" Water Systems, Inc. ("**Sublessor**") and The Eco Compliance Collective L.L.C. ("**Sublessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as 11944 E. Washington Blvd, Whittier, CA, consisting of approximately 1,200 square feet ("**Premises**"). The Premises are located at: 11944 E. Washington Blvd., in the City of Whittier, County of Los Angeles, State of CA, with zip code 90606. In addition to Sublessee's rights to use and occupy the Premises as hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**."

1.2(b) **Parking**: 2 unreserved and n/a reserved vehicle parking spaces.

1.3 **Term**: 2 years and 0 months commencing March 1, 2011 ("**Commencement Date**") and ending February 28, 2013 ("**Expiration Date**").

1.4 **Early Possession**: If the Premises are available Sublessee may have non-exclusive possession of the Premises commencing Execution of Lease, delivery of deposit & proof of insurance. ("**Early Possession Date**").

1.5 **Base Rent**: $1,080.00 per month ("**Base Rent**)", payable on the 1st day of each month commencing March 1, 2011.

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

1.6 **Sublessee's Share of Operating Expenses**: n/a percent (n/a %) ("**Sublessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $1,080.00 for the period 3/1/2011 - 3/31/2011.

(b) **Security Deposit**: $1,080.00 ("**Security Deposit**").

(c) **Other**: $n/a for Rental Fee.

(d) **Total Due Upon Execution of this Lease**: $2,160.00.

1.8 **Agreed Use: The Premises shall be used and occupied only for** Medical Marijuana Dispensary and Cultivation Site.

and for no other purposes.

1.9 **Real Estate Brokers**:

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☑ GM Properties, Inc. - Ben Greer, CCIM represents Sublessor exclusively ("**Sublessor's Broker**");

☐ ~~_____ represents Sublessee exclusively ("Sublessee's Broker"); or~~

☐ ~~n/a represents both Sublessor and Sublessee ("Dual Agency").~~

(b) **Payment to Brokers**: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of $250.00 or n/a % of the total Base Rent for the brokerage services rendered by the Brokers).

1.10 **Guarantor**. The obligations of the Sublessee under this Sublease shall be guaranteed by Blaise W. Bollman ("**Guarantor**").

1.11 **Attachments**. Attached hereto are the following, all of which constitute a part of this Sublease:

☑ an Addendum consisting of Paragraphs 13 through 17;

☐ ~~a plot plan depicting the Premises and/or Project;~~

☐ ~~a current set of the Rules and Regulations;~~

☐ ~~a Work Letter;~~

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☑ a copy of the **Master Lease**;
☐ ~~other (specify):~~ _____

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☑ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

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

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic,

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landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession.**

3.1 **Early Possession.** Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement.** Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance.** Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges.**

4.1 **Rent Defined.** All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses.** Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities.** Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease.**

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Brreck, LLC _____ is the lessor, hereinafter the "**Master Lessor**".

6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

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6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: _____

_____

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this

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Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer**. This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. The Lessee shall have the exclusive right to operate a Medical Marijuana dispensary. All business will be carried with utmost caution and care in the most descreet manner by Tenant. NO consumption of Medicines will be consumed by patients in, on and or around the property, and places Lessee in violation of the terms of this lease. Lessee agrees to operate in compliance with all state and local laws that pertain to the sale and distribution of Medical Marijuana.

14. Signage - Lessee shall place no signage on the front exterior of the premises. No Marijuana implications in the way of pictures or logos shall be displayed on signage.

15. Lessor agrees to the following conditions:
Deliver unit broom clean and debris free with electrical, plumbing, lioghting, heating, ventilating, air conditioning, and all other such elements in the unit in good working order. In all other aspects, Lessee accepts the unit isn "AS IS" condition.

16. On or after January 1, 2013, Lessee has the right to cancell this lease if and only if a new law has come into effect which makes it illegal for Lessee to operate a Medical Marijuana dispensary business in the subject space. Lessee shall give Lessor sixty (60) days notice prior to cancelling the lease.

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

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Executed at: Whittier
On:

By SUBLESSOR:
Special "T" Water Systems, Inc

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: Chief Executive Officer
By:
Name Printed: Cheryl M. Walker
Title: Sceretary
Address: 11934 Washington Boulevard
Whittier, CA 90606
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

Executed at: Whittier, CA
On: February 21, 2011

By SUBLESSEE:
The Eco Compliance Collective L.L.C.

By: Blaise W. Bollman
Name Printed: Blaise W. Bollman
Title: Vice President, Manager
By:
Name Printed:
Title:
Address: 26 Laguna Place
Long Beach, CA 90803
Telephone:(___)
Facsimile:(___)
Federal ID No.

BROKER:
GM Properties, Inc
12300 E. Washington Blvd., Suite A

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:

Attn:
Title:

Address:

Telephone:(___)
Facsimile:(___)
Federal ID No.
Broker/Agent DRE License #: 1814211

Consent to the above Sublease is hereby given.

Executed at: Whittier
On:

By MASTER LESSOR:
Brrect, LLC

By:
Name Printed: Eulalio A Tovar
Title: Managing Member

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: President
Address: 11934 Washington Blvd
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

Executed at:
On:

By GUARANTOR(S):

By: Blaise W. Bollman
Name Printed: Blaise W. Bollman
Address: 26 Laguna Place.
Long Beach, CA 90803

By:
Name Printed:
Address:

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

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RENT ADJUSTMENT(S)
STANDARD LEASE ADDENDUM

Dated February 21, 2011

By and Between (SUBLessor) Special "T" Water Systems, Inc.

(SUBLessee) The Eco Compliance Collective L.L.C.

Address of Premises: 11944 E. Washington Blvd
Whittier, CA 90606

Paragraph 17

A. **RENT ADJUSTMENTS:**

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:
(Check Method(s) to be Used and Fill in Appropriately)

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

~~a. On (Fill in COLA Dates):~~ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~b. Upon the establishment of each New Market Rental Value:~~
~~1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and~~
~~2) the first month of each Market Rental Value term shall become the new 'Base Month' for the purpose of calculating any further Adjustments.~~

☑ **III. Fixed Rental Adjustment(s) (FRA)**

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

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
3/1/2012	$1,112.00

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

C. **BROKER'S FEE:**
The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.

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

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Tab 4.8
The Eco Group Collective
Jacob Kennell

GM PROPERTIES
Industrial & Commercial
Real Estate Services

4.8

Special "T" Water Systems

February 11, 2010

The Eco Group
James S. Stanfield
26793 Hunter Ridge Drive
Menifee, CA 92584

Dear Mr. Stanfield:

Your Sublease dated July 22, 2009, for the premises located at 11938 E. Washington Blvd., Whittier, CA, under the entity known as, The Eco Group Collective L.L.C., is hereby canceled as of February 11, 2010, and you will no longer be responsible for the terms and conditions of said lease. As ageeed you will surrender your rights to the Security deposit of $2,160.00. It is our understanding that the new ownership of The Eco Group collective L.L.C. will be bringing your passed due rent current as part of their new lease on the premises.

With this sublease cancellation agreement, James Scott Stanfield is removed from any financial responsibility as the lease Guarantor.

We wish you the best of luck in the future.

Sincerely,

Robert J. Walker
Chief Executive Officer
Special "T" Water Systems

Acknowledged by: Pam Stanfield 2-17-10
Pam Stanfield, Wife of James Scott Stanfield, deceased
Managing member of the Eco Group Collective, LLC

12300 E. Washington Blvd.
Suite A
Whittier, CA 90606
T 562-696-0200
F 562-693-2126
1-800-637-6530
www.gmpropertiesinc.com

1866 946-2472

4.8

STANDARD SUBLEASE
MULTI-TENANT
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only February 10, 2010, is made by and between Special "T" Water Systems, Inc. ("**Sublessor**") and The Eco Group Collective L.L.C. ("**Sublessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as 11938 E. Washington Blvd, Whittier, CA, consisting of approximately 1,200 square feet ("**Premises**"). The Premises are located at: 11938 E. Washington Blvd., in the City of Whittier, County of Los Angeles, State of CA, with zip code 90606. In addition to Sublessee's rights to use and occupy the Premises as hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project.**"

1.2(b) **Parking**: 2 unreserved and n/a reserved vehicle parking spaces.

1.3 **Term**: 4 years and 5 months commencing March 1, 2010 ("**Commencement Date**") and ending July 31, 2014 ("**Expiration Date**").

1.4 **Early Possession**: If the Premises are available Sublessee may have non-exclusive possession of the Premises commencing Execution of Lease, delivery of deposit & proof of insurance. ("**Early Possession Date**").

1.5 **Base Rent**: $1,080.00 per month ("**Base Rent**)", payable on the 1st day of each month commencing Aprill, 2010.

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

1.6 **Sublessee's Share of Operating Expenses**: n/a percent (n/a %) ("**Sublessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $1,080.00 for the period n/a

(b) **Security Deposit**: $n/a ("**Security Deposit**").

(c) **Other**: $2,160.00 for Rental Fee

(d) **Total Due Upon Execution of this Lease**: $3,240.00

1.8 **Agreed Use: The Premises shall be used and occupied only for** Medical Marijuana Dispensary and for no other purposes.

1.9 **Real Estate Brokers**:

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☑ GM Properties, Inc. - Ben Greer, CCIM represents Sublessor exclusively ("**Sublessor's Broker**");

☐ _____ represents Sublessee exclusively ("**Sublessee's Broker**"); or

☐ n/a represents both Sublessor and Sublessee ("**Dual Agency**").

(b) **Payment to Brokers**: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of $250.00 or n/a % of the total Base Rent for the brokerage services rendered by the Brokers).

1.10 **Guarantor**. The obligations of the Sublessee under this Sublease shall be guaranteed by Amber Kennell ("**Guarantor**").

1.11 **Attachments**. Attached hereto are the following, all of which constitute a part of this Sublease:

☑ an Addendum consisting of Paragraphs 13 through 17;

☐ ~~a plot plan depicting the Premises and/or Project;~~

☐ ~~a current set of the Rules and Regulations;~~

☐ ~~a Work Letter;~~

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☑ a copy of the **Master Lease**;
☐ ~~other (specify):~~ _____

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☑ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

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

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic,

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landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession.**

3.1 **Early Possession.** Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement.** Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance.** Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges.**

4.1 **Rent Defined.** All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses.** Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities.** Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease.**

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Brreck, LLC _____ is the lessor, hereinafter the "**Master Lessor**".

6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

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6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: _____

_____

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this

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Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer**. This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. The Lessee shall have the exclusive right to operate a Medical Marijuana dispensary. All business will be carried with utmost caution and care in the most descreet manner by Tenant. NO consumption of Medicines will be consumed by patients in, on and or around the property, and places Lessee in violation of the terms of this lease. Lessee agrees to operate in compliance with all state and local laws that pertain to the sale and distribution of Medical Marijuana.

14. Signage - Lessee shall place no signage on the front exterior of the premises. No Marijuana implications in the way of pictures or logos shall be displayed on signage.

15. Lessor agrees to the following conditions:

- Deliver unit broom clean and debris free with electrical, plumbing, lioghting, heating, ventilating, air conditioning, and all other such elements in the unit in good working order.
- Lessor shall finish the demising wall between 11938 and 11940 Washington Blvd.

Lessee agrees to the following conditions:

- Lessee will paint and clean
- Lessee shall be allowed to place demising walls within the premises creating a waiting room and office, subject to Lessor's approval of plans prior to construction. Lessor's approval shall not be unreasonably delayed or denied. All work shall be done according to current building codes. Said improvements shall be removed by Lessee at the end of the lease term, if so directed by Lessor.

16. On or after January 1, 2013, Lessee has the right to cancell this lease if and only if a new law has come into effect which makes it illegal for Lessee to operate a Medical Marijuana dispensary business in the subject space. Lessee shall give Lessor sixty (60) days notice prior to cancelling the lease.

--

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

Executed at: Whittier
On: _____

Executed at: Whittier, CA
On: February 18, 2010

_____
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By SUBLESSOR:
Special "T" Water Systems, Inc

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: Chief Executive Officer
By: Cheryl M. Walker
Name Printed: Cheryl M. Walker
Title: Sceretary
Address: 11934 Washington Boulevard
Whittier, CA 90606
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By SUBLESSEE:
The Eco Group Collective, LLC

By: [redacted]
Name Printed: Jacob Kennell
Title: President, Managing Member
By:
Name Printed:
Title:
Address: 26793 Hunter Ridge Dr.
Menifee, CA 92584
Telephone:(562) 945-2403
Facsimile:( )
Federal ID No.

BROKER:
GM Properties, Inc
12300 E. Washington Blvd., Suite A

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:

Attn:
Title:

Address:

Telephone:( )
Facsimile:( )
Federal ID No.
Broker/Agent DRE License #: 1814211

Consent to the above Sublease is hereby given.

Executed at: Whittier
On:

Executed at:
On:

By MASTER LESSOR:

Brrect, LLC

By:
Name Printed: Eulalio A. Tovar
Title: Managing Member

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: President
Address: 11934 Washington Blvd
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By GUARANTOR(S):

By: [redacted]
Name Printed: Amber Kennell
Address: 1630 Arlington Ave.
Torrance, CA 90501

By:
Name Printed:
Address:

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RENT ADJUSTMENT(S)

STANDARD LEASE ADDENDUM

Dated February 10, 2010

By and Between (SUBLessor) Special "T" Water Systems, Inc.

(SUBLessee) The Eco Group Collective L.L.C.

Address of Premises: 11938 E. Washington Blvd
Whittier, CA 90606

Paragraph 17

A. **RENT ADJUSTMENTS:**

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

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

☐ ~~**I. Cost of Living Adjustment(s) (COLA)**~~

~~a. On (Fill in COLA Dates):~~ _____

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

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

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

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

☐ ~~**II. Market Rental Value Adjustment(s) (MRV)**~~

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

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

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

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

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

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

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

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

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

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

~~b. Upon the establishment of each New Market Rental Value:~~
~~1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and~~
~~2) the first month of each Market Rental Value term shall become the new 'Base Month' for the purpose of calculating any further Adjustments.~~

☑ **III. Fixed Rental Adjustment(s) (FRA)**

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

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
8/1/2010	$1,112.00
8/1/2011	$1,146.00
8/1/2012	$1,180.00
8/1/2013	$1,216.00

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

C. **BROKER'S FEE:**
The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.

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GUARANTY OF LEASE

WHEREAS, Special "T" Water Systems, Inc., hereinafter "Lessor", and The Eco Group Collective L.L.C., hereinafter "Lessee", are about to execute a document entitled "Lease" dated February 10, 2010 concerning the premises commonly known as 11938 E. Washington Blvd, Whittier, CA wherein Lessor will lease the premises to Lessee, and

WHEREAS, Amber Kennell hereinafter "Guarantors" have a financial interest in Lessee, and

WHEREAS, Lessor would not execute the Lease if Guarantors did not execute and deliver to Lessor this Guaranty of Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If this Form has been filled in, it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by the AIR Commercial Real Estate Association, the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Form or the transaction relating thereto.

Executed at: Whittier
On: February 18, 2010
Address: 1630 Arlington Ave.
Torrance, CA 90501

Amber Kennell

"GUARANTORS"

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Tab 4.9
The Eco Group Collective
James Stanfield

4.9

STANDARD SUBLEASE
MULTI-TENANT
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Sublease ("**Sublease**"), dated for reference purposes only July 22, 2009, is made by and between Special "T" Water Systems, Inc. ("**Sublessor**") and The Eco Group Collective L.L.C. ("**Sublessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as 11938 E. Washington Blvd, Whittier, CA, consisting of approximately 1,200 square feet ("**Premises**"). The Premises are located at: 11938 E. Washington Blvd., in the City of Whittier, County of Los Angeles, State of CA, with zip code 90606. In addition to Sublessee's rights to use and occupy the Premises as hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**."

1.2(b) **Parking**: 2 unreserved and n/a reserved vehicle parking spaces.

1.3 **Term**: 5 years and 0 months commencing August 1, 2009 ("**Commencement Date**") and ending July 31, 2014 ("**Expiration Date**").

1.4 **Early Possession**: If the Premises are available Sublessee may have non-exclusive possession of the Premises commencing Execution of Lease, delivery of deposit & proof of insurance. ("**Early Possession Date**").

1.5 **Base Rent**: $1,080.00 per month ("**Base Rent**)", payable on the 1st day of each month commencing September 1, 2009.

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

1.6 **Sublessee's Share of Operating Expenses**: n/a percent (n/a %) ("**Sublessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $1,080.00 for the period n/a

(b) **Security Deposit**: $2,160.00 ("**Security Deposit**").

(c) **Other**: $n/a for n/a

(d) **Total Due Upon Execution of this Lease**: $3,240.00

1.8 **Agreed Use**: **The Premises shall be used and occupied only for** Medical Marijuana Dispensary and for no other purposes.

1.9 **Real Estate Brokers**:

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☑ GM Properties, Inc. - Ben Greer, CCIM represents Sublessor exclusively ("**Sublessor's Broker**");

☑ Jones Real Estate - Brock Burnett represents Sublessee exclusively ("**Sublessee's Broker**"); or

☐ n/a represents both Sublessor and Sublessee ("**Dual Agency**").

(b) **Payment to Brokers**: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of as agreed or n/a % of the total Base Rent for the brokerage services rendered by the Brokers).

1.10 **Guarantor**. The obligations of the Sublessee under this Sublease shall be guaranteed by James Scott Stanfield ("**Guarantor**").

1.11 **Attachments**. Attached hereto are the following, all of which constitute a part of this Sublease:

☑ an Addendum consisting of Paragraphs 13 through 16;

☐ ~~a plot plan depicting the Premises and/or Project;~~

☐ ~~a current set of the Rules and Regulations;~~

☐ ~~a Work Letter;~~

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☑ a copy of the **Master Lease**;
☐ ~~other (specify)~~: _____

2. **Premises**.

2.1 **Letting**. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 **Condition**. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date. If a noncompliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such noncompliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense

2.3 **Compliance**. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such noncompliance, rectify the same.

2.4 **Acknowledgements**. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Americans with Disabilities Act**. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☑ Sublessee's expense.

2.6 **Vehicle Parking**. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than fullsize passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles**." Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

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

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

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

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

2.8 **Common Areas - Sublessee's Rights**. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

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

2.10 **Common Areas - Changes**. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic,

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landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

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

(d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

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

3. **Possession.**

3.1 **Early Possession**. Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 **Delay in Commencement**. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 **Sublessee Compliance**. Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. **Rent and Other Charges.**

4.1 **Rent Defined**. All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Common Area Operating Expenses**. Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

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

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

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

(iii) The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental inspections.

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

(v) Real Property Taxes.

(vi) Insurance premiums.

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

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

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 **Utilities**. Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

5. **Security Deposit.** The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).

6. **Master Lease.**

6.1 Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Brreck, LLC _____ is the lessor, hereinafter the "**Master Lessor**".

6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

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6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: _____

_____

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. **Assignment of Sublease and Default.**

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

7.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

7.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

8. **Consent of Master Lessor.**

8.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

8.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

8.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

8.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

8.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

8.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

9. **Additional Brokers Commissions.**

9.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.

9.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

9.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

9.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this

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Paragraph 9. Broker shall be deemed to be a third-party beneficiary of this paragraph 9.

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

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

12. **No Prior or Other Agreements; Broker Disclaimer**. This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

13. The Lessee shall have the exclusive right to operate a Medical Marijuana dispensary. All business will be carried with utmost caution and care in the most descreet manner by Tenant. NO consumption of Medicines will be consumed by patients in, on and or around the property, and places Lessee in violation of the terms of this lease. Lessee agrees to operate in compliance with all state and local laws that pertain to the sale and distribution of Medical Marijuana.

14. Signage - Lessee shall place no signage on the front exterior of the premises. No Marijuana implications in the way of pictures or logos shall be displayed on signage.

15. Lessor agrees to the following conditions:

- Deliver unit broom clean and debris free with electrical, plumbing, lioghting, heating, ventilating, air conditioning, and all other such elements in the unit in good working order.
- Lessor shall finish the demising wall between 11938 and 11940 Washington Blvd.

Lessee agrees to the following conditions:

- Lessee will paint and clean
- Lessee shall be allowed to place demising walls within the premises creating a waiting room and office, subject to Lessor's approval of plans prior to construction. Lessor's approval shall not be unreasonably delayed or denied. All work shall be done according to current building codes. Said improvements shall be removed by Lessee at the end of the lease term, if so directed by Lessor.

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

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

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

Executed at: Whittier	Executed at: LA Habra
On: 7-28-09	On: 7-22-09
By SUBLESSOR:	**By SUBLESSEE:**
Special "T" Water Systems, Inc	The Eco Group Collective, LLC

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By: Robert J. Walker
Name Printed: Robert J. Walker
Title: Chief Executive Officer
By:
Name Printed: Cheryl M. Walker
Title: Sceretary
Address: 11934 Washington Boulevard
Whittier, CA 90606
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By: [redacted]
Name Printed: James S. Stanfield
Title: President, Managing Member
By:
Name Printed:
Title:
Address: 26793 Hunter Ridge Dr.
Menifee, CA 92584
Telephone:(951) 333-3232
Facsimile:(___)
Federal ID No.

BROKER:
GM Properties, Inc
12300 E. Washington Blvd., Suite A

Attn: Ben Greer, CCIM
Title:

Address: 12300 E. Washington Blvd., Suite A
Whittier, CA 90606
Telephone:(562) 696-0200
Facsimile:(562) 693-2126
Federal ID No.
Broker/Agent DRE License #: 01487384

BROKER:
Jones Real Estate

Attn: Brock Burnett
Title:

Address: 440 W. Whittier Blvd.
La Habra, CA 90631
Telephone:(562) 697-3333
Facsimile:(562) 697-9999
Federal ID No.
Broker/Agent DRE License #: 1814211

Consent to the above Sublease is hereby given.

Executed at: Whittier
On:

Executed at: [redacted]
On: [redacted]

By MASTER LESSOR:

Brrect, LLC

By:
Name Printed: Eulalio A. Tovar
Title: Managing Member

By: Robert J. Walker
Name Printed: Robert J. Walker
Title: President
Address: 11934 Washington Blvd
Whittier, CA
Telephone:(562) 945-7595
Facsimile:(562) 693-8992
Federal ID No.

By GUARANTOR(S):

By: [redacted]
Name Printed: James S. Stanfield
Address: 26793 HunterRidge Dr.
Menifee, CA 92584

By:
Name Printed:
Address:

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

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RENT ADJUSTMENT(S)
STANDARD LEASE ADDENDUM

Dated July 22, 2009

By and Between (SUB Lessor) Special "T" Water Systems, Inc.

(SUB Lessee) The Eco Group Collective L.L.C.

Address of Premises: 11938 E. Washington Blvd
Whittier, CA 90606

Paragraph 16

A. **RENT ADJUSTMENTS:**

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below: (Check Method(s) to be Used and Fill in Appropriately)

☐ ~~I. **Cost of Living Adjustment(s) (COLA)**~~

~~a. On (Fill in COLA Dates):~~ _____

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

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

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

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

☐ ~~II. **Market Rental Value Adjustment(s) (MRV)**~~

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

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

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

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

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

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

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

INITIALS

INITIALS

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

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

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

~~b. Upon the establishment of each New Market Rental Value:~~
~~1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and~~
~~2) the first month of each Market Rental Value term shall become the new 'Base Month' for the purpose of calculating any further Adjustments.~~

☑ **III. Fixed Rental Adjustment(s) (FRA)**

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

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
8/1/2010	$1,112.00
8/1/2011	$1,146.00
8/1/2012	$1,180.00
8/1/2013	$1,216.00

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

C. **BROKER'S FEE:**
The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease.

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

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GUARANTY OF LEASE

WHEREAS, Special "T" Water Systems, Inc., hereinafter "SubLessor", and The Eco Group Collective L.L.C., hereinafter "SubLessee", are about to execute a document entitled "SubLease" dated July 22, 2009 concerning the premises commonly known as 11938 E. Washington Blvd., Whittier, CA 90606 wherein SubLessor will lease the premises to SubLessee, and

WHEREAS, James S. Stanfield hereinafter "Guarantors" have a financial interest in SubLessee, and

WHEREAS, SubLessor would not execute the SubLease if Guarantors did not execute and deliver to SubLessor this Guaranty of SubLease.

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

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

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

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

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

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

Guarantors do hereby subordinate all existing or future indebtedness of SubLessee to Guarantors to the obligations owed to SubLessor under the SubLease and this Guaranty.

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

The obligations of SubLessee under the SubLease to execute and deliver estoppel statements and financial statements, as therein provided, shall be deemed to also require the Guarantors to do and provide the same to SubLessor. The failure of the Guarantors to provide the same to SubLessor shall constitute a default under the SubLease.

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

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

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

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

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

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

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

If this Form has been filled in, it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by the AIR Commercial Real Estate Association, the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Form or the transaction relating thereto.

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Executed at: LA Habra
On: 7-22-09
Address: 26793 Hunter Ridge Dr.
Menifee, CA 92584

James S. Stanfield
"GUARANTORS"

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ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 07/23/2009

PRODUCER
Hull & Company, Inc. - Newport Beach
1600 Dove Street, Suite 315
Newport Beach, CA 92660

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
The Echo Group Collective
11938 Washington Blvd.
Whittier, CA 90606

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: THE BURLINGTON INSURANCE COMPAN	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR Owners & Contractors GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	154B003129	7/23/2009	7/23/2010	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1000000 $ 100000 $ 5000 $ Excluded $ 2000000 $ Excluded
		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER IS NAMED AS ADDITIONAL INSURED PER FORM CG2011
*10 DAY NOTICE OF CANCELLATION APPLIES FOR NON-PAYMENT OF PREMIUM

CERTIFICATE HOLDER

SPECIAL T WATER SYSTEMS, INC.
11934 WASHINGTON BLVD.
WHITTIER, CA 90606-

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Hull & Co., Inc. - Newport Beach

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Tab 4.10
Unified Lift

4.10

Lease

THIS LEASE is entered into this 6th day of May 2008, between the parties hereinafter designated "**Lessor**" and "**Lessee**", without regard to number or gender.

Lessor: **BRRECK, LLC**
a California Limited Liability Company

Lessee: **Jorge Murillo DBA**
Unified Lift, Inc
a California Company

WITNESSETH:

Lessor does hereby lease and demise to **lessee** the premises hereinafter described upon the following terms and conditions:

1. **DESCRIPTION OF PREMISES:** A portion of an industrial building measuring approximately 34' X 56' located at 11944 Washington Blvd. Santa Fe Springs, California.

2. **TERM:** The term of this lease shall be for a period of Three (3) years commencing May 7, 2008 and ending May 6, 2011. If lessee elects to continue leasing this property after May 6, 2011 it shall be for a period of three (3) years ending on May 5, 2014.

3. **RENTAL:** **Lessee** shall pay to **Lessor** as rental for the demised premists the sum of 1585.00 per month, payable in advance, on the first day of each month during the term of this lease. **Lessee** has paid a deposit of 1585.00 to be returned at the end of the lease providing the **lessee** is not in default. **Lessor** has the right to increase the monthly sum by no more than 3 percent per year.

4. **USE:** **Lessee** may use and occupy the premises for the purpose of conducting the **lessee** forklift sales and repair business, together with such other pursuits and purposes as are ordinarily and usually carried on and conducted in conjunction with the main purpose of this lease; **Lessee** will not use, or permit the use of, the premises for any other purpose or pursuits without the written consent of **Lessor** being first had and obtained.

5. **TAXES:** All taxes or assessments upon all fixtures, equipment, stock in trace and personal property of every kind that is now or may hereafter be located or situated upon said premises shall be paid by **Lessee**. **Lessor** shall pay all taxes that may be levied or assessed upon said real property during the term of this lease. Said taxes shall be payable upon presentment of the bills therefor and before delinquency.

GENERAL TERMS AND CONDITIONS

1. **QUIET POSSESSION:** **Lessor** hereby covenants and agrees that **Lessee**, paying said rent in the manner aforesaid and performing the other covenants, terms and conditions of this lease on the part of **Lessee** to be kept and performed, may and shall have the right at all times during the term of this lease to quietly and peacefully hold, possess, use, occupy and enjoy said premises.

2. **ASSIGNMENTS AND SUBLETTING:** **Lessee** shall not encumber, assign or otherwise transfer this lease, or any right of interest hereunder, or to any of the improvements that hereafter may be constructed or installed thereon, and **Lessee** shall not sublet said premises as a whole, without the prior written consent and approval of **Lessee** provided, however, **Lessor** shall not unreasonably withhold his consent. No such encumbrance, assignment or other transfer, whether voluntary or involuntary, by operation of the law, under legal process, through receivership or bankruptcy, or otherwise, and no such subletting shall be valid or effective without such prior written comsent and approval.

3. **UTILITIES:** **Lessee** shall pay the cost of all utilities supplied to **Lessee**, including but not limited to water, electricity, gas, trash collection, sewage and other services including air conditioning service and maintenance.

4. **INSURANCE HAZARDS:** No use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate on insurance upon the building in which said premises may be located, or cause a cancellation of and insurance policy covering said building, or any part thereof, nor shall **Lessee** sell or permit to be kept, used, or sold, in or about said premises, any article which may be prohibited by the standard form of fire insurance policies. **Lessee** shall, at its sole cost and expense, comply with any and all requirements, pertaining to said premises, or any insurance organization or company, necessary for the maintenance or reasonable fire and public liability insurance, covering said building appurtenances.

5. **INSURANCE**:

(A) **FIRE INSURANCE**: **Lessee** shall not be required to keep, during the term thereof, any and all buildings and improvements on the leased premises insured against loss or damage by fire.

(B) **LIABILITY INSURANCE**: **Lessee** shall at its cost and expense, at all times during the term of this lease, maintain in force for the joint benefit of **Lessor** and **Lessee**, property damage and personal liability insurance (non-vehicle) under which **Lessor** and **Lessee** shall be named as co-insured and under the terms of which each shall be indemnified against liability for damage to the property or bodily injury to or death of any licensee or invitee of **Lessee** or any person entering upon or using the demised premises, or any structure thereon, or any part thereof, and arising from the use and occupancy thereof. Such insurance policy or polices shall be maintained on the minimum basis of $50,000 for property damages and $1,000,000 for bodily injury to or death of one person in any one accident, and **Lessee** shall deliver to **Lessor** the certificate of each insurance carrier as to each such insurance policy.

6. **LESSOR'S LIABILITY**: **Lessor** shall not be liable for any loss, damage or injury to any person or property arising out of or caused by the use and occupancy of the demised premises or buildings thereon or caused by any defect in the building, structure or improvement thereon. Nor shall **Lessor** be liable for any loss, damage or injury caused by or arising out of any act or omission of the **Lessee** or its employees, agents or invitees or for any failure of the **Lessee** to maintain the demised premises in a good and safe condition. **Lessee** hereby waives any and all claims and damages against the **Lessor** for any such loss, damage or injury to **Lessee** and hereby holds **Lessor** harmless from any and all liability for loss, damage or injury to other persons, not arising from **Lessor's** independent negligence, including all costs and expenses of litigation, arising out of any such use or occupancy and attorneys' fees of the **Lessor** in defense of any such action. With respect to the demised premises, the liability and rights to indemnification and contribution among the parties shall be determined as the law provides.

7. **REPAIRS AND MAINTENANCE**: **Lessor** shall maintain the roof, exterior walls and the garage doors of the demised premises. **Lessee** agrees that during the terms of this lease, **Lessee** will, except as otherwise herein provided, at its own expense, keep all and every part of said premises, the fixtures and appurtenances in good order and repair and in clean and wholesome condition, free from dirt and accumulation of waste, boxes or other rubbish, including adjoining streets and alley ways, and in compliance with all laws and ordinances enacted by public authorities, and will not commit or allow any waste or misuse of the premises and will keep outer areas adjoining said premises free from obstructions of any kind whatsoever, reasonable wear and tear excepted.

8. **COMPLIANCE WITH LAWS**: At all times, **Lessee** shall, at its expense, maintain, use and occupy said premises, together with any adjacent sidewalks, alleys or other immediately adjacent areas, if any, in a neat and orderly condition and in accordance with all appropriate federal, state, county and city laws, ordinances or regulations.

9. **WASTE. QUIET CONDUCT**: **Lessee** shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other occupant, if any, in the area in which the demised premises may be located, or adjacent thereto.

10. **ENTRY BY OWNER**: **Lessee** shall permit **Lessor** and his agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same, or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions, or repairs, or for the purposes of placing upon the property in which the said premises are located any usual or ordinary "for sale" signs, without any rebate of rent and without any liability to **Lessee** for any loss of occupation or quiet enjoyment of the premises thereby occasioned; and shall permit **Lessor**, at any time within thirty days prior to the expiration of this lease, to place upon said premises any unusual or ordinary "to let" or "to lease" signs.

11. **ADDITIONS**: **Lessee** shall not make or suffer to be made any additions to or changes or improvements or alterations of the said premises, or any part thereof, without the consent of the **Lessor** first obtained in writing, and any additions to, or alterations of, the said premises, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to **Lessor** upon the termination of the lease period. **Lessee** shall keep the demised premises and the property in which the demised premises are situated free from any liens arising out of any work performed, material furnished, or obligations incurred by **Lessee**.

12. **CERTAIN ASSIGNMENTS**: Should **Lessee**: (a) file a voluntary petition in bankruptcy;or (b) be adjudicated a bankrupt, upon the filing of an involuntary petition, and not be discharged therefrom within thirty (30) days thereof; or (c) should **Lessee** make a voluntary general assignment for the benefit of creditors; or (d) should a receiver be appointed to take possession of the leased land or the operations of **Lessee** thereon, and should said receiver not be discharged within thirty (30) days from the time of taking said possession, then either or any of the foregoing events shall be deemed a breach of the conditions and restrictions of this lease, and thereupon **Lessor** may, at its option, terminate this lease forthwith by written notice, and upon such termination, this lease shall cease and end and thenceforth be of no further force and effect except as herein otherwise provided.

13. **GARNISHMENT AND EXECUTION**: This lease and the interest therein of **Lessee** shall not, without the written consent of the **Lessor** being first had and obtained, be subject to garnishment of sale under execution in any suit or proceeding which may be brought against or by said **Lessee**, and this lease, and all rights of the **Lessee** hereunder, shall, at the option of the **Lessor**, cease and terminate upon said **Lessee** being by any Court adjudged bankrupt, or insolvent, or upon said Lessee making an assignment for the benefit of creditors.

14. **TIME OF ESSENCE**: Time is of the essence of this agreement, but acceptance by **Lessor** of any overdue payment of rental, or the performance of any conditions or covenants, upon which the **Lessee** is in default, will not constitute a waiver, and **Lessor** may, thereafter, insist upon strict performance of the lease.

15. **DESTRUCTION**: Should the leased premises be wholly or substantially damaged by fire, act of God, superior force or other cause not the result of the conduct of **Lessee** to an extent making it impractical for **Lessee** to occupy said premises, rental on said premises shall cease as of the date of said destruction and shall resume upon completion of repairs, if such be undertaken hereunder. **Lessor** shall have the option of terminating forthwith this lease or of making the necessary repairs and restoration, provided, such work could be completed within 130 days. In the event such work cannot be completed within 130 days, this lease may then be terminated at the election of either **Lessor** or **Lessee**. **Lessor** shall not be liable to **Lessee** for any damage or loss resulting from such destruction or **Lessor's** activities in repairing or restoring same.

16. **CONDEMNATION**: If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the **Lessee** shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire premises at the date of condemnation. If all the demised premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible for occupation hereunder, this lease shall thereupon terminate. If a part or all of the demised premises be taken, or condemned, all compensation awarded upon such condemnation or taking shall go to the Lessor and the **Lessee** shall have no claim thereto, and the **Lessee** hereby irrevocably assigns and transfers to the **Lessor** any right to compensation or damages to which the **Lessee** may become entitled during the term hereof by reason of the condemnation of all, or a part of the demised premises.

17. **DEFAULT**: Should any default occur hereunder, the defaulting party shall remedy the same within fifteen (15) days after the receipt of written notice, except for the nonpayment of rent, which shall constitute a default if not paid on the date herein specified. On failure to remedy the default, then at the option of the party not in default, this lease shall terminate upon written notice thereof duly given. Forfeiture, however, shall not be the sole remedy of the **Lessor** or **Lessee.**

18. **REMEDIES**: In the event of any breach of this lease by **Lessee**, then **Lessor**, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of **Lessee**. Should **Lessor** elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings, or pursuant to any notice provided for by law, it may either, terminate this lease or it may, from time to time, without terminating this lease, re-let said premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this lease) and at such rental or rentals and upon such other terms and conditions as **Lessor**, in its sole discretion, may deem advisable with the right to make alterations and repairs to said premises; upon such re-letting (a) **Lessee** shall be immediately liable to pay **Lessor**, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of alterations and repairs, incurred by **Lessor**, and the amount, if any, by which the rent reserved in this lease for the period of such re-letting (up to but not beyond the term of this lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such re-letting, or (b) at the option of **Lessor** rents received by such **Lessor** from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from **Lessee** to **Lessor**; second, to the payment of any costs and expenses of such re-letting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by **Lessor** and applied in payment of future rent as the same may become due and payable hereunder.

18. **CONT.**
If **Lessee** has been credited with any rent to be received by such re-letting under option (a), and such rent shall not be promptly paid to **Lessor** by the new tenant, or if such rentals received by such re-letting under option (b) during any month be less than that to be paid during that month by **Lessee** hereunder, **Lessee** shall pay any such deficiency to **Lessor.** Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession if said premises by **Lessor** shall be construed as an election on his part to terminate this lease, unless a written notice of such intention be given to **Lessee**, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, **Lessor** may at any time thereafter elect to terminate this lease for such previous breach. Should **Lessor** at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover form **Lessee** all damages which may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which shall be immediately due and payable from **Lessee** to **Lessor.**

19. **ENCUMBRANCES**: **Lessee** enters into and accepts this lease and the leasehold interest and estate of **Lessee** hereunder, subject and subordinate to all mortgages or trust deeds which may now or hereafter exist, or be executed upon or with respect to the real property or premises hereby leased, or the real property on which said building is situated.

20. **REPRESENTATIONS:** **Lessee** does hereby acknowledge that it has thoroughly inspected said premises, and read each and every provision of this lease, and enters into this lease in reliance upon its own inspection of each, rather than upon any representation of **Lessor** concerning either.

21. **HOLDING OVER**: Should the **Lessee** hold over the terms hereof with the consent of the **Lessor**, either expressed or implied, such holding over shall be construed to be a tenancy only from month to month, subject to all the terms and provisions of this lease.

22. **ATTORNEYS' FEES**: Should either party fail to comply with the provisions hereof, necessitating court action, the prevailing party in such action shall be entitled to recover costs thereof and reasonable attorneys' fees.

23. **LESSOR'S LIEN AND REMOVAL**: **Lessor** shall have a lien on and against all of the property of **Lessee** of every kind now or hereafter placed on said premises to the extent of any and all liability of **Lessee** under this lease, and such property may not be removed unless and until such liability has been satisfied in full. Provided **Lessee** is not in default hereunder, at the termination of this lease or any extension thereof, either by notice or by expiration of the term or for cause hereunder, the **Lessee** may, and at the **Lessor's** direction shall remove from the premises leased hereunder all furniture and fixtures and other property of the **Lessee** on the premises, provided, however, that the **Lessee** shall put the premises in as good repair and condition as they were at the beginning of said term, reasonable wear and tear and damage by fire, explosion, earthquake, or other sudden violent action of the elements, or other casualty, or other happenings beyond the control of **Lessee** excepted.

24. **SURRENDER OF LEASE NOT MERGER**: The voluntary of other surrender of this lease by **Lessee**, or a mutual cancellation thereof, shall not work a merger, and shall, at the option **Lessor**, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to them of any or all such subleases or subtenancies.

25. **WAIVER**: The waiver by **Lessor** of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by **Lessor** shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than a failure of **Lessee** to pay particular rental so accepted, regardless of **Lessor's** knowledge of such preceding breach at the time of acceptance of such rent.

26. **MINERAL RIGHTS**: Notwithstanding any other provision of this lease, **Lessor** reserves all mineral rights, if any, under the demised premises, without, however, any right of surface entry or entry within 500 feet of the surface thereof.

27. **LATE CHARGES:** **Lessee** hereby acknowledges that late payment by **Lessee** to **Lessor** of rent and other sums due hereunder will cause **Lessor** to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed on **Lessor** by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from **Lessee** shall not be received by **Lessor** or **Lessor's** designee within ten (10) days after such amount shall be due, then, without any requirement for notice to **Lessee. Lessee** shall pay to **Lessor** a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs **Lessor** will incur by reason of late payment by **Lessee**.

28. **SIGNS**: **Lessee** covenants and agrees that it will not erect or maintain any sings on the demised premises during the term of this lease (including any extension or renewal thereof) without **Lessor's** prior written consent.

29. **NOTICES**: Written notices to **Lessor** herein shall be addressed to **Lessor** at:

BRRECK, LLC
11934 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessor** in writing to **Lessee**.

Written notices to **Lessee** herein shall be addressed to **Lessee** at:

Unified Lift, Inc
11944 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessee** in writing to **Lessor**.

All notices to be given to **Lessor** or **Lessee** may be given in writing personally, or by depositing in the United States mail, postage prepaid, properly addressed as aforesaid, for delivery by registered or certified mail. Notices shall be deemed given upon deposit in the United States mail, in the manner as set forth in this paragraph.

30. **GENDER AND NUMBER**: Without limiting the generality of the foregoing, the masculine gender, includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

31. **HEIRS AND ASSIGNS**: This lease and all of its terms conditions, stipulations and provisions shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto.

32. **EXCLUSIVE AGREEMENT AND HEADINGS**: This lease which may be signed in counterparts contains all the terms and conditions agreed on by the parties hereto, and no other agreement, oral or otherwise, regarding the subject matter of the contract, shall be deemed to exist or bind any of the parties hereto.

The paragraph heading used herein are used for descriptive purposes only, and shall be given no legal effect.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first hereinabove written.

LESSOR:

BRRECK, LLC

By _____
Eulalio A. Tovar

LESSEE:

Unified Lift, Inc

By _____
Jorge Murillo

2296

UNIFIED LIFT, INC.
11765 ½ SLAUSON AVENUE
SANTA FE SPRINGS, CA 90670
(562) 464-0776

BANK OF AM[illegible] NA

16-66/1220

5-7-08

PAY TO THE ORDER OF BRRECK, L.L.C. $ 2863.00

Two Thousand eight hundred & Sixty Three 00/100 DOLLARS

UNIFIED LIFT, INC.

MEMO Rent. May

Jorge Murillo
AUTHORIZED SIGNATURE

FD Security features. Details on back.

⑈002296⑈ ⑆122000661⑆ 04909⑉15933⑈

Transaction Receipt / Funds Availability Notice

CKG: DEPOSIT 05/06/08 15:44 FC#00295 FA# 006
062-01 Acct# 202370532 $10,285.00 ONL

$10,285.00 Available Today

Thank you for banking with Citibank.

citibank®

Tab 4.11
Greg's Pro Audio

GREG'S PRO AUDIO
11940 E. Washington Blvd. • Whittier, CA 90606
Telephone 562/ 907-9528 • Fax 562/907-9438

4.11

Dear Mr. Tovar / Brreck, LLC

I regret to inform you that as of January 31st, I have elected not to continue leasing the property describes as 11940 E. Washington Blvd. Whittier Ca 90606.

Sincerely,

Greg Garcia

Gregorio Garcia

Lease

4.11

THIS LEASE is entered into this 1st day of February 2008, between the parties hereinafter designated **"Lessor"** and **"Lessee"**, without regard to number or gender.

Lessor: **BRRECK, LLC**
a California Limited Liability Company

Lessee: **Greg Garcia, DBA**
GREG'S PRO AUDIO
a California Company

WITNESSETH:

Lessor does hereby lease and demise to **lessee** the premises hereinafter described upon the following terms and conditions:

1. **DESCRIPTION OF PREMISES:** A portion of an industrial building measuring approximately 48' X 50' located at 11940 Washington Blvd. Santa Fe Springs, California.

2. **TERM:** The term of this lease shall be for a period of One (1) year commencing February 1, 2008 and ending January 31, 2009. If Lessee elects to continue leasing this property after January 31, 2009 it shall be for a period of five (5) years ending on January 31, 2014.

3. **RENTAL:** **Lessee** shall pay to **Lessor** as rental for the demised premists the sum of 2040.00 per month, payable in advance, on the first day of each month during the term of this lease. **Lessee** has paid a deposit of 400.00 to be returned at the end of the lease providing the **lessee** is not in default. **Lessor** has the right to increase the monthly sum by no more than 3 percent per year.

4. **USE:** **Lessee** may use and occupy the premises for the purpose of conducting the **lessee** cabinet business, together with such other pursuits and purposes as are ordinarily and usually carried on and conducted in conjunction with the main purpose of this lease; **Lessee** will not use, or permit the use of, the premises for any other purpose or pursuits without the written consent of **Lessor** being first had and obtained.

5. **TAXES:** All taxes or assessments upon all fixtures, equipment, stock in trace and personal property of every kind that is now or may hereafter be located or situated upon said premises shall be paid by **Lessee**. **Lessor** shall pay all taxes that may be levied or assessed upon said real property during the term of this lease. Said taxes shall be payable upon presentment of the bills therefor and before delinquency.

GENERAL TERMS AND CONDITIONS

1. **QUIET POSSESSION:** **Lessor** hereby covenants and agrees that **Lessee**, paying said rent in the manner aforesaid and performing the other covenants, terms and conditions of this lease on the part of **Lessee** to be kept and performed, may and shall have the right at all times during the term of this lease to quietly and peacefully hold, possess, use, occupy and enjoy said premises.

2. **ASSIGNMENTS AND SUBLETTING:** **Lessee** shall not encumber, assign or otherwise transfer this lease, or any right of interest hereunder, or to any of the improvements that hereafter may be constructed or installed thereon, and **Lessee** shall not sublet said premises as a whole, without the prior written consent and approval of **Lessee** provided, however, **Lessor** shall not unreasonably withhold his consent. No such encumbrance, assignment or other transfer, whether voluntary or involuntary, by operation of the law, under legal process, through receivership or bankruptcy, or otherwise, and no such subletting shall be valid or effective without such prior written comsent and approval.

3. **UTILITIES:** **Lessee** shall pay the cost of all utilities supplied to **Lessee**, including but not limited to water, electricity, gas, trash collection, sewage and other services including air conditioning service and maintenance.

4. **INSURANCE HAZARDS:** No use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate on insurance upon the building in which said premises may be located, or cause a cancellation of and insurance policy covering said building, or any part thereof, nor shall **Lessee** sell or permit to be kept, used, or sold, in or about said premises, any article which may be prohibited by the standard form of fire insurance policies. **Lessee** shall, at its sole cost and expense, comply with any and all requirements, pertaining to said premises, or any insurance organization or company, necessary for the maintenance or reasonable fire and public liability insurance, covering said building appurtenances.

5. **INSURANCE**:

(A) **FIRE INSURANCE**: **Lessee** shall not be required to keep, during the term thereof, any and all buildings and improvements on the leased premises insured against loss or damage by fire.

(B) **LIABILITY INSURANCE**: **Lessee** shall at its cost and expense, at all times during the term of this lease, maintain in force for the joint benefit of **Lessor** and **Lessee**, property damage and personal liability insurance (non-vehicle) under which **Lessor** and **Lessee** shall be named as co-insured and under the terms of which each shall be indemnified against liability for damage to the property or bodily injury to or death of any licensee or invitee of **Lessee** or any person entering upon or using the demised premises, or any structure thereon, or any part thereof, and arising from the use and occupancy thereof. Such insurance policy or polices shall be maintained on the minimum basis of $50,000 for property damages and $1,000,000 for bodily injury to or death of one person in any one accident, and **Lessee** shall deliver to **Lessor** the certificate of each insurance carrier as to each such insurance policy.

6. **LESSOR'S LIABILITY**: **Lessor** shall not be liable for any loss, damage or injury to any person or property arising out of or caused by the use and occupancy of the demised premises or buildings thereon or caused by any defect in the building, structure or improvement thereon. Nor shall **Lessor** be liable for any loss, damage or injury caused by or arising out of any act or omission of the **Lessee** or its employees, agents or invitees or for any failure of the **Lessee** to maintain the demised premises in a good and safe condition. **Lessee** hereby waives any and all claims and damages against the **Lessor** for any such loss, damage or injury to **Lessee** and hereby holds **Lessor** harmless from any and all liability for loss, damage or injury to other persons, not arising from **Lessor's** independent negligence, including all costs and expenses of litigation, arising out of any such use or occupancy and attorneys' fees of the **Lessor** in defense of any such action. With respect to the demised premises, the liability and rights to indemnification and contribution among the parties shall be determined as the law provides.

7. **REPAIRS AND MAINTENANCE**: **Lessor** shall maintain the roof, exterior walls and the garage doors of the demised premises. **Lessee** agrees that during the terms of this lease, **Lessee** will, except as otherwise herein provided, at its own expense, keep all and every part of said premises, the fixtures and appurtenances in good order and repair and in clean and wholesome condition, free from dirt and accumulation of waste, boxes or other rubbish, including adjoining streets and alley ways, and in compliance with all laws and ordinances enacted by public authorities, and will not commit or allow any waste or misuse of the premises and will keep outer areas adjoining said premises free from obstructions of any kind whatsoever, reasonable wear and tear excepted.

8. **COMPLIANCE WITH LAWS**: At all times, **Lessee** shall, at its expense, maintain, use and occupy said premises, together with any adjacent sidewalks, alleys or other immediately adjacent areas, if any, in a neat and orderly condition and in accordance with all appropriate federal, state, county and city laws, ordinances or regulations.

9. **WASTE, QUIET CONDUCT**: **Lessee** shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other occupant, if any, in the area in which the demised premises may be located, or adjacent thereto.

10. **ENTRY BY OWNER**: **Lessee** shall permit **Lessor** and his agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same, or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions, or repairs, or for the purposes of placing upon the property in which the said premises are located any usual or ordinary "for sale" signs, without any rebate of rent and without any liability to **Lessee** for any loss of occupation or quiet enjoyment of the premises thereby occasioned; and shall permit **Lessor**, at any time within thirty days prior to the expiration of this lease, to place upon said premises any unusual or ordinary "to let" or "to lease" signs.

11. **ADDITIONS**: **Lessee** shall not make or suffer to be made any additions to or changes or improvements or alterations of the said premises, or any part thereof, without the consent of the **Lessor** first obtained in writing, and any additions to, or alterations of, the said premises, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to **Lessor** upon the termination of the lease period. **Lessee** shall keep the demised premises and the property in which the demised premises are situated free from any liens arising out of any work performed, material furnished, or obligations incurred by **Lessee**.

12. **CERTAIN ASSIGNMENTS**: Should **Lessee**: (a) file a voluntary petition in bankruptcy;or (b) be adjudicated a bankrupt, upon the filing of an involuntary petition, and not be discharged therefrom within thirty (30) days thereof; or (c) should **Lessee** make a voluntary general assignment for the benefit of creditors; or (d) should a receiver be appointed to take possession of the leased land or the operations of **Lessee** thereon, and should said receiver not be discharged within thirty (30) days from the time of taking said possession, then either or any of the foregoing events shall be deemed a breach of the conditions and restrictions of this lease, and thereupon **Lessor** may, at its option, terminate this lease forthwith by written notice, and upon such termination, this lease shall cease and end and thenceforth be of no further force and effect except as herein otherwise provided.

13. **GARNISHMENT AND EXECUTION**: This lease and the interest therein of **Lessee** shall not,
without the written consent of the **Lessor** being first had and obtained, be subject to garnishment of sale under execution in any suit or proceeding which may be brought against or by said **Lessee**, and this lease, and all rights of the **Lessee** hereunder, shall, at the option of the **Lessor**, cease and terminate upon said **Lessee** being by any Court adjudged bankrupt, or insolvent, or upon said Lessee making an assignment for the benefit of creditors.

14. **TIME OF ESSENCE**: Time is of the essence of this agreement, but acceptance by **Lessor** of any overdue payment of rental, or the performance of any conditions or covenants, upon which the **Lessee** is in default, will not constitute a waiver, and **Lessor** may, thereafter, insist upon strict performance of the lease.

15. **DESTRUCTION**: Should the leased premises be wholly or substantially damaged by fire, act of God, superior force or other cause not the result of the conduct of **Lessee** to an extent making it impractical for **Lessee** to occupy said premises, rental on said premises shall cease as of the date of said destruction and shall resume upon completion of repairs, if such be undertaken hereunder. **Lessor** shall have the option of terminating forthwith this lease or of making the necessary repairs and restoration, provided, such work could be completed within 130 days. In the event such work cannot be completed within 130 days, this lease may then be terminated at the election of either **Lessor** or **Lessee**. **Lessor** shall not be liable to **Lessee** for any damage or loss resulting from such destruction or **Lessor's** activities in repairing or restoring same.

16. **CONDEMNATION**: If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the **Lessee** shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire premises at the date of condemnation. If all the demised premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible for occupation hereunder, this lease shall thereupon terminate. If a part or all of the demised premises be taken, or condemned, all compensation awarded upon such condemnation or taking shall go to the Lessor and the **Lessee** shall have no claim thereto, and the **Lessee** hereby irrevocably assigns and transfers to the **Lessor** any right to compensation or damages to which the **Lessee** may become entitled during the term hereof by reason of the condemnation of all, or a part of the demised premises.

17. **DEFAULT**: Should any default occur hereunder, the defaulting party shall remedy the same within fifteen (15) days after the receipt of written notice, except for the nonpayment of rent, which shall constitute a default if not paid on the date herein specified. On failure to remedy the default, then at the option of the party not in default, this lease shall terminate upon written notice thereof duly given. Forfeiture, however, shall not be the sole remedy of the **Lessor** or **Lessee**.

18. **REMEDIES**: In the event of any breach of this lease by **Lessee**, then **Lessor**, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of **Lessee**. Should **Lessor** elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings, or pursuant to any notice provided for by law, it may either, terminate this lease or it may, from time to time, without terminating this lease, re-let said premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this lease) and at such rental or rentals and upon such other terms and conditions as **Lessor**, in its sole discretion, may deem advisable with the right to make alterations and repairs to said premises; upon such re-letting (a) **Lessee** shall be immediately liable to pay **Lessor**, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of alterations and repairs, incurred by **Lessor**, and the amount, if any, by which the rent reserved in this lease for the period of such re-letting (up to but not beyond the term of this lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such re-letting, or (b) at the option of **Lessor** rents received by such **Lessor** from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from **Lessee** to **Lessor**; second, to the payment of any costs and expenses of such re-letting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by **Lessor** and applied in payment of future rent as the same may become due and payable hereunder.

18. **CONT.**
If **Lessee** has been credited with any rent to be received by such re-letting under option (a), and such rent shall not be promptly paid to **Lessor** by the new tenant, or if such rentals received by such re-letting under option (b) during any month be less than that to be paid during that month by **Lessee** hereunder, **Lessee** shall pay any such deficiency to **Lessor**. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession if said premises by **Lessor** shall be construed as an election on his part to terminate this lease, unless a written notice of such intention be given to **Lessee**, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, **Lessor** may at any time thereafter elect to terminate this lease for such previous breach. Should **Lessor** at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover form **Lessee** all damages which may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which shall be immediately due and payable from **Lessee** to **Lessor**.

19. **ENCUMBRANCES**: **Lessee** enters into and accepts this lease and the leasehold interest and estate of **Lessee** hereunder, subject and subordinate to all mortgages or trust deeds which may now or hereafter exist, or be executed upon or with respect to the real property or premises hereby leased, or the real property on which said building is situated.

20. **REPRESENTATIONS:** **Lessee** does hereby acknowledge that it has thoroughly inspected said premises, and read each and every provision of this lease, and enters into this lease in reliance upon its own inspection of each, rather than upon any representation of **Lessor** concerning either.

21. **HOLDING OVER**: Should the **Lessee** hold over the terms hereof with the consent of the **Lessor**, either expressed or implied, such holding over shall be construed to be a tenancy only from month to month, subject to all the terms and provisions of this lease.

22. **ATTORNEYS' FEES**: Should either party fail to comply with the provisions hereof, necessitating court action, the prevailing party in such action shall be entitled to recover costs thereof and reasonable attorneys' fees.

23. **LESSOR'S LIEN AND REMOVAL**: **Lessor** shall have a lien on and against all of the property of **Lessee** of every kind now or hereafter placed on said premises to the extent of any and all liability of **Lessee** under this lease, and such property may not be removed unless and until such liability has been satisfied in full. Provided **Lessee** is not in default hereunder, at the termination of this lease or any extension thereof, either by notice or by expiration of the term or for cause hereunder, the **Lessee** may, and at the **Lessor's** direction shall remove from the premises leased hereunder all furniture and fixtures and other property of the **Lessee** on the premises, provided, however, that the **Lessee** shall put the premises in as good repair and condition as they were at the beginning of said term, reasonable wear and tear and damage by fire, explosion, earthquake, or other sudden violent action of the elements, or other casualty, or other happenings beyond the control of **Lessee** excepted.

24. **SURRENDER OF LEASE NOT MERGER**: The voluntary of other surrender of this lease by **Lessee**, or a mutual cancellation thereof, shall not work a merger, and shall, at the option **Lessor**, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to them of any or all such subleases or subtenancies.

25. **WAIVER**: The waiver by **Lessor** of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by **Lessor** shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than a failure of **Lessee** to pay particular rental so accepted, regardless of **Lessor's** knowledge of such preceding breach at the time of acceptance of such rent.

26. **MINERAL RIGHTS**: Notwithstanding any other provision of this lease, **Lessor** reserves all mineral rights, if any, under the demised premises, without, however, any right of surface entry or entry within 500 feet of the surface thereof.

27. **LATE CHARGES:** **Lessee** hereby acknowledges that late payment by **Lessee** to **Lessor** of rent and other sums due hereunder will cause **Lessor** to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed on **Lessor** by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from **Lessee** shall not be received by **Lessor** or **Lessor's** designee within ten (10) days after such amount shall be due, then, without any requirement for notice to **Lessee. Lessee** shall pay to **Lessor** a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs **Lessor** will incur by reason of late payment by **Lessee**.

28. **SIGNS**: **Lessee** covenants and agrees that it will not erect or maintain any sings on the demised premises during the term of this lease (including any extension or renewal thereof) without **Lessor's** prior written consent.

29. **NOTICES**: Written notices to **Lessor** herein shall be addressed to **Lessor** at:

BRRECK, LLC
11934 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessor** in writing to **Lessee.**

Written notices to **Lessee** herein shall be addressed to **Lessee** at:

GREG'S PRO AUDIO
11940 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessee** in writing to **Lessor.**

All notices to be given to **Lessor** or **Lessee** may be given in writing personally, or by depositing in the United States mail, postage prepaid, properly addressed as aforesaid, for delivery by registered or certified mail. Notices shall be deemed given upon deposit in the United States mail, in the manner as set forth in this paragraph.

30. **GENDER AND NUMBER**: Without limiting the generality of the foregoing, the masculine gender, includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

31. **HEIRS AND ASSIGNS**: This lease and all of its terms conditions, stipulations and provisions shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto.

32. **EXCLUSIVE AGREEMENT AND HEADINGS**: This lease which may be signed in counterparts contains all the terms and conditions agreed on by the parties hereto, and no other agreement, oral or otherwise, regarding the subject matter of the contract, shall be deemed to exist or bind any of the parties hereto.

The paragraph heading used herein are used for descriptive purposes only, and shall be given no legal effect.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first hereinabove written.

LESSOR:

BRRECK, LLC

By _____
Eulalio A. Tovar

LESSEE:

GREG'S PRO AUDIO

By _____
Greg Garcia

Lease

4.11

THIS LEASE is entered into this 1st day of February 2008, between the parties hereinafter designated **"Lessor"** and **"Lessee"**, without regard to number or gender.

Lessor: **BRRECK, LLC**
a California Limited Liability Company

Lessee: **Greg Garcia, DBA**
GREG'S PRO AUDIO
a California Company

WITNESSETH:

Lessor does hereby lease and demise to **lessee** the premises hereinafter described upon the following terms and conditions:

1. **DESCRIPTION OF PREMISES:** A portion of an industrial building measuring approximately 34' X 56' located at 11944 Washington Blvd. Santa Fe Springs, California.

2. **TERM:** The term of this lease shall be for a period of Three (3) months commencing February 1, 2008 and ending April 30, 2008. If Lessee elects to continue leasing this property after April 30, 2008 it shall be for a period of five (5) years ending on January 31, 2012.

3. **RENTAL:** **Lessee** shall pay to **Lessor** as rental for the demised premists the sum of 1485.00 per month, payable in advance, on the first day of each month during the term of this lease. **Lessee** has not paid a deposit on this parcel. **Lessor** has the right to increase the monthly sum by no more than 3 percent per year.

4. **USE:** **Lessee** may use and occupy the premises for the purpose of conducting the **lessee** cabinet business, together with such other pursuits and purposes as are ordinarily and usually carried on and conducted in conjunction with the main purpose of this lease; **Lessee** will not use, or permit the use of, the premises for any other purpose or pursuits without the written consent of **Lessor** being first had and obtained.

5. **TAXES:** All taxes or assessments upon all fixtures, equipment, stock in trace and personal property of every kind that is now or may hereafter be located or situated upon said premises shall be paid by **Lessee**. **Lessor** shall pay all taxes that may be levied or assessed upon said real property during the term of this lease. Said taxes shall be payable upon presentment of the bills therefor and before delinquency.

GENERAL TERMS AND CONDITIONS

1. **QUIET POSSESSION:** **Lessor** hereby covenants and agrees that **Lessee**, paying said rent in the manner aforesaid and performing the other covenants, terms and conditions of this lease on the part of **Lessee** to be kept and performed, may and shall have the right at all times during the term of this lease to quietly and peacefully hold, possess, use, occupy and enjoy said premises.

2. **ASSIGNMENTS AND SUBLETTING:** **Lessee** shall not encumber, assign or otherwise transfer this lease, or any right of interest hereunder, or to any of the improvements that hereafter may be constructed or installed thereon, and **Lessee** shall not sublet said premises as a whole, without the prior written consent and approval of **Lessee** provided, however, **Lessor** shall not unreasonably withhold his consent. No such encumbrance, assignment or other transfer, whether voluntary or involuntary, by operation of the law, under legal process, through receivership or bankruptcy, or otherwise, and no such subletting shall be valid or effective without such prior written comsent and approval.

3. **UTILITIES:** **Lessee** shall pay the cost of all utilities supplied to **Lessee**, including but not limited to water, electricity, gas, trash collection, sewage and other services including air conditioning service and maintenance.

4. **INSURANCE HAZARDS:** No use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate on insurance upon the building in which said premises may be located, or cause a cancellation of and insurance policy covering said building, or any part thereof, nor shall **Lessee** sell or permit to be kept, used, or sold, in or about said premises, any article which may be prohibited by the standard form of fire insurance policies. **Lessee** shall, at its sole cost and expense, comply with any and all requirements, pertaining to said premises, or any insurance organization or company, necessary for the maintenance or reasonable fire and public liability insurance, covering said building appurtenances.

5. **INSURANCE**:

(A) **FIRE INSURANCE**: **Lessee** shall not be required to keep, during the term thereof, any and all buildings and improvements on the leased premises insured against loss or damage by fire.

(B) **LIABILITY INSURANCE**: **Lessee** shall at its cost and expense, at all times during the term of this lease, maintain in force for the joint benefit of **Lessor** and **Lessee**, property damage and personal liability insurance (non-vehicle) under which **Lessor** and **Lessee** shall be named as co-insured and under the terms of which each shall be indemnified against liability for damage to the property or bodily injury to or death of any licensee or invitee of **Lessee** or any person entering upon or using the demised premises, or any structure thereon, or any part thereof, and arising from the use and occupancy thereof. Such insurance policy or polices shall be maintained on the minimum basis of $50,000 for property damages and $1,000,000 for bodily injury to or death of one person in any one accident, and **Lessee** shall deliver to **Lessor** the certificate of each insurance carrier as to each such insurance policy.

6. **LESSOR'S LIABILITY**: **Lessor** shall not be liable for any loss, damage or injury to any person or property arising out of or caused by the use and occupancy of the demised premises or buildings thereon or caused by any defect in the building, structure or improvement thereon. Nor shall **Lessor** be liable for any loss, damage or injury caused by or arising out of any act or omission of the **Lessee** or its employees, agents or invitees or for any failure of the **Lessee** to maintain the demised premises in a good and safe condition. **Lessee** hereby waives any and all claims and damages against the **Lessor** for any such loss, damage or injury to **Lessee** and hereby holds **Lessor** harmless from any and all liability for loss, damage or injury to other persons, not arising from **Lessor's** independent negligence, including all costs and expenses of litigation, arising out of any such use or occupancy and attorneys' fees of the **Lessor** in defense of any such action. With respect to the demised premises, the liability and rights to indemnification and contribution among the parties shall be determined as the law provides.

7. **REPAIRS AND MAINTENANCE**: **Lessor** shall maintain the roof, exterior walls and the garage doors of the demised premises. **Lessee** agrees that during the terms of this lease, **Lessee** will, except as otherwise herein provided, at its own expense, keep all and every part of said premises, the fixtures and appurtenances in good order and repair and in clean and wholesome condition, free from dirt and accumulation of waste, boxes or other rubbish, including adjoining streets and alley ways, and in compliance with all laws and ordinances enacted by public authorities, and will not commit or allow any waste or misuse of the premises and will keep outer areas adjoining said premises free from obstructions of any kind whatsoever, reasonable wear and tear excepted.

8. **COMPLIANCE WITH LAWS**: At all times, **Lessee** shall, at its expense, maintain, use and occupy said premises, together with any adjacent sidewalks, alleys or other immediately adjacent areas, if any, in a neat and orderly condition and in accordance with all appropriate federal, state, county and city laws, ordinances or regulations.

9. **WASTE. QUIET CONDUCT**: **Lessee** shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other occupant, if any, in the area in which the demised premises may be located, or adjacent thereto.

10. **ENTRY BY OWNER**: **Lessee** shall permit **Lessor** and his agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same, or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions, or repairs, or for the purposes of placing upon the property in which the said premises are located any usual or ordinary "for sale" signs, without any rebate of rent and without any liability to **Lessee** for any loss of occupation or quiet enjoyment of the premises thereby occasioned; and shall permit **Lessor**, at any time within thirty days prior to the expiration of this lease, to place upon said premises any unusual or ordinary "to let" or "to lease" signs.

11. **ADDITIONS**: **Lessee** shall not make or suffer to be made any additions to or changes or improvements or alterations of the said premises, or any part thereof, without the consent of the **Lessor** first obtained in writing, and any additions to, or alterations of, the said premises, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to **Lessor** upon the termination of the lease period. **Lessee** shall keep the demised premises and the property in which the demised premises are situated free from any liens arising out of any work performed, material furnished, or obligations incurred by **Lessee**.

12. **CERTAIN ASSIGNMENTS**: Should **Lessee**: (a) file a voluntary petition in bankruptcy;or (b) be adjudicated a bankrupt, upon the filing of an involuntary petition, and not be discharged therefrom within thirty (30) days thereof; or (c) should **Lessee** make a voluntary general assignment for the benefit of creditors; or (d) should a receiver be appointed to take possession of the leased land or the operations of **Lessee** thereon, and should said receiver not be discharged within thirty (30) days from the time of taking said possession, then either or any of the foregoing events shall be deemed a breach of the conditions and restrictions of this lease, and thereupon **Lessor** may, at its option, terminate this lease forthwith by written notice, and upon such termination, this lease shall cease and end and thenceforth be of no further force and effect except as herein otherwise provided.

13. **GARNISHMENT AND EXECUTION**: This lease and the interest therein of **Lessee** shall not,
without the written consent of the **Lessor** being first had and obtained, be subject to garnishment of sale under execution in any suit or proceeding which may be brought against or by said **Lessee**, and this lease, and all rights of the **Lessee** hereunder, shall, at the option of the **Lessor**, cease and terminate upon said **Lessee** being by any Court adjudged bankrupt, or insolvent, or upon said Lessee making an assignment for the benefit of creditors.

14. **TIME OF ESSENCE**: Time is of the essence of this agreement, but acceptance by **Lessor** of any overdue payment of rental, or the performance of any conditions or covenants, upon which the **Lessee** is in default, will not constitute a waiver, and **Lessor** may, thereafter, insist upon strict performance of the lease.

15. **DESTRUCTION**: Should the leased premises be wholly or substantially damaged by fire, act of God, superior force or other cause not the result of the conduct of **Lessee** to an extent making it impractical for **Lessee** to occupy said premises, rental on said premises shall cease as of the date of said destruction and shall resume upon completion of repairs, if such be undertaken hereunder. **Lessor** shall have the option of terminating forthwith this lease or of making the necessary repairs and restoration, provided, such work could be completed within 130 days. In the event such work cannot be completed within 130 days, this lease may then be terminated at the election of either **Lessor** or **Lessee**. **Lessor** shall not be liable to **Lessee** for any damage or loss resulting from such destruction or **Lessor's** activities in repairing or restoring same.

16. **CONDEMNATION**: If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the **Lessee** shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire premises at the date of condemnation. If all the demised premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible for occupation hereunder, this lease shall thereupon terminate. If a part or all of the demised premises be taken, or condemned, all compensation awarded upon such condemnation or taking shall go to the Lessor and the **Lessee** shall have no claim thereto, and the **Lessee** hereby irrevocably assigns and transfers to the **Lessor** any right to compensation or damages to which the **Lessee** may become entitled during the term hereof by reason of the condemnation of all, or a part of the demised premises.

17. **DEFAULT**: Should any default occur hereunder, the defaulting party shall remedy the same within fifteen (15) days after the receipt of written notice, except for the nonpayment of rent, which shall constitute a default if not paid on the date herein specified. On failure to remedy the default, then at the option of the party not in default, this lease shall terminate upon written notice thereof duly given. Forfeiture, however, shall not be the sole remedy of the **Lessor** or **Lessee.**

18. **REMEDIES**: In the event of any breach of this lease by **Lessee**, then **Lessor**, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of **Lessee**. Should **Lessor** elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings, or pursuant to any notice provided for by law, it may either, terminate this lease or it may, from time to time, without terminating this lease, re-let said premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this lease) and at such rental or rentals and upon such other terms and conditions as **Lessor**, in its sole discretion, may deem advisable with the right to make alterations and repairs to said premises; upon such re-letting (a) **Lessee** shall be immediately liable to pay **Lessor**, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of alterations and repairs, incurred by **Lessor**, and the amount, if any, by which the rent reserved in this lease for the period of such re-letting (up to but not beyond the term of this lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such re-letting, or (b) at the option of **Lessor** rents received by such **Lessor** from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from **Lessee** to **Lessor**; second, to the payment of any costs and expenses of such re-letting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by **Lessor** and applied in payment of future rent as the same may become due and payable hereunder.

18. **CONT.**
If **Lessee** has been credited with any rent to be received by such re-letting under option (a), and such rent shall not be promptly paid to **Lessor** by the new tenant, or if such rentals received by such re-letting under option (b) during any month be less than that to be paid during that month by **Lessee** hereunder, **Lessee** shall pay any such deficiency to **Lessor.** Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession if said premises by **Lessor** shall be construed as an election on his part to terminate this lease, unless a written notice of such intention be given to **Lessee,** or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, **Lessor** may at any time thereafter elect to terminate this lease for such previous breach. Should **Lessor** at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover form **Lessee** all damages which may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which shall be immediately due and payable from **Lessee** to **Lessor.**

19. **ENCUMBRANCES: Lessee** enters into and accepts this lease and the leasehold interest and estate of **Lessee** hereunder, subject and subordinate to all mortgages or trust deeds which may now or hereafter exist, or be executed upon or with respect to the real property or premises hereby leased, or the real property on which said building is situated.

20. **REPRESENTATIONS: Lessee** does hereby acknowledge that it has thoroughly inspected said premises, and read each and every provision of this lease, and enters into this lease in reliance upon its own inspection of each, rather than upon any representation of **Lessor** concerning either.

21. **HOLDING OVER:** Should the **Lessee** hold over the terms hereof with the consent of the **Lessor,** either expressed or implied, such holding over shall be construed to be a tenancy only from month to month, subject to all the terms and provisions of this lease.

22. **ATTORNEYS' FEES:** Should either party fail to comply with the provisions hereof, necessitating court action, the prevailing party in such action shall be entitled to recover costs thereof and reasonable attorneys' fees.

23. **LESSOR'S LIEN AND REMOVAL**: **Lessor** shall have a lien on and against all of the property of **Lessee** of every kind now or hereafter placed on said premises to the extent of any and all liability of **Lessee** under this lease, and such property may not be removed unless and until such liability has been satisfied in full. Provided **Lessee** is not in default hereunder, at the termination of this lease or any extension thereof, either by notice or by expiration of the term or for cause hereunder, the **Lessee** may, and at the **Lessor's** direction shall remove from the premises leased hereunder all furniture and fixtures and other property of the **Lessee** on the premises, provided, however, that the **Lessee** shall put the premises in as good repair and condition as they were at the beginning of said term, reasonable wear and tear and damage by fire, explosion, earthquake, or other sudden violent action of the elements, or other casualty, or other happenings beyond the control of **Lessee** excepted.

24. **SURRENDER OF LEASE NOT MERGER**: The voluntary of other surrender of this lease by **Lessee**, or a mutual cancellation thereof, shall not work a merger, and shall, at the option **Lessor**, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to them of any or all such subleases or subtenancies.

25. **WAIVER**: The waiver by **Lessor** of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by **Lessor** shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than a failure of **Lessee** to pay particular rental so accepted, regardless of **Lessor's** knowledge of such preceding breach at the time of acceptance of such rent.

26. **MINERAL RIGHTS**: Notwithstanding any other provision of this lease, **Lessor** reserves all mineral rights, if any, under the demised premises, without, however, any right of surface entry or entry within 500 feet of the surface thereof.

27. **LATE CHARGES:** **Lessee** hereby acknowledges that late payment by **Lessee** to **Lessor** of rent and other sums due hereunder will cause **Lessor** to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed on **Lessor** by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from **Lessee** shall not be received by **Lessor** or **Lessor's** designee within ten (10) days after such amount shall be due, then, without any requirement for notice to **Lessee. Lessee** shall pay to **Lessor** a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs **Lessor** will incur by reason of late payment by **Lessee**.

28. **SIGNS**: **Lessee** covenants and agrees that it will not erect or maintain any sings on the demised premises during the term of this lease (including any extension or renewal thereof) without **Lessor's** prior written consent.

29. **NOTICES**: Written notices to **Lessor** herein shall be addressed to **Lessor** at:

BRRECK, LLC
11934 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessor** in writing to **Lessee**.

Written notices to **Lessee** herein shall be addressed to **Lessee** at:

GREG'S PRO AUDIO
11940 Washington Blvd.
Whittier, CA 90606

or at such other place designated by **Lessee** in writing to **Lessor**.

All notices to be given to **Lessor** or **Lessee** may be given in writing personally, or by depositing in the United States mail, postage prepaid, properly addressed as aforesaid, for delivery by registered or certified mail. Notices shall be deemed given upon deposit in the United States mail, in the manner as set forth in this paragraph.

30. **GENDER AND NUMBER**: Without limiting the generality of the foregoing, the masculine gender, includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

31. **HEIRS AND ASSIGNS**: This lease and all of its terms conditions, stipulations and provisions shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto.

32. **EXCLUSIVE AGREEMENT AND HEADINGS**: This lease which may be signed in counterparts contains all the terms and conditions agreed on by the parties hereto, and no other agreement, oral or otherwise, regarding the subject matter of the contract, shall be deemed to exist or bind any of the parties hereto.

The paragraph heading used herein are used for descriptive purposes only, and shall be given no legal effect.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first hereinabove written.

LESSOR:

BRRECK, LLC

By _____
Eulalio A. Tovar

LESSEE:

GREG'S PRO AUDIO

By _____
Greg Garcia

Tab 8.1
Phase I

SECTION 1.0

EXECUTIVE SUMMARY: FINDINGS AND CONCLUSIONS

1.1 FINDINGS

This report presents the results of the Phase I Environmental Site Assessment conducted by ***PHASE ONE*** **INC.** at 11934, 11938, 11940, and 11944 Washington Boulevard, Whittier, California (see Figure 1, ***Site Location Map***). The Phase I assessment was undertaken at the request of Special "T" Water Systems, Inc., in accordance with ***PHASE ONE*** **INC.**'s ***Standard Terms and Conditions***, as outlined in ***PHASE ONE*** **INC.**'s ***Letter of Intent/Authorization*** for Project Nº 6666. The findings and conclusions of this investigation are based upon a review of historic site-use activities, contact with and records from governmental regulatory agencies, regulatory database searches, as well as a site reconnaissance and interviews with the client, site personnel, and possibly others who may have knowledge of various aspects of the subject site.

At the time of this assessment, the site consisted of a water purification business and an audio equipment store, occupying approximately one acre of land. The oldest building on the site was built circa 1963 on land previously occupied by a residence, which was later used for metal plating. Information gathered in the course of this assessment indicates that the subject site is currently owned by Whittier Soft Water Company.

The principal findings of ***PHASE ONE*** **INC.**'s Phase I Environmental Site Assessment for this site are as follows:

The subject site is currently affected by

- No major recognized environmental conditions;
- No medium recognized environmental conditions;
- One minor recognized environmental condition; and
- Two *de minimis* or historical recognized environmental conditions.
- The potential for soil or groundwater contamination of the subject property from either on or off-site sources appears to be low.
- Given the findings and conclusions of ***PHASE ONE*** **INC.**'s Phase I Environmental Site Assessment, further investigation is recommended at this time.

- ***PHASE ONE*** **INC.** has performed this Phase I Environmental Site Assessment of the subject site in conformance with the scope and limitations of Environmental Protection Agency, Standards and Practices for All Appropriate Inquiries and ASTM Practice E 1527-05 of the above-listed property. Any exceptions to, or deletions from, these practices are described in Section 1.4 of this report.

- This assessment has revealed no evidence of recognized environmental conditions in connection with the property except for those listed in Section 1.2.

1.2 CONCLUSIONS SUMMARY

Based on the findings of this Phase I Environmental Site Assessment, ***PHASE ONE*** **INC.** has identified no major, no medium, and one minor environmental condition currently associated with the subject site. Descriptions of any environmental conditions that may be associated with the subject site are given in the following table; these descriptions of conditions are given again in Section 7.0, ***Conclusions and Recommendations***, along with recommendations as to how to address the recognized environmental conditions and the estimated costs of completing any recommended next-step action.

ITEMS OF RECOGNIZED ENVIRONMENTAL CONDITION (MAJOR, MEDIUM, OR MINOR)

Condition #	Location Description	Description of Recognized Environmental Condition	Level of Condition
1	Subject site	According to reviewed historical resources, the site has historically been utilized for manufacturing and chrome plating. Historical operation practices are not known, however, those typically associated with this type of facility include the activities which may have impacted the subsurface with hazardous substances such as lubricating oils/greases, solvents, fuels, acids and/or bases, and other chemicals.	Minor

Note: ***PHASE ONE*** **INC.** classifies an environmental condition as a major, medium, or minor recognized environmental condition when it is one that involves a condition for which, in the opinion of ***PHASE ONE*** **INC.**, further investigation, action and/or remediation is recommended. The distinction among major, medium, and minor conditions is based solely on the relative estimated dollar-costs of completing any next-step recommended action.

Based on the findings of this Phase I Environmental Site Assessment, ***PHASE ONE*** **INC.** has identified two *de minimis* or historical recognized environmental conditions associated with the subject site. Descriptions of any *de minimis* or historical recognized environmental conditions that may be associated with the subject site are given in the following table. These descriptions are given again in Section 7.0, ***Conclusions and Recommendations***, along with recommendations as to how to address the conditions, when such recommendations are called for.

DE MINIMIS OR HISTORICAL RECOGNIZED ENVIRONMENTAL CONDITIONS

Potential Condition #	Location Description	Description of *De Minimis* or Historical Recognized Environmental Condition
2	Eastern property line	(*De minimis*) Four pole-mounted electrical transformers were observed. Given the pre-1979 date of development of the subject site, the presence of polychlorinated biphenyls- (PCBs) containing fluids in the transformers is possible therefore is suspect. No leakage or staining is visible on or around the transformers.
3	Subject site	(*De minimis*) During the site reconnaissance, agency records indicated that a water well was formerly located on the subject site. The location and status of this water well are not known.

Note: ***PHASE ONE*** **INC.** classifies a *de minimis* **condition**, as distinct from a major, medium, or minor recognized environmental condition, when it involves an issue that appears to pose no immediate threat to the subject site given the current knowledge of site conditions or it is the current commercial or customary practice to do so. This **condition** with time, groundwater movement, demolition or other disturbances, or sometimes with the acquisition of further information, may come to pose a long-term, immediate or chronic environmental risk; and/or this condition may appear to have a negligible monetary/physical impact on the subject property, and therefore, does not require additional investigation at this time. ***PHASE ONE*** **INC.** classifies a historical recognized environmental condition as an issue which was considered a recognized environmental condition in the past, but is no longer considered a recognized environmental condition as a result of prior investigation and/or mitigation.

1.3 SITE FACTS

This report presents the results of the Phase I Environmental Site Assessment conducted by ***PHASE ONE*** **INC.** at 11934, 11938, 11940, and 11944 Washington Boulevard, Whittier, California (see Figure 1, ***Site Location Map)***. The Phase I Environmental Site Assessment was conducted at the request of Special "T" Water Systems, Inc. in accordance with ***PHASE ONE*** **INC.**'s ***Standard Terms and Conditions***, as outlined in ***PHASE ONE*** **INC.**'s ***Letter of Intent/Authorization*** for Project Nº 6666.

Current Owner(s): Whittier Soft Water Company

Owned since: 1951

Current Occupants: Special "T" Water Systems (11934), Greg's Pro Audio (11938, 11940, and 11944)

Business Type: Water purification, audio equipment sales

Site Contact: Lalo Tovar

Date Contacted: May 2, 2007

Field Assessor: Elrich Strydom

Report Writer: Catherine Flashner

Total # of Existing Buildings: 3

Parcel #: 8169-002-005

Address(es) Provided by Client: 11934 Washington Boulevard

Total Sq. Ft. of Building: 13,385

Additional/Previous Address(es): 11938, 11940, and 11944 Washington Boulevard

Total Acreage of Land: 1

Date Oldest Buildings were Built: Circa 1963

Date of Site Reconnaissance: May 2, 2007

Total # of Units: 3

Total # of Units Visually Inspected: 3

Specific Units Inspected: 11934, 11938, 11940, 11944, and a storage building

Total # of Wells (water, oil, gas, other) observed onsite: None

Were enough (units/offices/buildings/acres) inspected to ensure that the inspection was homogenous? Yes

Areas/Units that were inaccessible to the ***PHASE ONE*** **INC.** field assessor: None

The subject site obtains its potable water from municipal sources.

The subject site disposes of its sewage through use of the municipal sewage system.

The subject buildings are heated and/or cooled by a heating and air-conditioning system. The heating and air-conditioning system obtains its fuel from natural gas.

Did the field assessor notice any unusual odors on or from the subject site or adjoining sites during the site reconnaissance? No

1.4 DATA GAPS AND/OR EXCEPTIONS TO ALL APPROPRIATE INQUIRIES AND/OR ASTM E 1527-05

Historical information back to the subject site's obvious first developed use or 1940 (whichever is earlier) was not reasonably ascertainable. A subsurface investigation has been recommended as part of the conclusions of this report. During the planning of the boring locations for the subsurface investigation, the above described data gap will be addressed. Therefore, this data gap is not expected to alter the conclusions of this report.

1.5 NON-SCOPE ISSUES

According to client request, no other environmental issues that are "non-scope considerations" under ASTM E 1527-05, such as asbestos-containing materials, radon, lead-based paint, and lead in drinking water, were assessed.

SECTION 7.0
CONCLUSIONS AND RECOMMENDATIONS

7.1 RECOGNIZED ENVIRONMENTAL CONDITIONS

This section contains full descriptions of any major, medium, or minor recognized environmental conditions that have been identified as a result of the ***PHASE ONE*** **INC.** Phase I Environmental Site Assessment for the subject site. ***PHASE ONE*** **INC.** classifies a condition as a major, medium, or minor recognized environmental condition (as opposed to a *de minimis* condition) when it is one that involves a condition for which, in the opinion of ***PHASE ONE*** **INC.**, further investigation and/or remediation is recommended. The distinction among major, medium, and minor recognized environmental conditions is based solely on the relative estimated dollar-cost of completing the next-step recommended action. In addition to the descriptions of condition, this section also contains a statement of the recommended next-step actions for any conditions that are described in the following tables.

Each identified condition receives its own table, and that table will collect together the particular findings from the body of the report that have been used to support ***PHASE ONE*** **INC.**'s conclusion as to the presence of a recognized environmental condition. For the benefit of the reader, the tables also contain the ID, page, and section numbers of the findings cited in support of the condition.

CONDITION # 1		**IDENTIFIED CONDITION APPEARS TO BE A MINOR RECOGNIZED ENVIRONMENTAL CONDITION**	
ID #	**SECTION #**	**PAGE #**	**COMMENTS**
HD01-04	4.3	4-2 – 4-5	Historical directories identifying the prior site occupants as manufacturing and chrome plating businesses which are a concern.
BD03, BD05	4.4.1	4-7	Building permit(s) that indicate the presence of plating at the subject site.
DESCRIPTION OF CONCERN: According to reviewed historical resources, the site has historically been utilized for manufacturing and chrome plating. Historical operation practices are not known, however, those typically associated with this type of facility include the activities which may have impacted the subsurface with hazardous substances such as lubricating oils/greases, solvents, fuels, acids and/or bases, and other chemicals.			
ACTION SUGGESTED: To determine whether impact to the subsurface has occurred as a result of historical operation, contact ***PHASE ONE*** **INC.** or another environmental consultant to sample the subsurface soil beneath the areas of the former chrome plating and manufacturing.			
TOTAL ESTIMATED COST TO COMPLETE SUGGESTED NEXT STEP ACTION† : $10,000 - $15,000			

†Note: The estimated cost to complete the next-step action is based on ***PHASE ONE*** **INC.**'s professional opinion as based on our experience with similar problems under similar circumstances. The estimated cost given above is only meant to give the client a *ballpark* estimate, not an exact dollar figure for the cost to complete the next-step action. When requested, ***PHASE ONE*** **INC.** can

help the client to negotiate and control project costs with qualified subcontractors through our Program Management Department, and help fix the costs by obtaining quotes.

7.2 *DE MINIMIS* OR HISTORICAL RECOGNIZED ENVIRONMENTAL CONDITIONS

This section contains descriptions of *de minimis* or historical recognized environmental conditions that have been identified in the ***PHASE ONE*** **INC.** Phase I Environmental Site Assessment for the subject site. ***PHASE ONE*** **INC.** classifies an issue as a *de minimis* environmental condition (as opposed to a major, medium, or minor recognized environmental condition) when (1) it involves issues that appear to pose no immediate or imminent threat to the subject site, but which over time (with the occurrence of groundwater movement, demolition, disturbance, etc.) may come to pose an actual or present recognized environmental condition for the subject site and/or when (2) it involves areas that currently appear to have a negligible impact on the subject property and which do not, therefore, require additional investigation at this time, but of which ***PHASE ONE*** **INC.** feels the client should be made aware. ***PHASE ONE*** **INC.** classifies a historical recognized condition as an issue which was considered a recognized environmental condition in the past, but is no longer considered a recognized environmental condition as a result of prior investigation and/or mitigation.

Each identified condition receives its own table, and that table will collect together the particular findings from the body of the report that have been used to support ***PHASE ONE*** **INC.**'s conclusion as to the presence of that condition. For the benefit of the reader, the table also contains the ID, page, and section numbers of the findings cited in support of the condition.

CONDITION # 2		**IDENTIFIED CONDITION APPEARS TO BE A *DE MINIMIS* OR HISTORICAL RECOGNIZED ENVIRONMENTAL CONDITION**	
ID #	**SECTION #**	**PAGE #**	**COMMENTS**
OP03	3.1	3-1	Photograph of electrical transformers that may contain PCBs.
PCB01	5.4	5-2	Identification of electrical transformers that may contain PCBs.
DESCRIPTION OF CONDITION: Four pole-mounted electrical transformers were observed. Given the pre-1979 date of development of the subject site, the presence of polychlorinated biphenyls- (PCBs) containing fluids in the transformers is possible therefore is suspect. No leakage or staining is visible on or around the transformers.			
ACTION SUGGESTED: No action is suggested or recommended at this time based on visual observations. If leaks should develop, contact the utility to sample the fluids for the presence of PCBs. If the analysis results indicate that the electrical transformers contains PCBs, the utility would be responsible for mitigating any leakage and staining and for replacing the fluids and/or transformers.			

CONDITION # 3		IDENTIFIED CONDITION APPEARS TO BE A *DE-MINIMIS* OR HISTORICAL RECOGNIZED ENVIRONMENTAL CONDITION	
ID #	**SECTION #**	**PAGE #**	**COMMENTS**
BD15	4.4.1	4-6	Agency letter identifying the presence of a water well on-site.
DESCRIPTION OF CONDITION: Agency records indicated that a water well was formerly located on the subject site. The location and status of this water well are not known. No other evidence of the existence of this water well was found. No signs of an existing water well were observed on-site.			
ACTION SUGGESTED: If additional information shows that the water well existed, review abandonment procedures to ensure the well was abandoned properly.			

Tab 8.2
Scope of Work

8.2

Odic Environmental

Environmental Consulting & Real Estate Due Diligence

3255 Wilshire Blvd. Suite 1510, Los Angeles, CA 90010
213-38-0090, F 213-380-0505

October 18, 2007

Ms. Angelica Palacios
Diamond Bay Mortgage

Subject Site: Phase II Proposal, 11934, 11938, 11940, 11944 Washington Blvd., Whittier, California

ODIC presents this proposal for a phase II environmental site assessment to investigate soil conditions at the subject property. Further action is recommended based on the historic use of the property.

A previous Phase I Environmental Site Assessment indicated that the site historically included chrome plating. The site was developed in the 1960's. The property includes three buildings. A water softener company occupies the larger portion of the largest building. An audio sales business occupies the remainder of the building. A second structure is used for storage and the third structure is occupied by an assembly shop for the audio sales business.

Odic proposes drilling 6 borings at the areas of concern at the site. Three borings are proposed inside the main building near the subsurface vault. A fourth boring is proposed for the assembly building at 11944 Washington. Two borings are proposed outside the buildings, adjacent to the sample box and subsurface sump. Soil samples will be collected at depths of 3, 5, 10, and 15 feet for analysis of contaminants of concern.

If more extensive contamination is encountered, further assessment may be required. Laboratory analysis on additional soil samples could additionally be performed. In addition, step-out borings may be drilled to determine the lateral extent of contamination. However, this proposal provides costs to assess the immediate areas of concern. If no contamination is found, no further assessment would be necessary.

Shallow groundwater is not expected. Estimated depth to water in the Whittier area, based on nearby sites with monitoring wells, is estimated at greater than 40 feet below ground surface.

Scope of Work

Pre-drilling Activities

- Perform Site Visit to verify existing conditions, pre-mark boring locations and notify underground utilities of the intent to drill, to use standard care to avoid potential damage to subsurface utilities.
- A Site-specific Health and Safety Plan (Level D Health & Safety according to OSHA CFR 1910.120,

Field Investigation

- Total of 6 soil borings will be drilled at the areas of concern, and will be drilled to a depth of 15 feet, or to the shallow groundwater table or to equipment refusal, whichever comes first.
- Actual number and/or location of boreholes will ultimately depend on site conditions encountered during the subsurface investigation, site access conditions and other unknown or unforeseen variables.
- A track-mounted or truck-mounted push probe rig with a licensed operator will be mobilized to the site to complete the proposed scope of drilling and sampling activities. All down-hole sampling equipment will be cleaned before starting a soil boring, with a non-phosphate detergent and water before each use.

- This bid proposal includes cost for mobilization and demobilization, liners, bentonite, asphalt patch, fuel, and tubing. Odic will backfill each boring with bentonite pellets. Each borehole will be abandoned/filled with bentonite, and restored to pre-drilling condition via applying patching materials.
- Collect soil samples at approximate 5-foot intervals starting from 5' bgs in all borings, or at significant changes in lithology. Attempt to collect the lowermost sample at or immediately above the groundwater level if groundwater is encountered during drilling.
- If groundwater is encountered at each boreholes drilled, grab samples will be collected down hole (either through the drive rods or temporary installed 1-inch PVC well screen) using a peristaltic pump and disposal polyvinyl tubing or disposable bailer.
- Monitor the headspace of each sample for the presence of volatile organic compounds using a photo-ionization detector (PID) or flame-ionization detector (FID).
- The soil boring will be logged using the Unified Soils Classification System, under the oversight of a State Professional Geologist. Submit 6 soil samples selected from the field observation for analysis of TPH as oil, volatile organic compounds, and Title 22 CAM metals. All samples will be submitted to a State Certified Laboratory using Chain of Custody Protocols.

Data Evaluation & Reporting

- Prepare a report to document the methods used and present the results of our investigation. Based on the results, present our conclusions and provide recommendations
- Report will be reviewed by a State Geologist experienced in environmental soil and groundwater testing
- Report shall contain boring logs, site plot plan, site location map, regional hydrogeology, laboratory reports & chain of custody and specific boring location with field measurement from points of interest or fixed building components.

Project Management

- Includes project scheduling, managing and scheduling contractors, site work, field personnel and obtaining technical data.

Exclusion

- Traffic Control (not expected)
- Permit fees or application process are not included. Permits are not required.
- Odic Environmental will notify USA of the intent to excavate and use standard care to avoid potential damage to subsurface utilities, but will not be responsible for any such damage.
- ODIC does not guarantee that direct push techniques can be successfully completed if there are any adverse drilling conditions or unforeseen obstacles such as coarse bedrock or if soil conditions are not favorable for direct push methods.
- Should subsurface conditions cause push probe refusal, it may be necessary to use a MacroCore sampling system, which utilizes a temporary outer casing. The drilling company may be prepared to convert to the MacroCore system if necessary to achieve the project objectives, however, this bid price does not include use of the MacroCore system.
- Odic Environmental has assumed that the push probe rig will be able to penetrate the existing concrete slab and that concrete coring will not be required. Odic Environmental will take standard precautions to protect existing flooring materials and has included in the budget some cost for restoring the flooring to existing conditions via patching the immediate area of each boring, but has not planned for any further restoration at this time. If professional concrete coring may be required at additional charge, ODIC will notify the client for cost approval, prior to additional costs being incurred to the project commencement.
- Removal of contaminated soil/water or UST's, Hazardous wastes, disposal, and transportation costs are not included in this bid (not expected).

- We have assumed that drilling or sampling wastes will not be generated using the proposed Push-Probe drilling methods, and have therefore not included any costs for storage or disposal of any such wastes.
- Disposal of contaminated soil, water, or the boring dirt is excluded from this bid proposal (not expected).
- Laboratory analysis of soil and/or groundwater samples will be performed on a normal turn-around-time basis, typically five (5) to seven (7) working days, unless addressed differently or client authorized expedited laboratory analysis at additional cost.

Limitations

- This cost estimate will remain valid for 90 days.
- All appropriate precautions will be taken to avoid damage to subsurface utilities, including notification of USA, hand augering, and checking any/all available utility plans. If requested, a geophysical utility survey can be performed at an additional cost.
- All work will be performed as Odic Environmental, as such, ODIC assumes responsibility for professional liability insurance.
- The project will be conducted during normal business hours. Odic Environmental has assumed that property owner would provide reasonable access to the business units and pertinent tenants (which are subject to drilling and sampling). Should it be necessary to complete this work during the evening or weekend hours to avoid negative impact to the operating businesses, overtime rates and additional charges will be incurred by the drilling subcontractor and ODIC's personnel, and shall be charged to the Client.

Proposed Work Schedule

Schedule:	Pre-drilling activity	3 Days
	Drilling/Sampling activity	1 Day
	Laboratory Analysis	Normally 5-7 Days
	Final report	2 days after receipt of laboratory analysis report

Payment

- Odic Environmental hereby proposes the cost for performing aforementioned scope of work to be $ 6,900.00.

Acceptance of Proposal

Acceptance of Proposal: The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to be the work as specified. Payment will be made as outlined above.

SIGNATURE

NAME/TITLE Eulalio Tovar Jr
VICE President

DATE: 10/31/2007

The process, specifications, scope of work, limitations, exclusions, payment terms, fee amount and conditions in this proposal and within the actual report are satisfactory and hereby accepted for approval. ODIC is authorized, by the undersigned, to perform the work as specified, and the undersigned shall be financially and legally responsible for 100% payment upon completion of the report/service/work/product.

ODIC shall not process any work until customer signs this proposal and return it to ODIC, and shall not be responsible or liable for not performing the work or not meeting the deadline if the signed contract was not received by ODIC as we have requested.

Once you sign this proposal, it shall serve as legally binding work order and contract. The undersigned shall be financially and legally responsible to pay the cost of service to ODIC, even though the order becomes cancelled afterwards, due to the incurred cost as a result of processing your order from the time the contract is signed and received by ODIC. ODIC reserves full right to cancel the project at any time during the process if payment is not made as agreed, or any contractual conditions are not met or violated by either party.

Unless agreed otherwise by both parties of ODIC and the undersigned, full payment shall be remitted within 7 days of invoice date or date of project completion. Please return the copy of the invoice or project number with payment for reference purposes. 1.5% will be charged on all balances outstanding over 30 days.

Odic Environmental appreciates the opportunity to provide Environmental Services. Should you have any questions regarding this proposal, please feel free to contact Hyung Kim or John Winkler at 213-380-0090.

Sincerely,

John Winkler
Professional Geologist

REGISTERED GEOLOGIST
JOHN P. WINKLER
exp. 5/31/09
STATE OF CALIFORNIA

Hyung Kim
Principal Consultant
REA, CHMM, CEM, MS
Direct (213) 675-6716

HYUNG KIM
NO. 07252
Expires: 11/09
STATE OF CALIFORNIA

INDEPENDANT CONTRACTOR STATUS

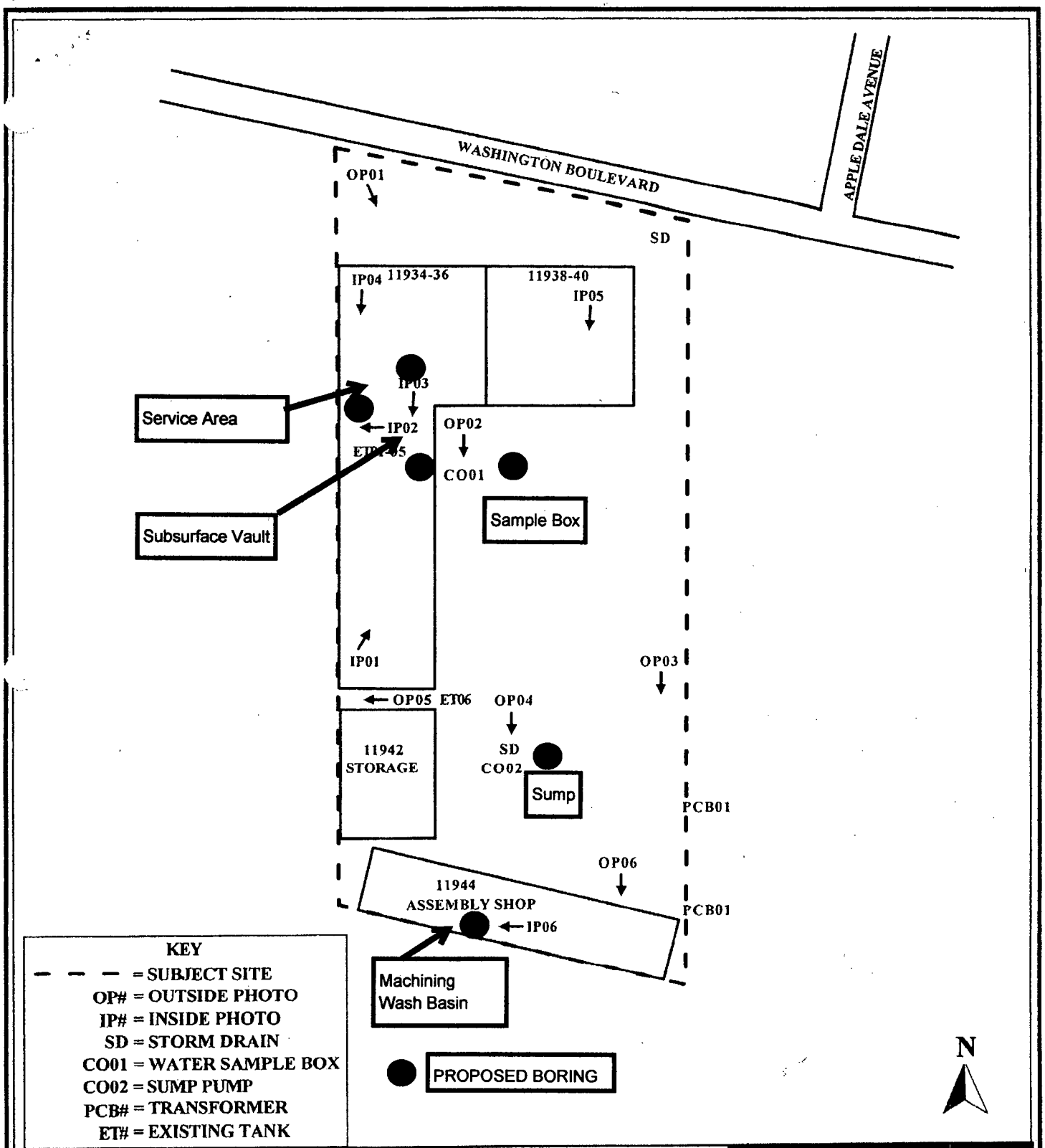
In performing Services under this Agreement, ODIC shall operate as, and have the status of, an independent contractor.

PROFESSIONAL RESPONSIBILITY

Subject to any limitations established by the Client as to the degree of care and amount of time and expenses to be incurred and any other limitations contained in this Agreement, ODIC shall perform the Services consistent with that level of care and skill ordinarily exercised by other professional consultants under similar circumstances at the time the Services are performed. Client hereby acknowledges that whenever a Project involves hazardous or toxic materials there are certain inherent risk factors involved (such as limitations on laboratory analytical methods, variations in subsurface conditions, economic loss to Client or property owner, a potential obligation for disclosure to regulatory agencies, a potential for a decrease in market value of real property, and the like) that may adversely affect the results of the Project, even though the Services are performed with such skill and care. No other representation, warranty, or guarantee, express or implied, is included or intended by this Agreement.

LIMITATION OF LIABILITY

Client agrees that the liability of ODIC and all officers, employees, agents, and subcontractors of ODIC (the "ODIC Parties") to Client for all claims, suits, arbitration, or other proceedings arising from the performance of the Services under this Agreement, including, but not limited to, ODIC's professional negligence, errors and omissions, or other professional acts, shall be limited to the Fee amount. ODIC Parties are not liable for any indirect, incidental or consequential damages, lost profits, lost revenue, or loss of property value based on the Services provided as part of this Agreement.



PHASE ONE INC.
ENVIRONMENTAL ASSESSMENT SPECIALISTS

11934, 11936, 11938, 11940, 11942, AND 11944
WASHINGTON BOULEVARD
SANTA FE SPRINGS, CALIFORNIA

SITE PLAN	
FIGURE:	2
JOB:	6666
DATE:	5/3/07

DRAWN: DW	APPRVD: KF	5/3/07

6

Tab 8.3
Phase II

8.3

PHASE II ENVIRONMENTAL SITE ASSESSMENT

Subject Property Address

11934, 11938, 11940, 11944 Washington Blvd.

Whittier, CA 90670

Odic Project Number

6344947ESAII

Report Date

11/29/2007

Prepared for

11934 Washington Blvd.

Whittier, CA 90670

Odic Environmental

Environmental Consulting and Real Estate Due Diligence
3255 Wilshire Blvd. Suite 1510, Los Angeles, CA 90010
888.634.2368, 888.ODICENV, Fax 213-380-0505

Odic Environmental
Environmental Consulting and Real Estate Due Diligence

3255 Wilshire Blvd. Suite 1510, Los Angeles, CA 90010
888.634.2368, 888.ODICENV, Fax 213-380-0505

11/29/2007
Lalo Tovar

11934 Washington Blvd.
Whittier, CA 90670
Phone: 562-945-7595
Fax:

Attached please find our PHASE II ENVIRONMENTAL SITE ASSESSMENT, ("the Report") for the above-mentioned Subject Property. This report has been prepared by Odic for the Client under the professional supervision of the principal and/or senior staff whose seal(s) and signatures appear hereon. Neither Odic, nor any staff member assigned to this investigation has any interest or contemplated interest, financial or otherwise, in the subject or surrounding properties, or in any entity which owns, leases, or occupies the subject or surrounding properties or which may be responsible for environmental issues identified during the course of this investigation, and has no personal bias with respect to the parties involved. The purpose of this Report is to assist Client, in its underwriting of a proposed mortgage loan on the Subject Property described herein.

The assessment was conducted in a manner consistent with the level of care and skill ordinarily exercised by members of the profession, and in accordance with generally accepted practices of other consultants currently practicing in the same locality under similar conditions. No other representation, expressed or implied, and no warranty or guarantee is included or intended. The Report speaks only as of its date, in the absence of a specific written update of the Report, signed and delivered by Odic.

There are no intended or unintended third party beneficiaries to this Report, unless specifically named. Odic is an independent contractor, not an employee of either the issuer or the borrower, and its compensation was not based on the findings or recommendations made in the Report or on the closing of any business transaction. Thank you for the opportunity to prepare this Report, and assist you with this project. Please call us if you have any questions or if we may be of further assistance.

Respectfully Submitted,

Assessment conducted by:

John Winkler

CA REA, California Professional Geologist No. 7456

REGISTERED GEOLOGIST
JOHN P. WINKLER
exp. 5/31/09
STATE OF CALIFORNIA

Reviewed by:

John Winkler

CA REA, California Professional Geologist No. 7456

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ATTACHMENTS

FIGURES

FIGURE 1 – SITE LOCATION MAP
FIGURE 2 – SOIL BORING LOCATIONS

APPENDICES

APPENDIX A – SITE PHOTOGRAPHS
APPENDIX B – SOIL BORING LOGS
APPENDIX C –LABORATORY REPORT

1.0 LIMITATIONS

The opinion expressed herein is based on the information collected during our study, our present understanding of the site conditions and our professional judgment in light of such information at the time of preparation of this report. No warranty is either expressed, implied or made as to the conclusions, advice and recommendations offered in this report.

Our investigation was performed using the degree of care and skill ordinarily exercised, under similar circumstances, by reputable Engineers and Geologists practicing in this or similar localities. The samples taken and used for testing and the observations made are believed representative of the study area; however, soil and/or groundwater samples can vary significantly between borings, test pits, and/or test sample locations.

The interpretations and conclusions contained in this report are based on the results of laboratory tests and analysis intended to detect the presence and concentration of certain chemical constituents in samples taken from the subject property. Such testing and analysis have been conducted by an independent laboratory which is certified by the State of California to conduct such test analyses and which used methodologies mandated by the Environmental Protection Agency or the State Department of Health Services in the performance of such test and analyses. The consultant has no involvement in, or control over, such testing and analysis, and has no non-laboratory means of confirming the accuracy of such laboratory results. The consultant, therefore, disclaims any responsibility for any inaccuracy in such laboratory results.

The findings, conclusions and recommendations in this report are considered valid as of the present date. However, changes in the conditions of the property can occur with the passage of time, due to natural process or the works of man on this or adjacent properties. In addition, changes in applicable or appropriate standards may occur. Accordingly, portions of this report may be invalidated wholly or partially by the changes beyond our control.

INDEPENDANT CONTRACTOR STATUS

In performing Services under the scope of work contained in this Report and agreed Contract/Agreement, Odic Environmental, Inc. shall operate as, and have the status of, an independent contractor.

PROFESSIONAL RESPONSIBILITY

ODIC ENVIRONMENTAL, INC. shall perform the Services consistent with that level of care and skill ordinarily exercised by other professional consultants under similar circumstances at the time the Services are performed. Client hereby acknowledges that whenever a Project involves hazardous or toxic materials there are certain inherent risk factors involved (such as limitations on laboratory analytical methods, variations in subsurface conditions, economic loss to Client or property owner, a potential obligation for disclosure to regulatory agencies, a potential for a decrease in market value of real property, and the like) that may adversely affect the results of the Project, even though the Services are performed with such skill and care. No other representation, warranty, or guarantee, express or implied, is included or intended by the scope of work contained in this Report and agreed Contract/Agreement.

LIMITATION OF LIABILITY

Client agrees that the liability of ODIC ENVIRONMENTAL, INC. and all officers, employees, agents, and subcontractors of ODIC ENVIRONMENTAL, INC. (the "ODIC ENVIRONMENTAL, INC. Parties") to Client for all claims, suits, arbitration, or other proceedings arising from the performance of the Services under the scope of work contained in this Report and agreed Contract/Agreement, including, but not limited to, ODIC ENVIRONMENTAL, INC.'s professional negligence, errors and omissions, or other professional acts, shall be limited to Odic's professional liability insurance coverage amount. ODIC ENVIRONMENTAL, INC. Parties are not liable for any indirect, incidental or consequential damages, lost profits, lost revenue, or loss of property value based on the Services provided as part of the scope of work contained in this Report and agreed Contract/Agreement.

HAZARDOUS OR UNSAFE CONDITIONS

Client has fully informed ODIC ENVIRONMENTAL, INC. of the type, quantity, and location of any hazardous, toxic, or dangerous materials or unsafe or unhealthy conditions that may affect the Project which Client knows to exist. If Client hereafter becomes aware of any such information, Client shall immediately inform ODIC ENVIRONMENTAL, INC.. The discovery of unanticipated hazardous, toxic, or dangerous materials or unsafe or unhealthy conditions constitutes a Changed Condition that may justify a revision to Services and/or Fees. If ODIC ENVIRONMENTAL, INC. takes emergency measures to protect the health and safety of ODIC ENVIRONMENTAL, INC. Parties and/or the public or to prevent undue harm to the environment, the Fee shall be appropriately adjusted to compensate ODIC ENVIRONMENTAL, INC. for the cost of such emergency measures.

RIGHT OF ENTRY

Client agrees to grant or arrange permission for right of entry from time to time by ODIC ENVIRONMENTAL, INC. Parties upon all real property included in the Project Site(s) where the Services are to be performed, whether or not the Project Site(s) is owned by Client. Client recognizes that the use of investigative equipment and practice may unavoidable alter conditions or affect the environment at the existing Project Site(s). ODIC ENVIRONMENTAL, INC. will operate with reasonable care to minimize damage to the Project Site(s). The cost of repairing such damage will be borne by Client, and in not included in the Fee unless otherwise stated.

UNDERGROUND UTILITIES

Client shall correctly designate on plans to be furnished to ODIC ENVIRONMENTAL, INC., the location of all subsurface structures, such as pipes, tanks, cables, and utilities within the property lines of the Project Site(s) and shall be responsible for any damage inadvertently cause by ODIC ENVIRONMENTAL, INC. to any such structure or utility not so designated.

REPORTING AND DISPOSAL REQUIREMENTS

Nothing contained in this Report shall be construed or interpreted as requiring ODIC ENVIRONMENTAL, INC. to assume the status of an owner, operator, generator, person who arranges for disposal, transportation, storage, treatment, or a disposal facility as those terms appear within any federal or state statute governing the treatment, storage, and disposal of hazardous substances or wastes. Client shall be solely responsible for notifying all appropriate federal, state, municipal, or other governmental agencies of the existence of any hazardous, toxic, or dangerous materials located on or in the Project Site(s), or discovered during the performance of the scope of work contained in this Report and agreed Contract/Agreement. Client agrees that ODIC ENVIRONMENTAL, INC. is not responsible for disclosures, notifications, or reports that may be required to be made to third parties. Client shall be responsible for making and paying for all necessary arrangements to lawfully store, treat, recycle, dispose of, or otherwise handle hazardous or toxic substances or wastes, including but no limited to, samples and cuttings, to be handled in connection with the Project.

SAMPLES AND CUTTINGS

ODIC ENVIRONMENTAL, INC. shall not be obligated to preserve samples such as oil, rock, water, building materials, fluids and other samples obtained from the Project Site(s) for a longer period of time than a laboratory will store the samples for no additional fee. If sample storage is requested by Client beyond standard laboratory time, Client will be responsible for any storage fee for those samples.

HEALTH AND SAFETY

ODIC ENVIRONMENTAL, INC. shall not be responsible for the health and safety of any persons other than ODIC ENVIRONMENTAL, INC. Parties, nor shall it have any responsibility for the operations, procedures, or practices of persons or entities other than ODIC ENVIRONMENTAL, INC. Parties.

2.0 INTRODUCTION

2.1 PROJECT INFORMATION

Project Information	
ITEM	
ODIC Environmental, Inc. Project Number	6344947-ESA II
Subject Property Address	11934-11944 Washington Boulevard, Whittier, California
Subject Property Occupant	Special-T Water Systems
Drilling & Sampling Date	11/7/07
ODIC's Field Technician	John Winkler, California Professional Geologist
QA/QC Reviewer	Hyung Kim, REA, CHMM
Property Location	The subject property is located on the south side of Washington Boulevard, east of the Washington/Sorensen Avenue intersection, in Whittier, California (within the City of Santa Fe Springs corporate boundaries)

2.2 OBJECTIVE

Past operations at the property included chrome plating. The suspected plating operations were determined to be in the northern portion of the western wing of the building where the sewer tie-in was located. A total of six borings were drilled in this area. Two additional borings were drilled near the existing storm drain (also the former salt pit location for water treatment) and adjacent to the shop area where past painting operations were suspected. Soil samples were collected and analyzed for chemicals of concern, including metals, volatile organic compounds, and petroleum hydrocarbons, to assess the potential for impact if a release occurred.

2.3 SCOPE OF WORK

To accomplish this objective, ODIC performed the following tasks:

Pre-Field Activities:
Performed Site Visit to verify existing conditions and pre-mark boring locations and notified Underground Service Alert (USA) of the intent to excavate or drill, and used standard care to avoid potential damage to subsurface utilities. A Site-specific Health and Safety Plan (Level D Health & Safety according to OSHA CFR 1910.120, Boring Plan and Work-Schedule were prepared. Notified the owner and tenants of the proposed work schedule;

Field Investigation:
Advanced eight soil borings near the former plating operations and past facility operations;

Collected soil samples at approximate 5-foot intervals to a maximum drilling depth of 20 feet;

Monitored the headspace of all soil samples for the presence of volatile organic compounds (VOCs) using a photoionization detector (PID);

Recorded pertinent information including but not limited to soil lithology, and PID readings, on appropriate boring log forms;

Submitted selected soil samples for laboratory chemical analysis of Total Petroleum Hydrocarbons as diesel and oil (TPH) via EPA Test Method 8015M, volatile organic compounds using EPA Method 8260B, and Title 22 CAM Metals using EPA Method 6010B/7471A. All samples were submitted to a State of California Certified Laboratory using Chain of Custody Protocols.

Data Evaluation and Reporting:
Evaluated the current and historical data, prepared maps, and summarized field and laboratory data. Prepared a report to document the methods used and present the results of our investigation. Based on the results, presented our conclusions and provided recommendations for further investigation and/or remediation.

3.0 SUBJECT PROPERTY CHARACTERISTICS

3.1 SITE DESCRIPTION

Odic reviewed a previous Phase I Environmental Site Assessment report the subject site conducted in May 2007. The Phase I Environmental Site Assessment indicated that the site historically included chrome plating. The site was developed in the 1960's. The property includes three buildings. A water softener company occupies the larger portion of the largest building. An audio sales business occupies the remainder of the building. A second structure is used for storage and the third structure is occupied by an assembly shop for the audio sales business. Figure 2 illustrates the site plan.

Odic conducted a file review at the Los Angeles County Department of Public Works, Environmental Programs. A file was listed under 'Whittier Plate and Polish' for 'industrial discharge.' However, according to the LADPW, the file was destroyed. Odic was able to review a file for Special-T Water, which indicated a past salt-pit located on the south-central portion of the site, and also indicated the trace of the sewer tie-in line at the facility. Based on the location of the sewer line, Odic believes that the former plating operations would have been at the same location as the water processing operations, in the northern portion of the western wing of the building. Site photographs are provided in Appendix A.

3.3 TOPOGRAPHY & LOCAL HYDROGEOLOGY

TOPOGRAPHY

The subject property's physical location was researched employing a United States Geological Survey (USGS) 7.5 Minute Topographic Quadrangle (Quad) Map relevant to the subject property. The USGS 7.5 Minute Quad Map has an approximate scale of 1 inch to 2,000 feet, and shows physical features with environmental significance such as wetlands, water bodies, roadways, mines, and buildings. The Subject Quad Map shows no physical features that may have environmentally impacted the subject property. The subject property and general area are identified as urban developed. No mines, wells, wetlands, or aboveground tanks were mapped in the general area of the subject property. The elevation of the site is approximately 155 feet above mean sea level with a gradual down-slope toward the southwest. Figure 1 illustrates the site location.

GEOLOGY & HYDROGEOLOGY

The site is located within the Downey Plain, of the Los Angeles County Coastal Plain, part of the Peninsular Ranges Geomorphic Province of California. The site area is underlain by Recent age alluvium consisting of interbedded sand, silt, clay and gravel. Soil encountered on site during drilling consisted of interbedded clay and poorly graded sand to a maximum drilling depth of 20 feet.

The site is located within the San Gabriel River Watershed. The site is located within the Montebello Forebay Area of the Central Basin, of the Los Angeles Groundwater Basin. A property located approximately 0.8 miles to the northwest (11347 Washington Boulevard), reports depth to water at approximately 48 feet below ground surface (SWRCB Geotracker, 2007). Previous groundwater data for that property indicated depth to water ranging from 31 to 48 feet for the period of 2002 through 2004 (Delta, 205). Groundwater was not encountered during drilling on the site to a maximum depth of 20 feet. Expected groundwater flow direction is to the southwest.

While groundwater flow direction at the subject property cannot be confirmed without survey measurement of static groundwater level at triangular points, it is expected to flow in the direction of surface topographical contour, or toward the wetland or nearest water body or discharge basin (percolation channel). It is important to note that groundwater flow direction can be influenced locally and regionally by the present of local wetland features, surface topography, recharge and discharge areas, horizontal and vertical inconsistencies in the types and location of subsurface soils, and proximity to water pumping wells. Depth and gradient of the water table can change seasonally in response to variation in precipitation and recharge, and over time, in response to urban development such as storm water controls, impervious surfaces, pumping wells, cleanup activities, dewatering, etc.

4.0 FIELD INVESTIGATION

4.1 FIELD INVESTIGATION

To accomplish the stated objectives, ODIC performed the following field investigation activities:

ODIC advanced six soil borings near the former plating operations and two borings near the former salt pit for water treatment and past painting operations. Figure 2 illustrates the boring locations. Appendix A illustrates site photographs.

- A truck-mounted GeoProbe® rig (GeoProbe 6600), operated by Kehoe Engineering and Testing, Inc. was mobilized to the site to complete the proposed scope of drilling and sampling activities. All down-hole sampling equipment was cleaned before starting a soil boring, with a non-phosphate detergent and water.
- Collected soil samples at 5-foot intervals to a maximum drilling depth of 20 feet (SB3).
- Monitored the headspace of each sample for the presence of volatile organic compounds using a photo-ionization detector (PID).
- The soil borings were logged using the Unified Soils Classification System under the supervision of Odic Environmental, Inc.'s California Professional Geologist (PG).
- Submitted collected soil samples to State certified American Scientific Laboratories, Los Angeles, California. Analyzed six samples for TPH as oil and diesel, volatile organic compounds, and Title 22 metals. All samples were submitted to a State of California Certified Laboratory using Chain of Custody Protocols, for regular turnaround.
- Each borehole was abandoned/filled with hydrated granular bentonite, and restored to pre-drilling condition via applying patching materials.

4.2 METHODOLOGY

Soil samples were collected with the Geoprobe Large Bore Sampler that measures 2 feet by 1.5 inches capable of recovering discrete samples that measures up to 320 mL in volume contained inside removable liners from specified locations. The liner is a thin-walled tube that fits inside the Bore sample tube and facilitates retrieval of the sample and may be used for storage when applicable. No headspace will be present in the tube once the sample is collected. Both ends of soil samples in tubes were then immediately covered with teflon rounds, capped with polyethylene lids, and packed in ice chest (with ice for maintaining 4 Centigrade preservation temperature) to minimize potential volatilization prior to delivery to the laboratory.

The collected samples were labeled with the boring number, the sample number (the samples were numbered sequentially with increasing depth from the top for each boring), and the sampling depth. Care was taken throughout to avoid contamination of both the inside and outside of the sample container and its contents.

All soil samples were collected at five feet interval and field screened via Photoionization Detector (PID). The sample descriptions (soil characteristics, color, firmness, moisture, grain type, grade, density) and the PID/FID readings were recorded on the field log. Soil boring logs are included in Appendix B.

All collected soil samples were preserved in ice chest with ice to keep 4 Centigrade sample preservation temperature until shipment of samples within the same day of sample collection to a State Certified Laboratory, for analysis. U.S. Environmental Protection Agency approved chain-of-custody records was kept to track the possession of samples from the time they are taken in the field until the time they were analyzed.

4.3 LABORATORY ANALYSIS

The following samples were analyzed for target contaminants of concern (sample ID indicates sample depth): SB1-10', SB2-5', SB3-3', SB4-15', SB5-15', and SB7-15'. Figure 2 illustrates the boring locations. Appendix C includes the chain of custody and laboratory report.

5.0 FINDINGS AND RESULTS

5.1 SUBSURFACE CONDITIONS

- Soil encountered at the site consisted of interbedded clay and poorly graded sand to the maximum drilling depth of 20 feet.
- No field indications of impact from petroleum hydrocarbons or volatile organic compounds (staining, odor, PID readings) were observed in any of the soil samples
- Soil borings SB6 and SB8 were drilled as exploratory borings, in areas with lower risk, based on the locations of the borings. Therefore, no samples were analyzed from these borings (field screening and visual observations did not indicate any potential chemical impact).
- Groundwater was not encountered during drilling.

5.2 ANALYTICAL RESULTS OF SOIL SAMPLES

Total petroleum hydrocarbons as diesel or oil were not detected in any of the six soil samples analyzed. Volatile organic compounds were not detected in any of the soil samples analyzed. No elevated metal concentrations were detected in any of the six soil samples analyzed. Specific metals of concern for plating operations, including chromium, copper, cadmium, zinc, or lead were not detected at elevated levels. Detected levels appear to be background levels. See Appendix C for laboratory results.

Based on the results of soil sampling in the areas of concern at the subject site, Odic did not find any indication of a significant release of hazardous materials used in past site operations in the areas assessed.

6.0 RECOMMENDATIONS AND OPINIONS

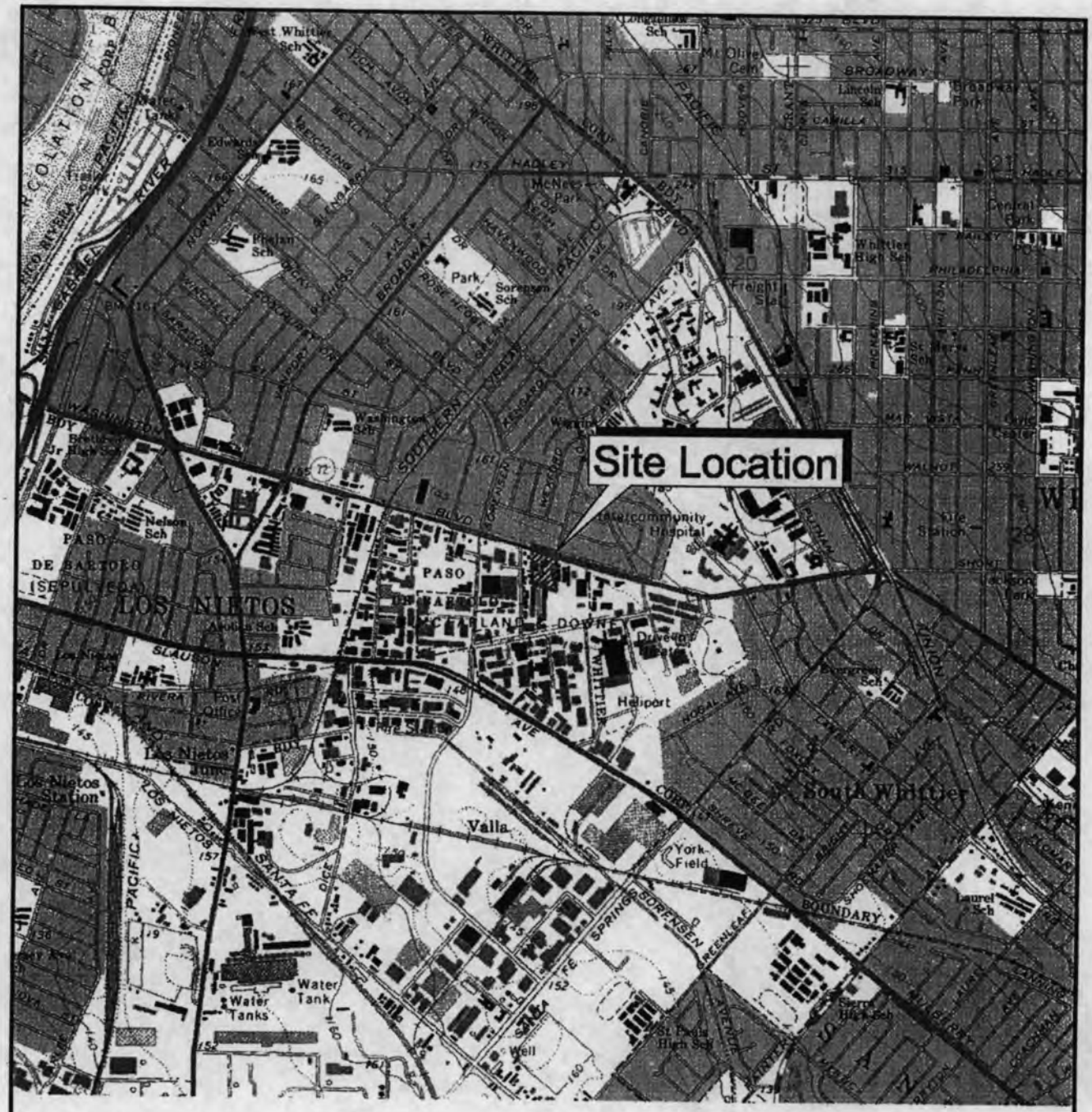
This investigation did not find any impact from petroleum hydrocarbons, volatile organic compounds, or metals in shallow soil adjacent to the former plating operations and other past facility areas of concern. Based on the results of this assessment no significant impact has occurred to the subsurface in the areas assessed. ODIC Environmental recommends no further action due to minimal risk of contamination at the subject property.

7.0 REFERENCES

Reference sources for site-specific information, hydro-geologic setting, technical data, historical research data, environmental reports and other records used are identified throughout this Report in corresponding sections. Any additional reference sources not cited in the preceding sections in this report are disclosed in this section.

CA Department of Water Resources, Bulletin 118, California Groundwater Basins, 2004
Delta Environmental Consultants, Inc., Groundwater Monitoring Report, 11347 Washington Boulevard, Whittier, CA, January 15, 2007
Phase One, Inc., Phase I Environmental Site Assessment, 11934, 11938, 11940, 11944 Washington Boulevard, Santa Fe Springs, CA May 2007
USGS 7.5 Minute Topographical Map

FIGURES



Reference:

1. U.S.G.S. Topographic Maps, Whittier, California 7.5 Minute Quadrangles. Georeferenced using the State of California's CASIL Online GIS Database, Copyright 2007.

N

0 2000 4000

SCALE IN FEET: 1" = 2000'

DATE: 11/07	PROJECT NO.
Site Location Map 11934,11936,11940,11944 Washington Boulevard Whittier, California	
Odic Environmental, Inc.	FIGURE 1

FILENAME: SLM.WASHINGTON.1107.DWG (1:1)

0 60 120
APPROXIMATE SCALE IN FEET

Legend

SB1 SOIL BORING LOCATION
APPROXIMATE PROPERTY LINE LOCATION
APPROXIMATE CENTER LINE OF STREET

Notes:

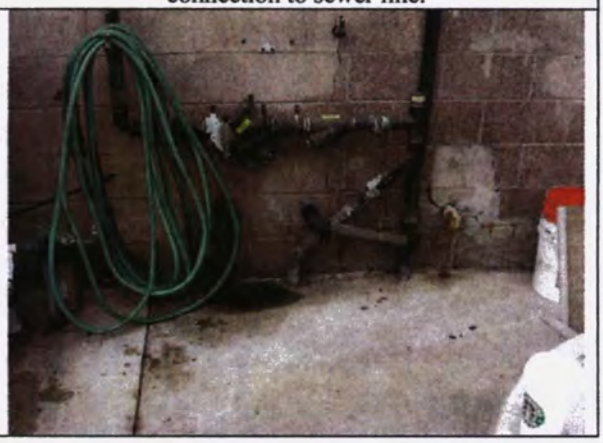
1. PROPERTY LINE LOCATIONS FROM LOS ANGELES COUNTY ASSESSOR'S OFFICE ON-LINE GIS DATABASE. BUILDINGS AND OTHER FEATURES LOCATED USING GEOREFERENCED IMAGERY FROM MS TERRASERVER ON-LINE GIS DATABASE, COPYRIGHT 2007.

DATE: 11/07	PROJECT NO.
Well Location Map 11934,11936,11940,11944 Washington Boulevard Whittier, California	
Odic Environmental, Inc.	FIGURE 2

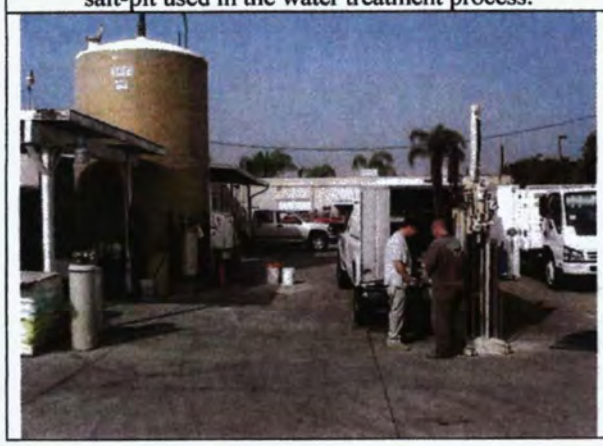
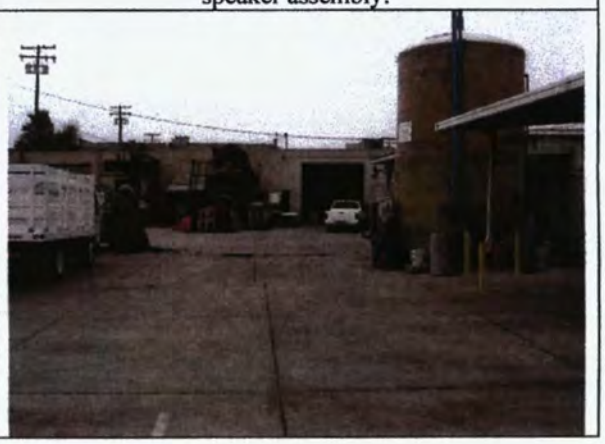
FILENAME: WLD.WASHINGTON.1107.DWG (1:1)

APPENDIX A
SITE PHOTOGRAPHS

View of subject building along Washington Boulevard.	Access driveway to back portion of site.

View of shop area for Specialty Water, with truck mounted Geoprobe mobilized for drilling.	View of water lines and stub-up that is possible old connection to sewer line.
	

View of clean-out for current water processing system, indicating location of sewer hook-up.	Trench system for current water processing system, and suspected former plating operations area.

Drilling location near current storm drain and former salt-pit used in the water treatment process.	View of former assembly shop, currently used for speaker assembly.
	

APPENDIX B
SOIL BORING LOGS

Odic Environmental

Field Boring Log

Sheet 1 of 2

Location of Boring:

See site map

Project: 11934-11944 Washington Blvd., Whittier, CA	Boring No. SB1
	Total Depth: 15
Job No. 6344947	Logged by: J. Winkler
Drilling Contractor: Kehoe Engineering & Testing	
Drill Rig Type: 5400 Geoprobe	
Drillers Name: Sheridan	
Sampling Methods: 2FT. Acetate	
Hammer WT. —	Drop —
Start Time 0830	Date 11·7·07
Completed Time 0850	Date 11·7·07

Boring Depth:	—		
Casing Depth:	—		
Water Depth:	—		
Time:	—		
Date:	—		

Backfilled Time: — Date: 11·7·07 By: Bartenik

Surface Elev: — Datum: —

Surface Conditions: Concrete

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
										3.0		
5'	–	–	2'	1'		0840		Ø		5.0	CL	Clay, medium yellowish brown, ~~moist~~ damp, v soft medium plasticity, malleable,
										7.0		
										9.0		
10	–	–	2'	1'		0845		Ø		10.0	SP	Poorly graded sand, yellowish brown, dry, loose, fine sand, subrounded grains

Odic Environmental

Field Boring Log (continued)

Project:	No.	Boring No.
11934 - 11944 Washington Blvd. Whittier, CA		SB2

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	-	-	2'	1'		0850		Ø		15.0	CL	Clay, medium brown, damp, medium stiff, medium plasticity, millable.
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log

Sheet 1 of 2

Location of Boring: See site map	Project: 11934-11944 Whittier Blvd., Whittier CA
	Boring No. SB2
	Total Depth: 15'
	Job No 6244947
	Logged by: J. Winkler
	Drilling Contractor: Kehoe Engineering & Testing
	Drill Rig Type: Sky Geoprobe
	Drillers Name: Sheridan
	Sampling Methods: 2 FT Acetate
	Hammer WT. – Drop –
	Start Time 0915 Date 11·7·07
	Completed Time 0940 Date 11·7·07
	Boring Depth: –
	Casing Depth: –
	Water Depth: –
	Time: –
	Date: –
	Backfilled Time: – Date: 11·7·07 By: Bowbank
	Surface Elev: – Datum: –
	Surface Conditions: Concrete

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
3	–	–	2'	1'		0920		0		3.0	CL	Clay, medium brown, damp, medium plasticity, medium stiff.
5	–	–	2'	1'		0925		0		5.0	CL	Clay, same as above
										7.0		
										9.0		
10	–	–	2'	1'		0930		0		10.0	SP	Poorly graded sand, medium brown, dry, loose, fine grain

Odic Environmental

Field Boring Log (continued)

Sheet 2 of 2

Project: 11934-11944 Washington Blvd. Whittier, CA

No.

Boring No. SB2

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	-	-	2'	1'		0935		0		15.0	ML	Silt, light yellowish brown, damp, soft,
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log Sheet 1 of 2

Location of Boring: See site map.

Project: 11934-11944 Washington Blvd. Whittier CA	Boring No. SB3
	Total Depth: ~~15~~ 20'
Job No. 6344947	Logged by: J. Winkler
Drilling Contractor: Kehoe Engineering & Testing	
Drill Rig Type: 5400 Geoprobe	
Drillers Name: Sheridan	
Sampling Methods: 2 FT Acetate	
Hammer WT. –	Drop –
Start Time ~~1130~~ 0950	Date 11·7·07
Completed Time 1020	Date 11·7·07
Boring Depth: –	
Casing Depth: –	
Water Depth: –	
Time: –	
Date: –	
Backfilled Time: –	Date: 11·7·07 By: Bankole
Surface Elev: –	Datum: –
Surface Conditions: Concrete	

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
3	–	–	2'	1'		0955		Ø		3.0	CL	Clay w/Sand, medium brown, damp, soft, medium plasticity, trace sand.
5	–	–	2'	1'		1000		Ø		5.0	CL	Clay w/Sand, same as above
										7.0		
										9.0		
10	–	–	2'	1'		1005		Ø		10.0	SP	Poorly graded sand, yellowish brown, dry, loose, fine grain, subrounded sand.

Odic Environmental

Field Boring Log (continued)

Sheet 2 of 2

Project: 11934-11944 Washington Blvd. Whittier, CA

No.

Boring No. SB3

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	-	-	2'	1'		1010		Ø		15.0	SP	Poorly graded sand, yellowish brown, dry, ~~loose~~, medium dense, fine to medium sand,
										17.0		
										19.0		
20	-	-	2'	1.5'		1025		Ø			CL	Clay, medium brown, damp, soft, medium plasticity,
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log Sheet 1 of 2

Location of Boring: See site map

Project: 11934-11944 Washington Blvd. Whittier CA	Boring No. SB4
	Total Depth: 15'
Job No. 634947	Logged by: J. Winkler
Drilling Contractor: Kehoe Engineering & Testing	
Drill Rig Type: 5400 Geoprobe	
Drillers Name: Sergio	
Sampling Methods: 2 FT Acetate	
Hammer WT. —	Drop —
Start Time 1040	Date 11·7·07
Completed Time 1110	Date 11·7·07
Boring Depth: —	
Casing Depth: —	
Water Depth: —	
Time: —	
Date: —	
Backfilled Time: —	Date: 11·7·07 By: Bentonite
Surface Elev: —	Datum: —
Surface Conditions: Concrete	

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
3'	—	—	1'	1'		1045		Ø		3.0	CL	Clay w/ sand, medium yellowish brown, dry, medium stiff, low plasticity, trace sand.
5'	—	—	1'	1'		1050		Ø		5.0	CL	Clay w/ sand, same as above
										7.0		
										9.0		
10'	—	—	2'	1'		1055		Ø		10.0	SP	Poorly graded sand, light yellowish brown, dry, loose, fine grain, subrounded sand

Odic Environmental

Field Boring Log (continued)

Sheet 2 of 2

Project:	No.	Boring No.
11934-11944 Washington Blvd. Whittier, CA		SB4

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	–	–	1'	1'		1105		Ø		15.0	a	Clay, medium brown, moist, soft, medium plasticity, malleable.
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log

Sheet 1 of 2

Location of Boring:

See site map

Project: 11934-11944 Washington Blvd, Whittier CA	Boring No. SB5
	Total Depth: 15'
Job No. 6344947	Logged by: J. Winkler
Drilling Contractor: Kehoe Engineering & Testing	
Drill Rig Type: 5400 Geoprobe	
Drillers Name: Sheridan	
Sampling Methods: 2 FT. Acetate	
Hammer WT. —	Drop —
Start Time 1130	Date 11-7-07
Completed Time 1150	Date 11-7-07
Boring Depth: —	
Casing Depth: —	
Water Depth: —	
Time: —	
Date: —	
Backfilled Time: —	Date: 11-7-07 By: Bentonite
Surface Elev: —	Datum: —
Surface Conditions: Concrete	

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
										3.0		
5'	-	-	1'	1'		1135				5.0	CL	Clay, light brown, moist, soft, high plasticity, malleable
										7.0		
										9.0		
10'	-	-	1'	1'		1140				10.0	SP	Poorly graded sand, yellowish brown, dry, loose, fine sand, rounded grains

Odic Environmental

Field Boring Log (continued)

Sheet 2 of 2

Project: 11934-11944 Washington Blvd. Whittier CA

No.

Boring No. SB5

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	–	–	1'	1'		1145				15.0	CL	Clay, medium brown, damp, medium stiff, medium plasticity
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log Sheet 1 of 2

Location of Boring:

See site map

Project: 11934-11944 Washington Blvd, Whittier CA	Boring No. SB6
	Total Depth:
Job No. 6344947	Logged by: J. Winkler
Drilling Contractor: Keller Engineering & Testing	
Drill Rig Type: 5400 Geoprobe	
Drillers Name: Sheridan	
Sampling Methods: 2 FT. Acetate	
Hammer WT. —	Drop —
Start Time 1230	Date 11-7-07
Completed Time 1250	Date 11-7-07
Boring Depth: —	
Casing Depth: —	
Water Depth: —	
Time: —	
Date: —	
Backfilled Time: —	Date: 11-7-07 By: Bartende
Surface Elev: —	Datum: —
Surface Conditions: Concrete.	

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
										3.0		
5	—	—	1'	1'		1235		Ø		5.0	CL	Clay, dark brown, damp, medium stiff, low plasticity
										7.0		
										9.0		
10'	—	—	1'	1'		1240		Ø		10.0	SP	Poorly Graded Sand, light yellowish brown, dry, loose, fine grain, subrounded sand.

Odic Environmental

Field Boring Log (continued)

Sheet 2 of 2

Project: | No. | Boring No. SB6

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	–	–	1'	1'		1245				15.0	CL	Clay, light brown, damp, soft, medium plasticity, malleable
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log Sheet 1 of 2

Location of Boring:

See site map.

Project: 11934 - 11944 Washington Blvd, Whittier CA	Boring No. SB7
	Total Depth:
Job No. 6344947	Logged by: J. Winkler
Drilling Contractor: Kehoe Engineering & Testing	
Drill Rig Type: 5400 Geoprobe	
Drillers Name: Sheridan	
Sampling Methods: 2 FT. Acetate	
Hammer WT. —	Drop —
Start Time 1250	Date 11·7·07
Completed Time	Date 11·7·07

Boring Depth:	—		
Casing Depth:	—		
Water Depth:	—		
Time:	—		
Date:	—		

Backfilled Time: — Date: 11·7·07 By: Bentonite

Surface Elev: — Datum: —

Surface Conditions: Concrete

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
										3.0		
5	—	—	1'	1'		1310		Ø		5.0	CL	Clay, dark brown, damp, very stiff, low plasticity.
										7.0		
										9.0		
10	—	—	1'	1'		1315		Ø		10.0	SP	Poorly graded sand, light yellow brown, dry, loose, fine sand, rounded grains

Odic Environmental

Field Boring Log (continued)

Project: 11934-11944 Washington Blvd. Whittier, CA

No.

Boring No. SB7

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	—	—	1'	1'		1520		Ø		15.0	a	Clay, medium brown, damp, medium stiff, low plasticity
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

Odic Environmental

Field Boring Log Sheet 1 of 2

Location of Boring: See site map

Project: 11934 - 11944 Washington Blvd, Whittier
Boring No. SB8
Total Depth: 15'
Job No. 6344947
Logged by: J. Winkler
Drilling Contractor: Kehoe Engineering & Testing
Drill Rig Type: 5400 Geoprobe
Drillers Name: Sheridan
Sampling Methods: 2 FT. Acetate
Hammer WT. —
Drop —
Start Time ~~11-7-07~~ 1335
Date 11-7-07
Completed Time 1400
Date 11-7-07

Boring Depth:	—		
Casing Depth:	—		
Water Depth:	—		
Time:	—		
Date:	—		

Backfilled Time: — Date: 11-7-07 By: Bolunik
Surface Elev: — Datum: —
Surface Conditions: Concrete

Depth (feet)	Type	Blows	Driven (inches)	Received (inches)	Condition	Time		PID (ppm)		Depth (feet)		
										1.0		
										3.0		
5	—	—	1'	1'		1340				5.0	CL	Clay, dark brown, damp, medium stiff, low plasticity
										7.0		
										9.0		
10'	—	—	1'	1'		1345				10.0	SP	Poorly graded sand, light yellow brown, dry, loose, fine sand, rounded grains.

11934

Odic Environmental

Field Boring Log (continued)

Sheet 2 of 2

Project:	No.	Boring No.
11934-11944 Washington Blvd, Whittier CA		SB8-

Depth	Type	Blows	Driven	Received	Cond.	Time		PID		Depth	Graphic	
										11.0		
										13.0		
15	–	–	1'	1'		1350				15.0	a	Clay, dark brown, damp, medium stiff, low plasticity
										17.0		
										19.0		
										21.0		
										23.0		
										25.0		
										27.0		
										29.0		
										30.0		

APPENDIX C
LABORATORY REPORT

AMERICAN SCIENTIFIC LABORATORIES, LLC
Environmental Testing Services
2520 N. San Fernando Rd., Los Angeles, CA 90065 Tel: (323) 223-9700 Fax: (323) 223-9500

Ordered By

Odic Environmental
3255 Wilshire Blvd. #1508
Los Angeles, CA 90010-

Telephone (888) 634-2368
Attn John Winkler

Number of Pages 13
Date Received 11/07/2007
Date Reported 11/14/2007

Job Number	Ordered	Client
35817	11/07/2007	ODIENV

Project ID: 6344947
Project Name:
Site: 11934-11944 Washington Blvd.
Whittier, CA

Enclosed are the results of analyses on 6 samples analyzed as specified on attached chain of custody.

Wendy Lu
Organics Supervisor

Rojert G. Araghi
Laboratory Director

American Scientific Laboratories, LLC (ASL) accepts sample materials from clients for analysis with the assumption that all of the information provided to ASL verbally or in writing by our clients (and/or their agents), regarding samples being submitted to ASL, is complete and accurate. ASL accepts all samples subject to the following conditions:
1) ASL is not responsible for verifying any client-provided information regarding any samples submitted to the laboratory.
2) ASL is not responsible for any consequences resulting from any inaccuracies, omissions, or misrepresentations contained in client-provided information regarding samples submitted to the laboratory.

AMERICAN SCIENTIFIC LABORATORIES, LLC
Environmental Testing Services
2520 N. San Fernando Road, LA, CA 90065 Tel: (323) 223-9700 • Fax: (323) 223-9500

COC# № 38800 GLOBAL ID _____ E REPORT: ☐ PDF ☐ EDF ☐ EDD ASL JOB# 35817

Company: Odic Environmental		Report To: Odic	ANALYSIS REQUESTED
Address: 3255 Wilshire Blvd, Ste 1510	Project Name:	Address: Same	
Los Angeles, CA 90010	Site Address: 11934-11944 Washington Blvd.	Invoice To: Odic	
Telephone: 213.380.0090 Fax: 213.380.0505	Whittier CA	Address: Same	
Special Instruction: Fax results & email	Project ID: 6344947		
E-mail: jwinkler@odicenv.com	Project Manager: John Winkler	P.O.#:	

ITEM	LAB USE ONLY Lab ID	SAMPLE DESCRIPTION Sample ID	Date	Time	Container(s) #	Type	Matrix	Preservation	TPHgas or 8015M	Full VOCs 8260	Title 22 CAM metals	Remarks
		SB1-5	11-7-07	0840	1	Acetate	SOIL	ICE				H
1	207877	SB1-10	↓	0845	↓	↓	↓	↓	X	X	X	
		SB1-15		0850								H
		SB2-3		0920								H
2	207878	SB2-5		0925					X	X	X	
		SB2-10		0930								H
		SB2-15		0935								H
3	207879	SB3-3		0955					X	X	X	
		SB3-5		1000								H
		SB3-10	↓	1005	↓	↓	↓	↓				H

Collected By: John Winkler	Date 11-7-07	Time 1:40	Relinquished By:	Date	Time
Relinquished By: [signature]	Date 11-7-07	Time 1:40	Received For Laboratory: [signature]	Date 11/7/07	Time 1:40
Received By:	Date	Time	Condition of Sample:		

TAT: ☒ Normal ☐ Rush

CHAIN OF CUSTODY RECORD

White - Report, Yellow - Laboratory, Pink - Client

AMERICAN SCIENTIFIC LABORATORIES, LLC
Environmental Testing Services
2520 N. San Fernando Road, LA, CA 90065 Tel: (323) 223-9700 • Fax: (323) 223-9500

COC# № 38797 GLOBAL ID _____ E REPORT: ☐ PDF ☐ EDF ☐ EDD ASL JOB# 35817

Company: Odic Environmental		Report To:	ANALYSIS REQUESTED
Address:	Project Name:	Address:	
	Site Address: 11934-11944 Washington Blvd.	Invoice To:	
Telephone: Fax:	Whittier CA	Address:	
Special Instruction:	Project ID: 634907		
E-mail:	Project Manager: J. Winkler	P.O.#:	

ITEM	LAB USE ONLY Lab ID	SAMPLE DESCRIPTION Sample ID	Date	Time	Container(s) #	Type	Matrix	Preservation	TPH as oil 8015M	Full VOCs 8260	Title 22 CAM metals	Remarks
		SB3-15	11-7-07	1010	1	Acetate	Soil	Ice				HOLD (H)
		SB3-20	↓	1015	↓	↓	↓	↓				H
		SB4-3		1045								H
		SB4-5		1050								H
		SB4-10		1055								H
4	207880	SB4-15		1105					X	X	X	
		SB5-5'		1135								H
		SB5-10'		1140								H
5	207881	SB5-15		1145					X	X	X	
		SB6-5	↓	1235	↓	↓	↓	↓				H

Collected By: J Winkler	Date 11-17-07	Time 1:40	Relinquished By: Date Time
Relinquished By: [signature]	Date 11-7-07	Time 1:40	Received For Laboratory: [signature] Date 11/7/07 Time 1:40
Received By:	Date	Time	Condition of Sample:

TAT: ☒ Normal ☐ Rush

CHAIN OF CUSTODY RECORD

White - Report, Yellow - Laboratory, Pink - Client

AMERICAN SCIENTIFIC LABORATORIES, LLC
Environmental Testing Services
2520 N. San Fernando Road, LA, CA 90065 Tel: (323) 223-9700 • Fax: (323) 223-9500

COC# № 38799 GLOBAL ID _____ E REPORT: ☐ PDF ☐ EDF ☐ EDD ASL JOB# 35817

Company: Odic Environmental		Report To: Odic	
Address:	Project Name:	Address:	
	Site Address: 11934-11944 Washington Blvd.	Invoice To: Odic	
Telephone: Fax:	Whittier CA	Address:	
Special Instruction:	Project ID: 6344907		
E-mail:	Project Manager: J. Winkler	P.O.#:	

ANALYSIS REQUESTED

ITEM	LAB USE ONLY Lab ID	SAMPLE DESCRIPTION Sample ID	Date	Time	Container(s) #	Type	Matrix	Preservation	TPH as oil 8265M	Full VOCs 8260	Title 22 CAM metals									Remarks
		SB6-10	11·7·07	1240	1	Acetate	Soil	Ice												H
		SB6-15	11·7·07	1245		↓	↓	↓												H
		SB7-5	↓	1310		↓	↓	↓												H
		SB7-10	↓	1315		↓	↓	↓												H
6	207882	SB7-15	↓	1320		↓	↓	↓	X	X	X									

Collected By: John Winkler	Date 11·7·07	Time 1:40	Relinquished By:	Date	Time	TAT
Relinquished By: [signature]	Date 11·7·07	Time 1:40	Received For Laboratory [signature]	Date 11/7/07	Time 1:40	☒ Normal
Received By:	Date	Time	Condition of Sample:			☐ Rush

White - Report, Yellow - Laboratory, Pink - Client

CHAIN OF CUSTODY RECORD

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ANALYTICAL RESULTS

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Los Angeles, CA 90010-

Telephone: (888)634-2368
Attn: John Winkler

Site

11934-11944 Washington Blvd.
Whittier, CA

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 6010B/7471A, CCR Title 22 Metals (TTLC)

QC Batch No: 110807-2

Our Lab I.D.		207877	207878	207879	207880	207881
Client Sample I.D.		SB1-10	SB2-5	SB3-3	SB4-15	SB5-15
Date Sampled		11/07/2007	11/07/2007	11/07/2007	11/07/2007	11/07/2007
Date Prepared		11/08/2007	11/08/2007	11/08/2007	11/08/2007	11/08/2007
Preparation Method						
Date Analyzed		11/08/2007	11/08/2007	11/08/2007	11/08/2007	11/08/2007
Matrix		Soil	Soil	Soil	Soil	Soil
Units		mg/Kg	mg/Kg	mg/Kg	mg/Kg	mg/Kg
Dilution Factor		1	1	1	1	1
Analytes	**PQL**	**Results**	**Results**	**Results**	**Results**	**Results**
AA Metals						
Mercury	0.20	ND	ND	ND	ND	ND
ICP Metals						
Antimony	0.50	0.99	1.17	0.89	0.87	0.97
Arsenic	0.25	7.00	7.29	8.92	10.5	9.87
Barium	0.50	94.4	134	161	191	179
Beryllium	0.50	ND	ND	ND	ND	ND
Cadmium	0.50	ND	ND	0.70	0.83	ND
Chromium	0.50	11.9	15.0	20.6	20.8	23.2
Cobalt	0.50	7.99	9.49	9.58	11.9	14.3
Copper	0.50	14.0	20.5	28.2	32.8	37.8
Lead	0.25	0.86	1.21	2.18	1.41	2.90
Molybdenum	0.50	ND	2.26	3.23	1.78	1.16
Nickel	0.50	12.6	21.9	28.0	27.9	27.7
Selenium	0.50	ND	ND	ND	ND	ND
Silver	0.50	ND	ND	ND	ND	ND
Thallium	0.50	ND	ND	ND	ND	ND
Vanadium	0.50	26.3	36.9	37.4	44.5	42.4
Zinc	0.50	57.4	53.3	58.5	65.1	81.6

QUALITY CONTROL REPORT

QC Batch No: 110807-2

Analytes	LCS % REC	LCS/LCSD % Limit								
AA Metals										
Mercury	95	80-120								
ICP Metals										
Antimony	88	80-120								
Arsenic	90	80-120								

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ANALYTICAL RESULTS

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 6010B/7471A, CCR Title 22 Metals (TTLC)

QUALITY CONTROL REPORT

QC Batch No: 110807-2

Analytes	LCS % REC	LCS/LCSD % Limit								
ICP Metals										
Barium	97	80-120								
Beryllium	88	80-120								
Cadmium	88	80-120								
Chromium	88	80-120								
Cobalt	92	80-120								
Copper	88	80-120								
Lead	91	80-120								
Molybdenum	91	80-120								
Nickel	94	80-120								
Selenium	89	80-120								
Silver	95	80-120								
Thallium	89	80-120								
Vanadium	88	80-120								
Zinc	94	80-120								

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ANALYTICAL RESULTS

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Whittier, CA

Page: 4
Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 6010B/7471A, CCR Title 22 Metals (TTLC)

QC Batch No: 110807-2

Our Lab I.D.		207882				
Client Sample I.D.		SB7-15				
Date Sampled		11/07/2007				
Date Prepared		11/08/2007				
Preparation Method						
Date Analyzed		11/08/2007				
Matrix		Soil				
Units		mg/Kg				
Dilution Factor		1				
Analytes	PQL	Results				
AA Metals						
Mercury	0.20	ND				
ICP Metals						
Antimony	0.50	0.70				
Arsenic	0.25	6.13				
Barium	0.50	182				
Beryllium	0.50	ND				
Cadmium	0.50	ND				
Chromium	0.50	18.9				
Cobalt	0.50	10.9				
Copper	0.50	28.4				
Lead	0.25	3.35				
Molybdenum	0.50	ND				
Nickel	0.50	23.4				
Selenium	0.50	ND				
Silver	0.50	ND				
Thallium	0.50	ND				
Vanadium	0.50	33.3				
Zinc	0.50	55.7				

QUALITY CONTROL REPORT

QC Batch No: 110807-2

Analytes	LCS % REC	LCS/LCSD % Limit								
AA Metals										
Mercury	95	80-120								
ICP Metals										
Antimony	88	80-120								
Arsenic	90	80-120								

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ANALYTICAL RESULTS

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 6010B/7471A, CCR Title 22 Metals (TTLC)

QUALITY CONTROL REPORT

QC Batch No: 110807-2

Analytes	LCS % REC	LCS/LCSD % Limit								
ICP Metals										
Barium	97	80-120								
Beryllium	88	80-120								
Cadmium	88	80-120								
Chromium	88	80-120								
Cobalt	92	80-120								
Copper	88	80-120								
Lead	91	80-120								
Molybdenum	91	80-120								
Nickel	94	80-120								
Selenium	89	80-120								
Silver	95	80-120								
Thallium	89	80-120								
Vanadium	88	80-120								
Zinc	94	80-120								

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ANALYTICAL RESULTS

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8015B, TPH DROs and OROs (Diesel and Oil Range Organics)

QC Batch No: 110807-1D

Our Lab I.D.		207877	207878	207879	207880	207881
Client Sample I.D.		SB1-10	SB2-5	SB3-3	SB4-15	SB5-15
Date Sampled		11/07/2007	11/07/2007	11/07/2007	11/07/2007	11/07/2007
Date Prepared		11/08/2007	11/08/2007	11/08/2007	11/08/2007	11/08/2007
Preparation Method						
Date Analyzed		11/08/2007	11/08/2007	11/08/2007	11/08/2007	11/08/2007
Matrix		Soil	Soil	Soil	Soil	Soil
Units		mg/Kg	mg/Kg	mg/Kg	mg/Kg	mg/Kg
Dilution Factor		1	1	1	1	1
Analytes	**PQL**	**Results**	**Results**	**Results**	**Results**	**Results**
TPH DROs (C10 to C28)	10	ND	ND	ND	ND	ND
TPH OROs (C28+)	50	ND	ND	ND	ND	ND

Our Lab I.D.		207877	207878	207879	207880	207881
Surrogates	% Rec.Limit	% Rec.	% Rec.	% Rec.	% Rec.	% Rec.
Surrogate Percent Recovery						
Chlorobenzene	70-120	112	110	110	76	81

QUALITY CONTROL REPORT

QC Batch No: 110807-1D

Analytes	MS % REC	MS DUP % REC	RPD %	MS/MSD % Limit	MS RPD % Limit					
Diesel	98	99	1.0	75-120	<20					

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ANALYTICAL RESULTS

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8015B, TPH DROs and OROs (Diesel and Oil Range Organics)

QC Batch No: 110807-1D

Our Lab I.D.		207882				
Client Sample I.D.		SB7-15				
Date Sampled		11/07/2007				
Date Prepared		11/08/2007				
Preparation Method						
Date Analyzed		11/08/2007				
Matrix		Soil				
Units		mg/Kg				
Dilution Factor		1				
Analytes	PQL	Results				
TPH DROs (C10 to C28)	10	ND				
TPH OROs (C28+)	50	ND				

Our Lab I.D.		207882				
Surrogates	% Rec.Limit	% Rec.				
Surrogate Percent Recovery						
Chlorobenzene	70-120	91				

QUALITY CONTROL REPORT

QC Batch No: 110807-1D

Analytes	MS % REC	MS DUP % REC	RPD %	MS/MSD % Limit	MS RPD % Limit					
Diesel	98	99	1.0	75-120	<20					

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ANALYTICAL RESULTS

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8260B, Volatile Organic Compounds

QC Batch No: 110907-1C

Our Lab I.D.		207877	207878	207879		
Client Sample I.D.		SB1-10	SB2-5	SB3-3		
Date Sampled		11/07/2007	11/07/2007	11/07/2007		
Date Prepared		11/09/2007	11/09/2007	11/09/2007		
Preparation Method						
Date Analyzed		11/09/2007	11/09/2007	11/09/2007		
Matrix		Soil	Soil	Soil		
Units		ug/kg	ug/kg	ug/kg		
Dilution Factor		1	1	1		
Analytes	PQL	Results	Results	Results		
Acetone	50.0	ND	ND	ND		
Benzene	2.00	ND	ND	ND		
Bromobenzene (Phenyl bromide)	10.00	ND	ND	ND		
Bromochloromethane (Chlorobromomethane)	10.00	ND	ND	ND		
Bromodichloromethane (Dichlorobromomethane)	10.00	ND	ND	ND		
Bromoform (Tribromomethane)	50.00	ND	ND	ND		
Bromomethane (Methyl bromide)	30.00	ND	ND	ND		
2-Butanone (MEK, Methyl ethyl ketone)	50.00	ND	ND	ND		
n-Butylbenzene	10.00	ND	ND	ND		
sec-Butylbenzene	10.00	ND	ND	ND		
tert-Butylbenzene	10.00	ND	ND	ND		
Carbon disulfide	10.00	ND	ND	ND		
Carbon tetrachloride (Tetrachloromethane)	10.00	ND	ND	ND		
Chlorobenzene	10.00	ND	ND	ND		
Chloroethane	30.00	ND	ND	ND		
2-Chloroethyl vinyl ether	50.00	ND	ND	ND		
Chloroform (Trichloromethane)	10.00	ND	ND	ND		
Chloromethane (Methyl chloride)	30.00	ND	ND	ND		
4-Chlorotoluene (p-Chlorotoluene)	10.00	ND	ND	ND		
2-Chlorotoluene (o-Chlorotoluene)	10.00	ND	ND	ND		
1,2-Dibromo-3-chloropropane (DBCP)	50.00	ND	ND	ND		
Dibromochloromethane	10.00	ND	ND	ND		
1,2-Dibromoethane (EDB, Ethylene dibromide)	10.00	ND	ND	ND		
Dibromomethane	10.00	ND	ND	ND		
1,2-Dichlorobenzene (o-Dichlorobenzene)	10.00	ND	ND	ND		
1,3-Dichlorobenzene (m-Dichlorobenzene)	10.00	ND	ND	ND		
1,4-Dichlorobenzene (p-Dichlorobenzene)	10.00	ND	ND	ND		
Dichlorodifluoromethane	30.00	ND	ND	ND		
1,1-Dichloroethane	10.00	ND	ND	ND		

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ANALYTICAL RESULTS

Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8260B, Volatile Organic Compounds

QC Batch No: 110907-1C

Our Lab I.D.		207877	207878	207879		
Client Sample I.D.		SB1-10	SB2-5	SB3-3		
Date Sampled		11/07/2007	11/07/2007	11/07/2007		
Date Prepared		11/09/2007	11/09/2007	11/09/2007		
Preparation Method						
Date Analyzed		11/09/2007	11/09/2007	11/09/2007		
Matrix		Soil	Soil	Soil		
Units		ug/kg	ug/kg	ug/kg		
Dilution Factor		1	1	1		
Analytes	PQL	Results	Results	Results		
1,2-Dichloroethane	10.00	ND	ND	ND		
1,1-Dichloroethene (1,1-Dichloroethylene)	10.00	ND	ND	ND		
cis-1,2-Dichloroethene	10.00	ND	ND	ND		
trans-1,2-Dichloroethene	10.00	ND	ND	ND		
1,2-Dichloropropane	10.00	ND	ND	ND		
1,3-Dichloropropane	10.00	ND	ND	ND		
2,2-Dichloropropane	10.00	ND	ND	ND		
1,1-Dichloropropene	10.00	ND	ND	ND		
cis-1,3-Dichloropropene	10.00	ND	ND	ND		
trans-1,3-Dichloropropene	10.00	ND	ND	ND		
Ethylbenzene	2.0	ND	ND	ND		
Hexachlorobutadiene (1,3-Hexachlorobutadiene)	30.00	ND	ND	ND		
2-Hexanone	50.00	ND	ND	ND		
Isopropylbenzene	10.00	ND	ND	ND		
p-Isopropyltoluene (4-Isopropyltoluene)	10.00	ND	ND	ND		
MTBE	5.00	ND	ND	ND		
4-Methyl-2-pentanone (MIBK, Methyl isobutyl ketone)	50.00	ND	ND	ND		
Methylene chloride (Dichloromethane, DCM)	50.00	ND	ND	ND		
Naphthalene	10.00	ND	ND	ND		
n-Propylbenzene	10.00	ND	ND	ND		
Styrene	10.00	ND	ND	ND		
1,1,1,2-Tetrachloroethane	10.00	ND	ND	ND		
1,1,2,2-Tetrachloroethane	10.00	ND	ND	ND		
Tetrachloroethene (Tetrachloroethylene)	10.00	ND	ND	ND		
Toluene (Methyl benzene)	2.0	ND	ND	ND		
1,2,3-Trichlorobenzene	10.00	ND	ND	ND		
1,2,4-Trichlorobenzene	10.00	ND	ND	ND		
1,1,1-Trichloroethane	10.00	ND	ND	ND		
1,1,2-Trichloroethane	10.00	ND	ND	ND		
Trichloroethene (TCE)	10.00	ND	ND	ND		
Trichlorofluoromethane	10.00	ND	ND	ND		
1,2,3-Trichloropropane	10.00	ND	ND	ND		
1,2,4-Trimethylbenzene	10.00	ND	ND	ND		
1,3,5-Trimethylbenzene	10.00	ND	ND	ND		
Vinyl acetate	50.0	ND	ND	ND		

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ANALYTICAL RESULTS

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Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8260B, Volatile Organic Compounds

QC Batch No: 110907-1C

Our Lab I.D.		207877	207878	207879		
Client Sample I.D.		SB1-10	SB2-5	SB3-3		
Date Sampled		11/07/2007	11/07/2007	11/07/2007		
Date Prepared		11/09/2007	11/09/2007	11/09/2007		
Preparation Method						
Date Analyzed		11/09/2007	11/09/2007	11/09/2007		
Matrix		Soil	Soil	Soil		
Units		ug/kg	ug/kg	ug/kg		
Dilution Factor		1	1	1		
Analytes	PQL	Results	Results	Results		
Vinyl chloride (Chloroethene)	30.00	ND	ND	ND		
o-Xylene	2.0	ND	ND	ND		
m- & p-Xylenes	4.00	ND	ND	ND		

Our Lab I.D.		207877	207878	207879		
Surrogates	% Rec.Limit	% Rec.	% Rec.	% Rec.		
Surrogate Percent Recovery						
Bromofluorobenzene	70-120	99	95	111		
Dibromofluoromethane	70-120	76	89	83		
Toluene-d8	70-120	104	107	104		

QUALITY CONTROL REPORT

QC Batch No: 110907-1C

Analytes	MS % REC	MS DUP % REC	RPD %	MS/MSD % Limit	MS RPD % Limit					
Benzene	98	98	<1	75-120	15					
Chlorobenzene	102	98	4.0	75-120	15					
1,1-Dichloroethene (1,1-Dichloroethylene)	118	116	1.7	75-120	15					
MTBE	116	113	2.6	75-120	15					
Toluene (Methyl benzene)	112	114	1.8	75-120	15					
Trichloroethene (TCE)	118	114	3.4	75-120	15					

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ANALYTICAL RESULTS

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Page: 11
Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8260B, Volatile Organic Compounds

QC Batch No: 110907-2C

Our Lab I.D.		207880	207881	207882		
Client Sample I.D.		SB4-15	SB5-15	SB7-15		
Date Sampled		11/07/2007	11/07/2007	11/07/2007		
Date Prepared		11/09/2007	11/09/2007	11/09/2007		
Preparation Method						
Date Analyzed		11/09/2007	11/09/2007	11/09/2007		
Matrix		Soil	Soil	Soil		
Units		ug/kg	ug/kg	ug/kg		
Dilution Factor		1	1	1		
Analytes	PQL	Results	Results	Results		
Acetone	50.0	ND	ND	ND		
Benzene	2.00	ND	ND	ND		
Bromobenzene (Phenyl bromide)	10.00	ND	ND	ND		
Bromochloromethane (Chlorobromomethane)	10.00	ND	ND	ND		
Bromodichloromethane (Dichlorobromomethane)	10.00	ND	ND	ND		
Bromoform (Tribromomethane)	50.00	ND	ND	ND		
Bromomethane (Methyl bromide)	30.00	ND	ND	ND		
2-Butanone (MEK, Methyl ethyl ketone)	50.00	ND	ND	ND		
n-Butylbenzene	10.00	ND	ND	ND		
sec-Butylbenzene	10.00	ND	ND	ND		
tert-Butylbenzene	10.00	ND	ND	ND		
Carbon disulfide	10.00	ND	ND	ND		
Carbon tetrachloride (Tetrachloromethane)	10.00	ND	ND	ND		
Chlorobenzene	10.00	ND	ND	ND		
Chloroethane	30.00	ND	ND	ND		
2-Chloroethyl vinyl ether	50.00	ND	ND	ND		
Chloroform (Trichloromethane)	10.00	ND	ND	ND		
Chloromethane (Methyl chloride)	30.00	ND	ND	ND		
4-Chlorotoluene (p-Chlorotoluene)	10.00	ND	ND	ND		
2-Chlorotoluene (o-Chlorotoluene)	10.00	ND	ND	ND		
1,2-Dibromo-3-chloropropane (DBCP)	50.00	ND	ND	ND		
Dibromochloromethane	10.00	ND	ND	ND		
1,2-Dibromoethane (EDB, Ethylene dibromide)	10.00	ND	ND	ND		
Dibromomethane	10.00	ND	ND	ND		
1,2-Dichlorobenzene (o-Dichlorobenzene)	10.00	ND	ND	ND		
1,3-Dichlorobenzene (m-Dichlorobenzene)	10.00	ND	ND	ND		
1,4-Dichlorobenzene (p-Dichlorobenzene)	10.00	ND	ND	ND		
Dichlorodifluoromethane	30.00	ND	ND	ND		
1,1-Dichloroethane	10.00	ND	ND	ND		

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ANALYTICAL RESULTS

Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8260B, Volatile Organic Compounds

QC Batch No: 110907-2C

Our Lab I.D.		207880	207881	207882		
Client Sample I.D.		SB4-15	SB5-15	SB7-15		
Date Sampled		11/07/2007	11/07/2007	11/07/2007		
Date Prepared		11/09/2007	11/09/2007	11/09/2007		
Preparation Method						
Date Analyzed		11/09/2007	11/09/2007	11/09/2007		
Matrix		Soil	Soil	Soil		
Units		ug/kg	ug/kg	ug/kg		
Dilution Factor		1	1	1		
Analytes	PQL	Results	Results	Results		
1,2-Dichloroethane	10.00	ND	ND	ND		
1,1-Dichloroethene (1,1-Dichloroethylene)	10.00	ND	ND	ND		
cis-1,2-Dichloroethene	10.00	ND	ND	ND		
trans-1,2-Dichloroethene	10.00	ND	ND	ND		
1,2-Dichloropropane	10.00	ND	ND	ND		
1,3-Dichloropropane	10.00	ND	ND	ND		
2,2-Dichloropropane	10.00	ND	ND	ND		
1,1-Dichloropropene	10.00	ND	ND	ND		
cis-1,3-Dichloropropene	10.00	ND	ND	ND		
trans-1,3-Dichloropropene	10.00	ND	ND	ND		
Ethylbenzene	2.0	ND	ND	ND		
Hexachlorobutadiene (1,3-Hexachlorobutadiene)	30.00	ND	ND	ND		
2-Hexanone	50.00	ND	ND	ND		
Isopropylbenzene	10.00	ND	ND	ND		
p-Isopropyltoluene (4-Isopropyltoluene)	10.00	ND	ND	ND		
MTBE	5.00	ND	ND	ND		
4-Methyl-2-pentanone (MIBK, Methyl isobutyl ketone)	50.00	ND	ND	ND		
Methylene chloride (Dichloromethane, DCM)	50.00	ND	ND	ND		
Naphthalene	10.00	ND	ND	ND		
n-Propylbenzene	10.00	ND	ND	ND		
Styrene	10.00	ND	ND	ND		
1,1,1,2-Tetrachloroethane	10.00	ND	ND	ND		
1,1,2,2-Tetrachloroethane	10.00	ND	ND	ND		
Tetrachloroethene (Tetrachloroethylene)	10.00	ND	ND	ND		
Toluene (Methyl benzene)	2.0	ND	ND	ND		
1,2,3-Trichlorobenzene	10.00	ND	ND	ND		
1,2,4-Trichlorobenzene	10.00	ND	ND	ND		
1,1,1-Trichloroethane	10.00	ND	ND	ND		
1,1,2-Trichloroethane	10.00	ND	ND	ND		
Trichloroethene (TCE)	10.00	ND	ND	ND		
Trichlorofluoromethane	10.00	ND	ND	ND		
1,2,3-Trichloropropane	10.00	ND	ND	ND		
1,2,4-Trimethylbenzene	10.00	ND	ND	ND		
1,3,5-Trimethylbenzene	10.00	ND	ND	ND		
Vinyl acetate	50.0	ND	ND	ND		

AMERICAN SCIENTIFIC LABORATORIES, LLC
Environmental Testing Services
2520 N. San Fernando Rd., Los Angeles, CA 90065 Tel: (323) 223-9700 Fax: (323) 223-9500

ANALYTICAL RESULTS

Project ID: 6344947

ASL Job Number	Submitted	Client
35817	11/07/2007	ODIENV

Method: 8260B, Volatile Organic Compounds

QC Batch No: 110907-2C

Our Lab I.D.		207880	207881	207882		
Client Sample I.D.		SB4-15	SB5-15	SB7-15		
Date Sampled		11/07/2007	11/07/2007	11/07/2007		
Date Prepared		11/09/2007	11/09/2007	11/09/2007		
Preparation Method						
Date Analyzed		11/09/2007	11/09/2007	11/09/2007		
Matrix		Soil	Soil	Soil		
Units		ug/kg	ug/kg	ug/kg		
Dilution Factor		1	1	1		
Analytes	PQL	Results	Results	Results		
Vinyl chloride (Chloroethene)	30.00	ND	ND	ND		
o-Xylene	2.0	ND	ND	ND		
m- & p-Xylenes	4.00	ND	ND	ND		

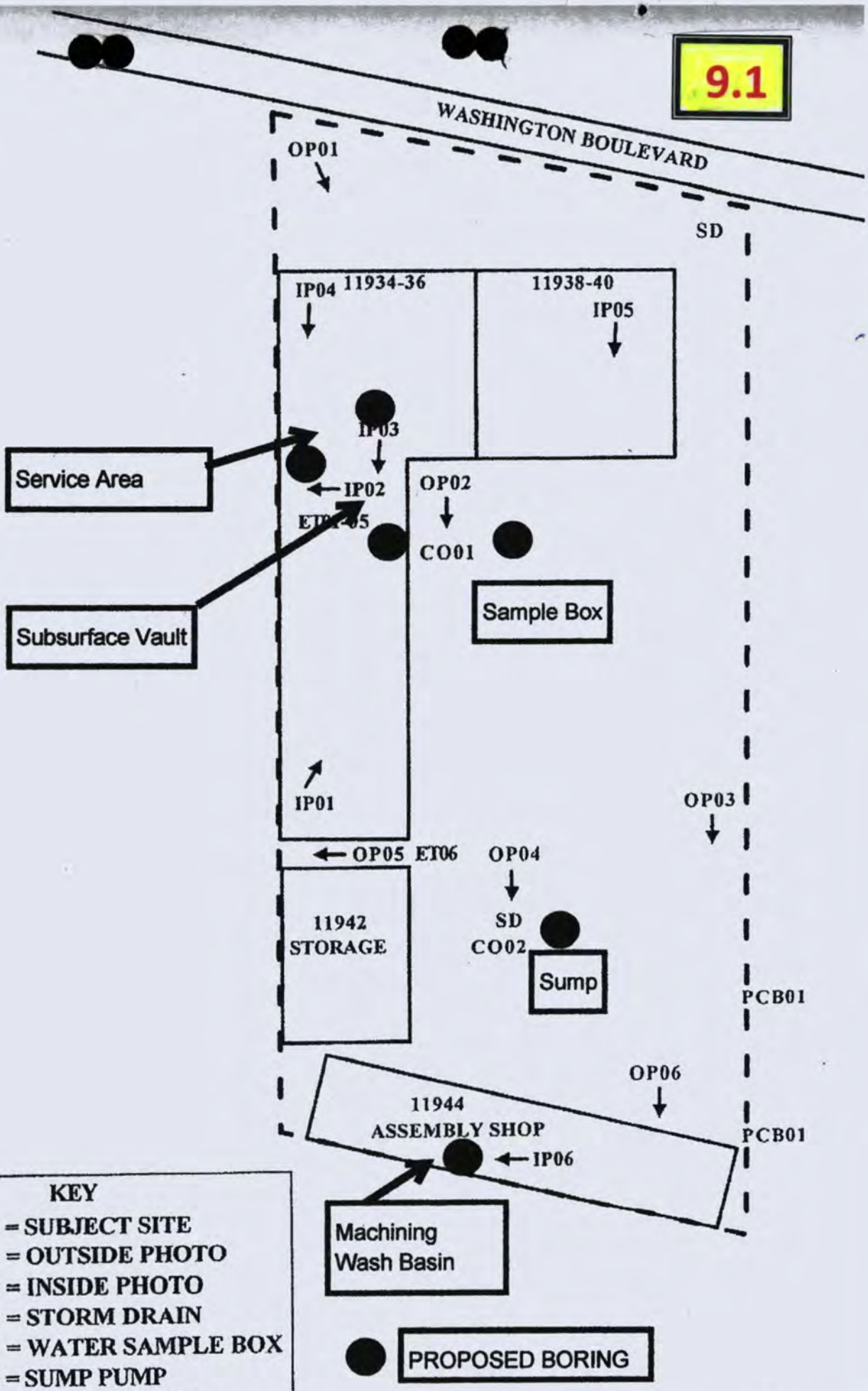
Our Lab I.D.		207880	207881	207882		
Surrogates	% Rec.Limit	% Rec.	% Rec.	% Rec.		
Surrogate Percent Recovery						
Bromofluorobenzene	70-120	99	98	103		
Dibromofluoromethane	70-120	100	97	97		
Toluene-d8	70-120	107	106	104		

QUALITY CONTROL REPORT

QC Batch No: 110907-2C

Analytes	MS % REC	MS DUP % REC	RPD %	MS/MSD % Limit	MS RPD % Limit					
Benzene	99	108	8.7	75-120	15					
Chlorobenzene	99	102	3.0	75-120	15					
1,1-Dichloroethene (1,1-Dichloroethylene)	95	97	2.1	75-120	15					
MTBE	114	118	3.4	75-120	15					
Toluene (Methyl benzene)	114	118	3.4	75-120	15					
Trichloroethene (TCE)	102	107	4.8	75-120	15					

Tab 9.1
Scaled Map



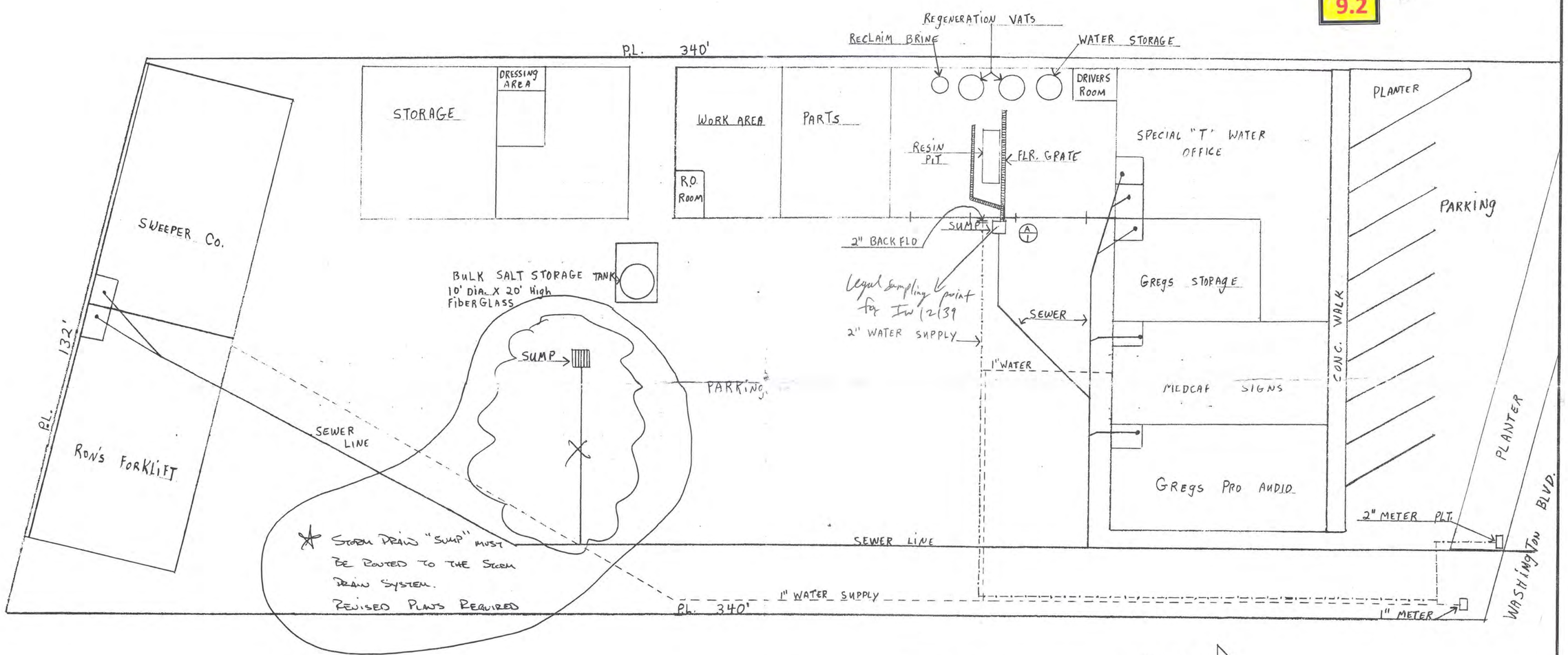
KEY

— — — = SUBJECT SITE
OP# = OUTSIDE PHOTO
IP# = INSIDE PHOTO
SD = STORM DRAIN
CO01 = WATER SAMPLE BOX
CO02 = SUMP PUMP
PCB# = TRANSFORMER
ET# = EXISTING TANK

911

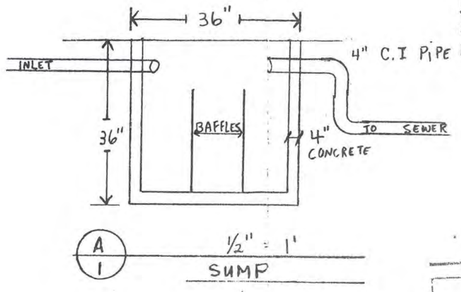
Tab 9.2
Scaled Map

9.2



* STORM DRAIN "SUMP" MUST BE ROUTED TO THE STORM DRAIN SYSTEM. REVISED PLANS REQUIRED

Sump has been rerouted from sewer to storm drain (see next drawing)



NORTH

APPROVAL OF PLANS FOR INDUSTRIAL WASTEWATER DISCHARGE

Sanitation Dist. No. 18 James F. Stahl, Chief Engr. & Gen'l. Mgr.
Date 5-31-02 Sanit. Dists. Ind. Waste Permit No. 12139 P1

Approval is contingent upon continuing compliance with all applicable Ordinance requirements and with

Corrections shown in red on the drawings ☐
Sanit. Dist. Letter of this date ☒
File No. 18 - OL - 12139M
Reviewed by MJG Checked by DW
Approved by Suzanne S. Wienke

For James F. Stahl, Chief Engr. & Gen'l. Mgr.
Permit for sewer connection must be obtained separately.

INDUSTRIAL WASTE *
CLEARANCE
Facilities for the collection and [illegible] of industrial wastes shall be [illegible] plan. This approval does not permit or approve violations of any ordinance or statute.
BY [signature] DATE 4/30/98

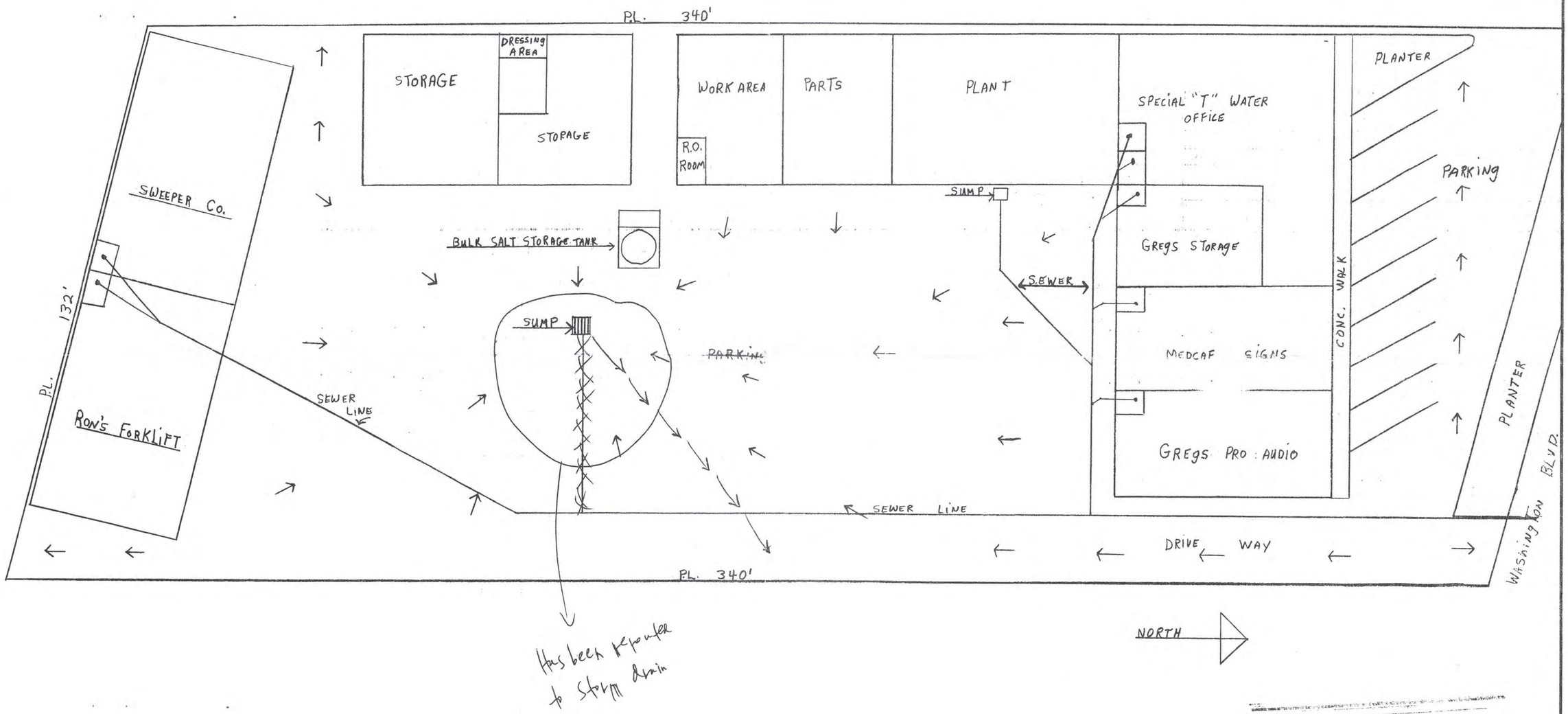
* NO IW TO PARKING LOT SUMP

APPLICANT'S COPY

Permit # 12139

SPECIAL "T" WATER SYSTEMS, INC.		
SCALE: 1/16 = 1"	APPROVED BY:	DRAWN BY R.J.W.
DATE: 3-27-98	Robert J. Walker	REVISED
11934 Washington BLVD.		
Whittier Ca. 90606		DRAWING NUMBER

PLOT PLAN



APPLICANT'S COPY

Permit # 12139

Special "T" Water Systems, Inc.		
SCALE: 1/16 = 1'	APPROVED BY:	DRAWN BY RJW
DATE: 3-30-98	Robert J. Walker	REVISED
11934 Washington BLVD		
Whittier Ca. 90606		DRAWING NUMBER

Tab 10.1
Spray Booth Permit
E.A.J. Custom Cabinets

10.1

Spraynet USA
24791 Lagrima
Mission Viejo, CA 562.413.2116

Alex cell: —
P. 562.413.2116
F. 949.281.7282

info@spraynetusa.co
www.spraynetusa.com

Jose Balderrama
cell (626) 703-1410

Invoice

Invoice No:	888
Date:	January 9, 2015
Terms:	NET 0
Due Date:	January 9, 2015

SPRAYNET USA
SPRAY BOOTHS

Bill To:

E A J CUSTOMS CABINETS
11940 E. Washington Blvd
Santa Fe Springs, CA 90608

Ship To:

Ship Date	Ship Via	Tracking No	FOB
January 9, 2015			

Code	Description	Quantity	Rate	Amount
PERM	Permit processing including: the creation of detailed drawings required by city, fire and AQMD. Electrical, mechanical and electrical process is included. Drawings include detailed information on the unit(s) to be installed including electrical, mechanical and a fire protection system. The new gas line. The submittals and filling of documents for all authorities. The corrections if needed. And the set up of inspections at the end of the installation. IMPORTANT: ALL PERMIT FEES PAID BY THE CUSTOMER	1	$4,000.00	$4,000.00*

* Indicates non-taxable item

2000 paid in 1/10/15 check #301

Subtotal	$4,000.00
TAX (9.25%)	$0.00
Shipping	$0.00
Total	$4,000.00
Paid	$2,000.00
Balance Due	**$2,000.00**

PayPal
Click here to pay

Please detach and send with remittance to:

Spraynet USA
24791 Lagrima
Mission Viejo, CA 562.413.2116

REMITTANCE ADVICE FOR Invoice # 888 on Jan 9, 2015

Balance Due: $2,000.00

Amount Paid: _____

Received From: E A J CUSTOMS CABINETS

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 · www.aqmd.gov

January 21, 2015

Attention : JOSE TORRES
EAJ CUSTOM CABINETS
11944 E WASHINGTON BLVD UNIT A
WHITTIER , CA 90606

Facility ID :179173
Located at: 11944 E WASHINGTON BLVD UNIT A
WHITTIER , CA 90606
SIC Code :
Contact Person Phone No (562) 696-1555

Re : Acknowledging Receipt of your Application

Thank you for filing your application with the South Coast Air Quality Management District. Your application has been received and assigned to the Permitting Team shown below for review and processing.

You will be further informed about the status of your application once the completeness review is done, and/or upon processing of your application. If you need to contact us regarding your application, please do so by contacting the above phone number and make sure to refer to the above application tracking number. In addition, you can view the status of your application on the Web at http://www.aqmd.gov/permit. Click on "Application Tracking on the Web" and enter the application tracking number listed above to check its status.

South Coast
AIR QUALITY MANAGEMENT DISTRICT
21865 E. Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 http://www.aqmd.gov

AQMD

Receipt Date: 01/14/2015 01:30:59 PM Receipt Number: 80935

Facility ID 153021
Name EAJ CUSTOM CABINETS
Address 9905 PAINTER AVE
#O
WHITTIER , CA 90605

Payment Details

Type	Check nbr	Amount	Check nbr	Amount	Amount
CASH	-	-	-	-	$.00
CHK 302		$1,050.00			
				Checks Total:	$1,050.00
				Total:	$1,050.00

Comments NEW

Received By AQMD Cashier

Signature

Original Copy

Tab 12.1
Sewer Permit

COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY

1955 Workman Mill Road, Whittier, CA 90601-1400
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
Telephone: (562) 699-7411, FAX: (562) 699-5422
www.lacsd.org

GRACE ROBINSON CHAN
Chief Engineer and General Manager

April 12, 2013
Facility ID: 1921431

12.1

Raul Diaz
City of Santa Fe Springs Fire Dept
11300 Greenstone Ave.
Santa Fe Springs, CA 90670

Dear Mr. Diaz :

Industrial Wastewater Discharge Permit No. 012139

Special T Water Systems, Inc.
11934 Washington Boulevard
Santa Fe Springs, CA 90606

Enclosed are copies of the approved Industrial Wastewater Discharge Permit for the subject company. This permit application was submitted in accordance with Ordinance requirements. The approved permit consists of the approved permit application, this approval letter, the Industrial Wastewater Discharge Permit Requirement List and the Industrial Wastewater Discharge Permit Data Sheet. Please review these for compliance with your requirements, and retain the copies you require for your files. The applicant's copy of the Industrial Wastewater Discharge Permit, along with a copy of this letter and requirement list should be forwarded to the applicant. A copy of this letter is forwarded to the applicant as notification of the Districts' permit requirements, which are in force from the current date. If any additional permit requirements are issued to the applicant by your agency, copies should be forwarded to the Districts for our records.

Approval of the permit is subject to compliance with all applicable Ordinance requirements, and upon the items indicated on the attached requirement list. Failure to comply with all items on the requirement list, including the deadline for submittal of approvable plans, invalidates this approval and issuance. Invalidation of this permit will result in the permittee being deemed to be operating without a valid permit and subject to immediate discontinuance of sewer services for industrial operations.

If you have any questions concerning these requirements, please call Jun Rieza of the Districts' Industrial Waste Section at extension 2911.

Very truly yours,

Grace Robinson Chan

David B. Whipple P.E.
Senior Engineer

cc: Lalo Tovar
Vice President
Special T Water Systems, Inc.
11934 Washington Blvd.
Santa Fe Springs, CA 90606

SANITATION DISTRICTS OF LOS ANGELES COUNTY

INDUSTRIAL WASTE SECTION
1955 Workman Mill Road
Whittier, CA 90601
P.O. Box 4998
Whittier, CA 90607-4998
(562) 699-7411 Ext. 2900
FAX: (562) 908-4224

INDUSTRIAL WASTEWATER DISCHARGE PERMIT REQUIREMENT LIST

The approval and issuance of this permit is being made conditionally and subject to Special T Water Systems, Inc. being in compliance with all indicated items on this list and accompanying data sheet. Satisfactory evidence of compliance with these conditions should be supplied to the Districts where requested. Satisfactory evidence will consist of a minimum of written notification signed by a responsible company official, and in some cases may involve the submission of additional drawings and data, or verification by a Districts representative. Failure to comply with all items on the requirement list, including all deadlines specified, invalidates this approval and issuance. Invalidation of this permit will result in Special T Water Systems, Inc. being deemed to be operating without a valid permit and subject to immediate discontinuance of sewer services for industrial operations. Per Section 401 of the Districts' Wastewater Ordinance, this permit is not transferable to a new business location or to a new business.

FACILITY NAME	Special T Water Systems, Inc.
FACILITY ID	1921431
PERMIT NUMBER	012139
DATE OF APPROVAL	April 12, 2013
DATE OF EXPIRATION	N/A

1. Approval NONSIG (Rev 01-01-2007)

This Industrial Wastewater Discharge Permit is issued only for the discharge of treated wastewater from the operations indicated with a Direction of Outgoing in Section 3 of the Permit Data Sheet. The discharge of any other wastewater will require prior approval from the Districts.

2. Local Limits (Rev 01-31-2011)

Numerical limits have been established by the Districts for the temperature, pH, flashpoint, and maximum concentrations of heavy metals and other toxic materials permissible in an industrial discharge to the public sewers. The limits are those shown in Section 6 of the Permit Data Sheet with the designation of Local in the Regulation column. Note that some substances show a value of "0 ug/L" which represents a limit of "essentially none". These substances must be non-detected or will be considered in violation of the Districts' local limit. In addition, applicable state and federal limits are shown in Section 6 of the Permit Data Sheet with the respective designations of State and Federal in the Regulation column. The permittee is advised that any discharge in excess of the limits shown in Section 6 of the Permit Data Sheet requires corrective action by the discharger. Penalties applicable to violations of these limits will be strictly enforced by the Districts.

3. Sample Point (Rev 01-01-2007)
The permittee's legal sampling point(s) are indicated in Section 4 of the Permit Data Sheet. The permittee is responsible for maintaining and cleaning the sampling point(s) to prevent any build-up of oil and grease, sediment or sludge; failure to do so does not invalidate sampling test results. Analytical results from samples taken from the location(s) according to accepted sampling procedures shall be accepted as binding. Safe and convenient access to the sampling point(s) must be provided for representatives of the Districts. Should Districts' staff determine that the sampling locations(s) are unsafe, difficult to access or require modification, the permittee must propose alternatives which will provide sampling point(s) acceptable to the Districts. If a locked security enclosure is necessary, a Districts' padlock shall be used to secure the sampling point area. The permittee must call (562) 699-7411, extension 2907 to make arrangements for installation of the lock.

4. Split Sample (Rev 01-01-2007)
The Districts' personnel may provide a split of any composite sample collected if sufficient sample volume is available. Districts' personnel may also provide split, concurrent, or sequential grab samples. These samples will be left with a designated company representative. If the designee is not available, these samples will be left with whoever is available.

The permittee is required to follow appropriate preservation techniques, analytical procedures, and holding periods specified in 40 CFR 136, if the analytical test results from these samples are to be used for compliance or surcharge reporting purposes. Failure to follow the prescribed procedures will invalidate the test results.

5. SMR Removal (Rev 01-01-2007)
The permittee is herein being reclassified as a Nonsignificant Industrial User. Due to changes in the Districts' policy, Nonsignificant Industrial Users are currently not required to self-monitor their industrial waste stream. As such, your company is no longer required to submit Self-Monitoring Reports. Changes in the Districts' policies or in the company's business operations may require that your company resume Self-Monitoring in the future.

6. Pretreatment Maintenance (Rev 01-01-2007)
The permittee is required to have in place a program of regular pretreatment equipment maintenance and cleaning to prevent a build-up of grit, oil, or grease or other prohibited materials which may enter the sewer and to ensure compliance at all times with applicable industrial wastewater effluent limits. The permittee should also provide trained personnel for proper operation and regular maintenance of all components of the pretreatment system and should also maintain an adequate supply of treatment chemicals as well as replacement parts for key components of the pretreatment system.

7. Floor Drains Advisory (Rev 01-01-2007)
All floor drains shall have grated covers with 3/8" maximum openings to prevent larger particles from clogging the sewer.

8. Bypass Notification (Rev 02-23-2012)

In accordance with federal regulations found at 40 CFR Part 403.17, the permittee must not bypass required pretreatment equipment unless the bypass was unavoidable to prevent loss of life, personal injury or severe property damage and there were no feasible alternatives to the bypass and the permittee notified the Districts at least 10 days prior to an anticipated bypass or within 24 hours of an unanticipated bypass. Severe property damage does not include economic loss due to production delays. Feasible alternatives include use of auxiliary treatment facilities, retention of untreated wastes or cessation of production.

The permittee shall submit oral notice of an unanticipated bypass that exceeds effluent limitations to the Districts within 24 hours from the time the permittee becomes aware of the bypass.

A written submission shall also be provided within five days of the time that the permittee becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. The Districts may waive the written report on a case-by-case basis if the oral report has been received within 24 hours.

The permittee may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance (i.e. pipe or pump failures) to assure efficient operation. However, routine maintenance should be conducted during normal periods of production downtime. Notification is not required for bypasses that do not result in federal categorical violations.

The Districts will determine whether the permittee has met all bypass criteria above thus avoiding enforcement action for violation of federal regulations. However, this does not relieve a discharger of the responsibility to comply with Districts' Ordinance or effluent limitations at all times. Any repair or maintenance costs to Districts' facilities associated with any bypass of pretreatment equipment will be borne by the permittee.

9. Rainwater, General (Rev 01-01-2007)

The Districts' policy on rainwater and stormwater is established under the provisions of Section 305 of the Wastewater Ordinance as amended November 1, 1989. Section 305 specifies that no rainwater or stormwater shall be discharged to the Districts' sewerage system, except where prior approval has been given by the Chief Engineer. As a general practice, the Districts require roofing or regrading of all open areas with exposed drains which discharge to the public sewer. This practice protects the Districts' sewerage system from excessive hydraulic loads that can be created by unwanted rainwater and stormwater runoff. Rainwater diversion systems shall divert any rainfall in excess of 0.1 inch to the storm drain. Diverted rainwater must meet any requirements of the Regional Water Quality Control Board. Any rainwater discharge to the sewer system must be in accordance with the Districts' "Guidelines for the Discharge of Rainwater, Stormwater, Groundwater and Other Water Discharges" available at http://www.lacsd.org/info/industrial_waste/forms/default.asp.

10. Spill Containment, General (Rev 01-01-2007)

Any industrial user with a significant potential to discharge restricted materials, as defined in the Districts' "Slug Discharge Control and Spill Containment Policy" available at http://www.lacsd.org/info/industrial_waste/policies/slugdischarge.asp, is required to install and maintain an adequate spill containment system.

11. Spill Containment Logbook (Rev 01-01-2007)
If the permittee has restricted materials which must be contained in spill containment areas, the permittee is required to maintain a log book that is available to Districts' employees upon request or during inspections. Any material that enters a spill containment area must be handled as a spill, including rainwater and any process wastewater that results from "normal" operations. All materials removed from spill containment areas, whether restricted or non-restricted as defined in the Districts' "Slug Discharge Control and Spill Containment Policy" (http://www.lacsd.org/info/industrial_waste/policies/slugdischarge.asp) must be included in the log book. The log book must contain the following information:

a) Date and time

b) Identity of material (an analysis is required if the spill is of unknown origin to determine the type of treatment or remediation for proper disposal)

c) Quantity (volume)

d) Cause

e) Method of disposal (includes transfer to off-site treatment system)

f) Corrective action implemented to prevent spills from reoccurring

12. Haul Untreated Spills (Rev 01-01-2007)
Under no circumstances shall process solution spills be discharged directly to the sewer. Unreclaimed or untreated process solution spills shall be hauled to a legal disposal site.

13. Manually Actuated Pump (Rev 01-01-2007)
Spills may be pumped from containment areas to pretreatment systems for treatment prior to discharge after determining their treatability and entering the information into the required log book. Pumps used for this purpose must be manually actuated and there must be no other available access to the sewer.

14. Penalties (Rev 01-01-2007)

Every person or permittee violating any provision of this Industrial Wastewater Discharge Permit (permit) or the Districts' *Wastewater Ordinance* (*Ordinance*) is guilty of a misdemeanor, and upon conviction is punishable as provided by law (California Health & Safety Code Section 4766 currently allows for a fine not to exceed $1,000, or imprisonment for not more than thirty days, or both. Misdemeanor violations of California Health & Safety Code Section 25189.5 currently allow for a fine not to exceed $100,000 and imprisonment not to exceed one year. Misdemeanor violations of the Clean Water Act, 33 USC 1319(c) currently allow for a fine not to exceed $25,000 and imprisonment not to exceed one year). Each day during which any violation continues shall constitute a separate offense. The Chief Engineer is authorized to seek, through the office of the District Attorney of Los Angeles County or other appropriated authority, prosecution of criminal charges against any person violating any provision of the permit or the *Ordinance*. Violations of discharge limitations established under this permit or the *Ordinance* may also be violations of state and federal environmental laws which may be punishable as felonies and which may also carry substantial fines and penalties (California Health & Safety Code 25189-5 currently allows for a fine not to exceed $100,000 (except the fine can be up to $250,000 for great bodily injury or substantial probability of death) and imprisonment up to three years and 33 USC Section 1319(c) currently allows for a fine not to exceed $1,000,000 for a first conviction and imprisonment of up to 15 years).

In addition, any person or permittee who violates any provision of the *Ordinance* or any term or condition of any permit issued pursuant to the *Ordinance* or plan approval that prohibits or limits the discharge of any waste or imposes any pretreatment requirement shall be civilly liable to the Districts in the maximum sum provided by law for each day in which such violation occurs (California Government Code Section 54740 currently allows for civil penalties which include, but are not limited to, a fine of up to $25,000 per day of violation).

15. Additional Pretreatment Advisory (Rev 01-01-2007)

The permittee is advised that additional industrial wastewater pretreatment equipment or other measures may be required if inspection or monitoring indicates prohibited materials are discharged. If such measures include installation of new pretreatment equipment, plans and necessary documentation for such added equipment must be submitted to the local permit agency and the Districts for approval prior to construction.

16. Prohibited Discharge Notification (Rev 01-01-2007)

In the event of the discharge of any prohibited waste, excessive quantities or concentrations of any restricted waste, or of the discharge of material not covered under this permit, the company must immediately notify the Districts by calling (562) 699-7411, extension 2907, during office hours or the Long Beach Pumping Plant, (562) 437-6520, during non-office hours.

The Districts must also be notified of any circumstances affecting plant processes or facility operations that may potentially result in the discharge of similarly prohibited or restricted wastes, including but not limited to the malfunction, upset or improper operation of plant processes, pretreatment systems, spill containment facilities, or diversion/bypass mechanisms. Failure to immediately notify the Districts of any such event or condition is a violation of the Wastewater Ordinance.

17. Surcharge Testing (Rev 01-01-2007)

If the permittee is required or chooses to file a Long Form Surcharge Statement, surcharge tests of the industrial wastewater must be performed at the intervals indicated on Table A of the Long Form Surcharge Statement booklet and submitted annually with the wastewater treatment surcharge statement. The company is reminded that the surcharge testing requirements are independent of the test for self-monitoring reports required in Section 5 of the Permit Data Sheet. For further information on surcharge testing requirements, please contact the Districts' Surcharge group at (562) 699-7411, extension 2600.

18. Capacity Unit Increase Advisory (Rev 01-01-2007)
If the wastewater flow rate and strength data indicate an increase in the sewerage capacity unit usage by 25% or more, the permittee may be required to revise its permit, and will be required to pay a corresponding connection fee should existing sewerage baseline capacity units be insufficient to accommodate discharge at that time.

19. Status Change Notification (Rev 01-01-2007)
The permittee is required to notify the Districts of any change in the status of the subject facility, if ownership or operating responsibility changes, or if the industrial waste connection is legally abandoned.

20. 25 Percent Change - Rev Req (Rev 07-01-2011)
A new permit application must be submitted when there is a significant change in wastewater quantity (more than 25 percent) or quality from that given in the approved permit information. The completed application must be submitted to the local governmental agency for initial processing prior to Districts' review. Approval must be obtained prior to any construction of new facilities.

21. Waste Hauler Reports (Rev 01-01-2007)
Waste hauler reports must be obtained and kept on file for a period of at least four years for any solid wastes from the wastewater pretreatment system and liquid wastes leaving the plant other than in the sewer system. These reports must be made available to representatives of the Districts upon request.

22. Equipment Changes (Rev 01-01-2007)
Engineering drawings for changes in equipment or processes must be submitted to the Districts through the local agency for approval before implementation.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

INDUSTRIAL WASTE SECTION
1955 Workman Mill Road
Whittier, CA 90601
P.O. Box 4998
Whittier, CA 90607-4998
(562) 699-7411 Ext. 2900
FAX: (562) 908-4224

SANITATION DISTRICTS OF LOS ANGELES COUNTY
INDUSTRIAL WASTEWATER DISCHARGE PERMIT DATA SHEET

SECTION 1: *General Information*

Permit Number	012139	Facility ID	1921431
Facility Name	Special T Water Systems, Inc.	Parcel Number	8169-002-005
Facility Address	11934 Washington Boulevard Santa Fe Springs, CA 90606	District Number	18
		Thomas Bros. Grid	707/A1
Facility Permit Contact	Lalo Tovar	Number of Employees	19
Telephone Number	562-945-7595		

Local Agency	City of Santa Fe Springs Fire Dept
Agency Address	11300 Greenstone Ave. Santa Fe Springs, CA 90670

SECTION 2: *Permit Status*

Industrial Waste Discharge Permit Status	APPROVED
Application Received Date	
Approval Date	April 12, 2013
Expiration Date	N/A

SECTION 3: *Flow Stream Information*

Name	Type	Direction	Federal Regulation	Local Regulation
Sample Point: 012139A				
Brine from the regeneration of water softeners and pressure-testing of reverse osmosis units	Process Flow	Outgoing	403	IU Standard - All Others

Flow Stream Regulatory Notes:

Federal Regulation: 40 CFR Part 403 General Pretreatment Regulations

Local Regulation: IU Standard - All Others

SECTION 4: ***Sample Point Information***

Name	Description	Location Status	Location Type	Location Category
012139A	sample box located on the east side of the regeneration area	Active-IW-Permit Required	Final Effluent	Nonsignificant

Point of Connection to Sewer: local sewer on Washington Blvd.

Physical Location: 11934 Washington Boulevard, Santa Fe Springs, CA 90606

SECTION 5: ***Self Monitoring Report (SMR) Requirements***

Sample Location: 012139A (sample box located on the east side of the regeneration area)

SMR Requirement	Frequency	Sample Method	Units
Not Applicable			

Beginning date of next required SMR reporting period:

SECTION 6: ***Substance Limits***

Sample Location: 012139A (sample box located on the east side of the regeneration area)

Substance Name	Regulation	Sample Method	At Any Time Max	At Any Time Min	Daily Avg Max	Monthly or 4Day** Average Limit
pH	Federal	Composite		5.0 S.U.		
pH	Federal	Grab		5.0 S.U.		
pH	Local	Composite		6.0 S.U.		
pH	Local	Grab		6.0 S.U.		
Flash Point	Federal	Composite		60 Deg. C		
Flash Point	Federal	Grab		60 Deg. C		
Flash Point	Local	Composite		60 Deg. C		
Flash Point	Local	Grab		60 Deg. C		
Temperature	Local	Grab	140 Deg. F			
Solids, Suspended			No Limit			
Solids, Total Dissolved			No Limit			
Total Cyanide	Local	Composite	10 mg/L			
Total Cyanide	Local	Grab	10 mg/L			
Sulfide, Soluble	Local	Grab	0.1 mg/L			
Chloride			No Limit			
COD, Total			No Limit			
Total Detectable DDT	Local	Composite	0 ug/L			
Total Detectable DDT	Local	Grab	0 ug/L			
Aldrin	Local	Composite	0 ug/L			
Aldrin	Local	Grab	0 ug/L			
Dieldrin	Local	Composite	0 ug/L			
Dieldrin	Local	Grab	0 ug/L			
Endrin	Local	Composite	0 ug/L			
Endrin	Local	Grab	0 ug/L			

Toxaphene	Local	Composite	0 ug/L			
Toxaphene	Local	Grab	0 ug/L			
Total Detectable PCBs	Local	Composite	0 ug/L			
Total Detectable PCBs	Local	Grab	0 ug/L			
Total HCH	Local	Composite	0 ug/L			
Total HCH	Local	Grab	0 ug/L			
Total Detected Chlordanes	Local	Composite	0 ug/L			
Total Detected Chlordanes	Local	Grab	0 ug/L			
Arsenic, Total	Local	Composite	3 mg/L			
Arsenic, Total	Local	Grab	3 mg/L			
Cadmium, Total	Local	Composite	15 mg/L			
Cadmium, Total	Local	Grab	15 mg/L			
Chromium, Total	Local	Composite	10 mg/L			
Chromium, Total	Local	Grab	10 mg/L			
Copper, Total	Local	Composite	15 mg/L			
Copper, Total	Local	Grab	15 mg/L			
Lead, Total	Local	Composite	40 mg/L			
Lead, Total	Local	Grab	40 mg/L			
Mercury, Total	Local	Composite	2 mg/L			
Mercury, Total	Local	Grab	2 mg/L			
Nickel, Total	Local	Composite	12 mg/L			
Nickel, Total	Local	Grab	12 mg/L			
Silver, Total	Local	Composite	5 mg/L			
Silver, Total	Local	Grab	5 mg/L			
Zinc, Total	Local	Composite	25 mg/L			
Zinc, Total	Local	Grab	25 mg/L			

** Indicates a 4 Day Average Limit

SECTION 7: ***Flow Limits***

Sample Location: 012139A (sample box located on the east side of the regeneration area)

Limit Type	Flow Data Type	Start Time	End Time	Flow Limit Value	Flow Units
Daily Average Flow Limit	Average			6700	GPD
5-minute Peak Flow Limit	Maximum			35	gpm

SECTION 8: ***Pretreatment Equipment/Process***

Pretreatment Process Name: Solids Removal

Equipment Name	Equipment Type
screens	Pretreatment

Pretreatment Process Name: Effluent Monitoring

Equipment Name	Equipment Type
sample box	Pretreatment

SECTION 9: ***Program Requirements***

Program Name	Status	Due Date	Approved Date	Plan Name
Not Applicable				

SECTION 10: ***Submissions/Completions Requirements***

Required Submissions/Completions	Due Date
Not Applicable	

Except as directed in permit requirement statements, all submissions and notifications of completions should be mailed to:

County Sanitation Districts of Los Angeles County
Industrial Waste Section
Jun Rieza
P.O. Box 4998
Whittier, CA 90607-4998

Permit related questions should be directed to:

Jun Rieza
562-699-7411 Ext. 2911
jrieza@lacsd.org

SELF-MONITORING REPORTING SCHEDULE

Permittees required to submit self-monitoring reports per Section 5 of this Permit Data Sheet are subject to the following schedule:

SELF-MONITORING REPORTING SCHEDULE[1]		
Analysis Frequency	**Reporting Period**	**Due Date[2]**
Annually	July 1 - June 30	July 15 (the following year)
Semi-annually	January 1 - June 30 July 1 - December 31	July 15 January 15
Quarterly	January 1 - March 31 April 1 - June 30 July 1 - September 30 October 1 - December 31	April 15 July 15 October 15 January 15
Monthly	Day 1 - Day 31 of the month	Day 15 (the following month)

[1]The laboratory data sheet(s) for each analysis performed during the reporting period must be included with the Self-monitoring Report form. However, only the results from the most recent sample collected during the reporting period should be recorded on the Self-monitoring Report form.

[2]The Self-monitoring Report form may be submitted before the due date as long as the sample is taken during the appropriate reporting period.

SURCHARGE TEST REQUIREMENTS

Industrial users participating in the Sanitation Districts' Surcharge Program may be subject to additional self-monitoring requirements besides those specified in the permit conditions. Surcharge testing parameters include Chemical Oxygen Demand (COD) and suspended solids (SS). For companies that file Long Form Surcharge Statements, the testing frequency for COD and SS is based on flow as shown in the table below. Surcharge wastewater analyses must adequately represent the average daily discharge to the sewer system and the results must be submitted annually with the wastewater treatment surcharge statement in accordance with each year's "Instruction for Filing a Long Form Wastewater Treatment Surcharge Statement." **Surcharge test requirements are independent of the self-monitoring report requirements.**

SURCHARGE TESTING FREQUENCY FOR COD AND SS (Must be 24-hour Composite Samples)	
Yearly Cumulative Flow from Each Outlet (in million gallons)	**Required Testing Frequency**
Less than 15.00	1 sample per 3 months
15.01 to 40.00	1 sample per 2 months
40.01 to 100.00	2 samples per month
100.01 to 250.00	1 sample per week
More than 250.00	2 samples per week

PERMIT FOR INDUSTRIAL WASTEWATER DISCHARGE
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
1955 Workman Mill Road / Whittier, CA
Mailing Address: P.O. Box 4998 / Whittier, California 90607-4998
Grace Robinson Chan, Chief Engineer and General Manager
(562) 699-7411

PERMIT NO: 012139

Facility ID: 1921431

01 CHECK ONE: ☐ New Sewer Connection ☒ Existing Sewer Connection

02 Applicant Special "T" Water Systems, Inc
(Legal Company Name)

03 Check one and fill in appropriate information

☒ Corporation Name Special "T" Water Systems, Inc.
Year Incorporated 1984 State of Incorporation CA ID# C1246011

☐ Partnership Name _____ Partners _____

☐ Sole Proprietor Name _____ Business Names _____

04 Situs Address 11934 Washington Blvd (Street) Santa Fe Springs (City) CA (State) 90606 (Zip)

05 Mailing Address 11934 Washington Blvd (Street) Santa Fe Springs (City) CA (State) 90606 (Zip)

06 Point of Discharge Sump on side of building

07 Number of years applicant has been in business at present location 24 (yrs) _____ (months)

08 Name of Property Owner BRRECK LLC
Address of Property Owner 11936 Washington Blvd (Street) Santa Fe Springs (City) 90606 (Zip) (562) 945-7595 (Telephone Number)

09 Assessors Map Book No. 8 1 6 9 Page No. 0 0 2 Parcel No. 0 0 5

10 Type of Industry Soft Water Company (General Description) 7 3 8 9 , ☐ ☐ ☐ ☐ (Federal SIC No.)

11 Number of Employees (Full Time) 19 (Part Time) 0

12 Raw Materials Used Salt and Cation Resin
(General Description – Add Additional Sheets as Needed)
Salt used 1100 pounds
(Daily Amount Used)

13 Products Produced Regenerated cation resin for soft water exchange
(General Description – Add Additional Sheets as Needed)
120 cubic feet
(Daily Amount Produced)

14 Wastewater Producing Operations Cleanse and regenerate water softener cation resin
Brine from the regeneration of water softeners and pressure-testing of reverse osmosis units
(Full Description – Add Additional Sheets as Needed)

15 Time of Discharge 8:00 AM☒ PM☐ 5:00 AM☐ PM☒, Shifts per day 1 Days per Week M☒ T☒ W☒ Th☒ F☒ Sa☐ Su☐

16 Wastewater Flow Rate 6,700 (Average) Gallons per Day 35 (Peak) Gallons per Minute

17 Constituents of Wastewater Discharge Total Dissloved Soilds, Chlorides
(General Description – Attach Chemical Analysis Results to the Application)

18 Person in company responsible for industrial wastewater discharge
Lalo Tovar (Name) Vice President (Position) (562) 945-7595 (Telephone Number)

I affirm that all information furnished is true and correct and that the applicant will comply with the conditions stated on the back of this permit form.

Date October 5, 20 12

19 Signature for Applicant _____ (Company Administrative Official) (Name) Vice President (Position)

20 Approved/Reviewed by City or County Official
Date 11-7-12
☐ L.A. County Department of Public Works
City of Santa Fe Springs
Name _____
Position Deputy Director of Environmental

Approved by Sanitation Districts of Los Angeles County
Date April 12, 2013
Expiration Date N/A
Grace Robinson Chan, Chief Engineer and General Manager
By _____
Position Senior Civil Engineer

Note: Please submit application first to the applicable City or County agency in which the point of discharge is located. Please contact the local agency for the required permit-processing fee. Submit the **original application** (Do not send copies).

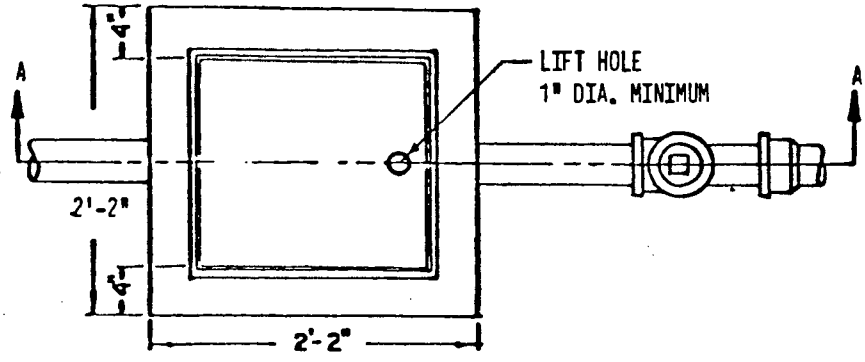
REC'D LACSD DOC # 2408342

CONTINUED ON NEXT PAGE

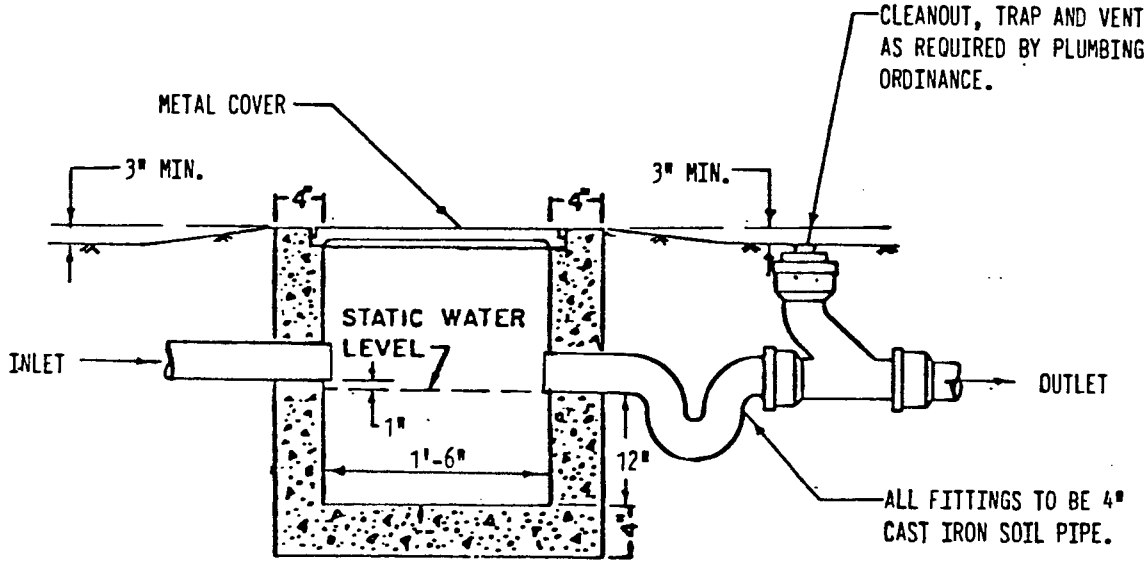
SAMPLING BOX

12.1

APPLICANT'S COPY



PLAN
WITH COVER REMOVED



SECTION A - A

NOTES:
THE APPROVAL OF THE COUNTY ENGINEER MUST BE OBTAINED BEFORE INSTALLATION. IF INSTALLED OUTSIDE OF A BUILDING, ELEVATE THE SIDEWALLS ABOVE THE SURROUNDING GROUND SURFACE TO EXCLUDE STORM WATER. IF LOCATED INSIDE OF A BUILDING, THE TOP OF SAMPLING BOX MAY BE LEVEL WITH FLOOR PROVIDED THAT WASTE ENTER THROUGH INLET PIPE ONLY. ALL SURFACE WATER MUST DRAIN AWAY FROM SAMPLING BOX TO EXCLUDE RAINWATER FROM THE PUBLIC SEWER.

COUNTY OF LOS ANGELES DEPARTMENT OF COUNTY ENGINEER-FACILITIES SANITATION DIVISION ASSISTANT DEPUTY — APPROVED — COUNTY ENGINEER	COUNTY ENGINEER STANDARD **I-12** DATE: MARCH 1981 REVISION:

SERVISOFT

OF WHITTIER

COUNTY ENGINEER
REPLY ACTN INFO
REFD TO

OXford 3-5598

APPROVAL OF PLANS FOR INDUSTRIAL WASTEWATER DISCHARGE

MAY 1 9 39 AM '75

Sanitation Dist. No. 14, John D. Parkhurst, Chief Engr. & Gen'l. Mgr.

Date April 21, 1975 Sanit. Dists. Ind. Wste. Permit No. 3737

Approval is contingent upon continuing compliance with all applicable Ordinance requirements and with:

Corrections shown in red on the drawings ☒

Sanit. Dist. letter of this date ☒

File No. 14-00.05-00/ 75-3737

Reviewed by CDK Checked by

Approved by

For John D. Parkhurst, Chief Engr. & Gen'l. Mgr.

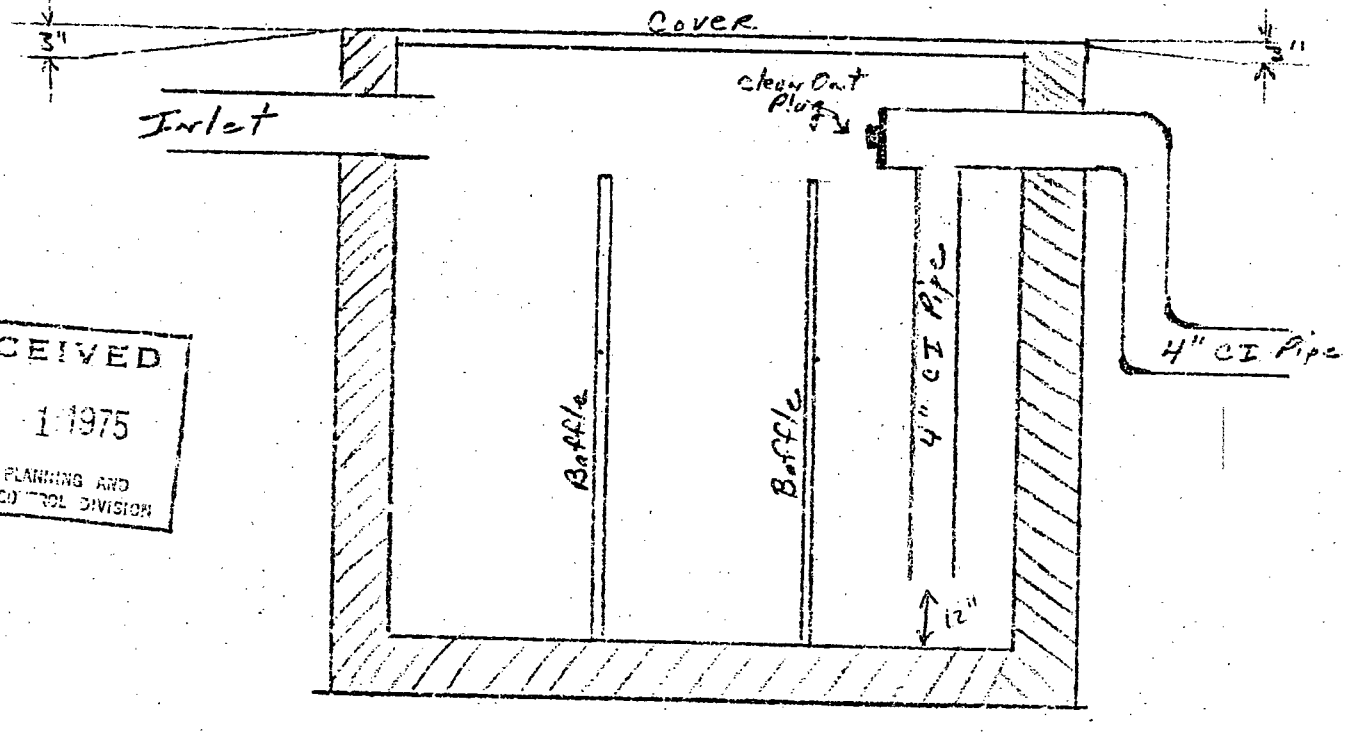
Permit for sewer connection must be obtained separately

Mr. Rubeun Garcia,
Dept of County Engineer
Project Planning & Polution Control Div.
108 W. 2nd Street
Los Angeles, Calif. 90012

Re: Industrial Wastewater Discharge Permit

Dear Mr. Garcia,

In accordance with the request of Mr. Charles Graham of your department, I am submitting the following diagram of the sump on our sewer line.



RECEIVED
MAY 1 1975
PROJECT PLANNING AND POLLUTION CONTROL DIVISION

SUMP

I trust the above is in accordance with your request for the additional information regarding our discharge permit.

Sincerely,

Whittier Soft Water Co.
11934 Washington Blvd.
Whittier, Calif. 90606

SERVISOFT SOFT WATER SERVICE "We Soften the Water for You"

11934 WASHINGTON BLVD. WHITTIER, CALIFORNIA

SERVISOFT

OF WHITTIER

OXford 3-5598

APPROVAL OF PLANS FOR INDUSTRIAL WASTEWATER DISCHARGE

Sanitation Dist. No. 18, John D. Parkhurst, Chief Engr. & Gen'l. Mgr.

Date 7/25/75. Sanit. Dists. Ind. Wste. Permit No. 3737

Washington Blvd

Approval is contingent upon continuing compliance with all applicable Ordinance requirements and with:

Corrections shown in red on the drawings ☐

Sanit. Dist. letter of this date ☑

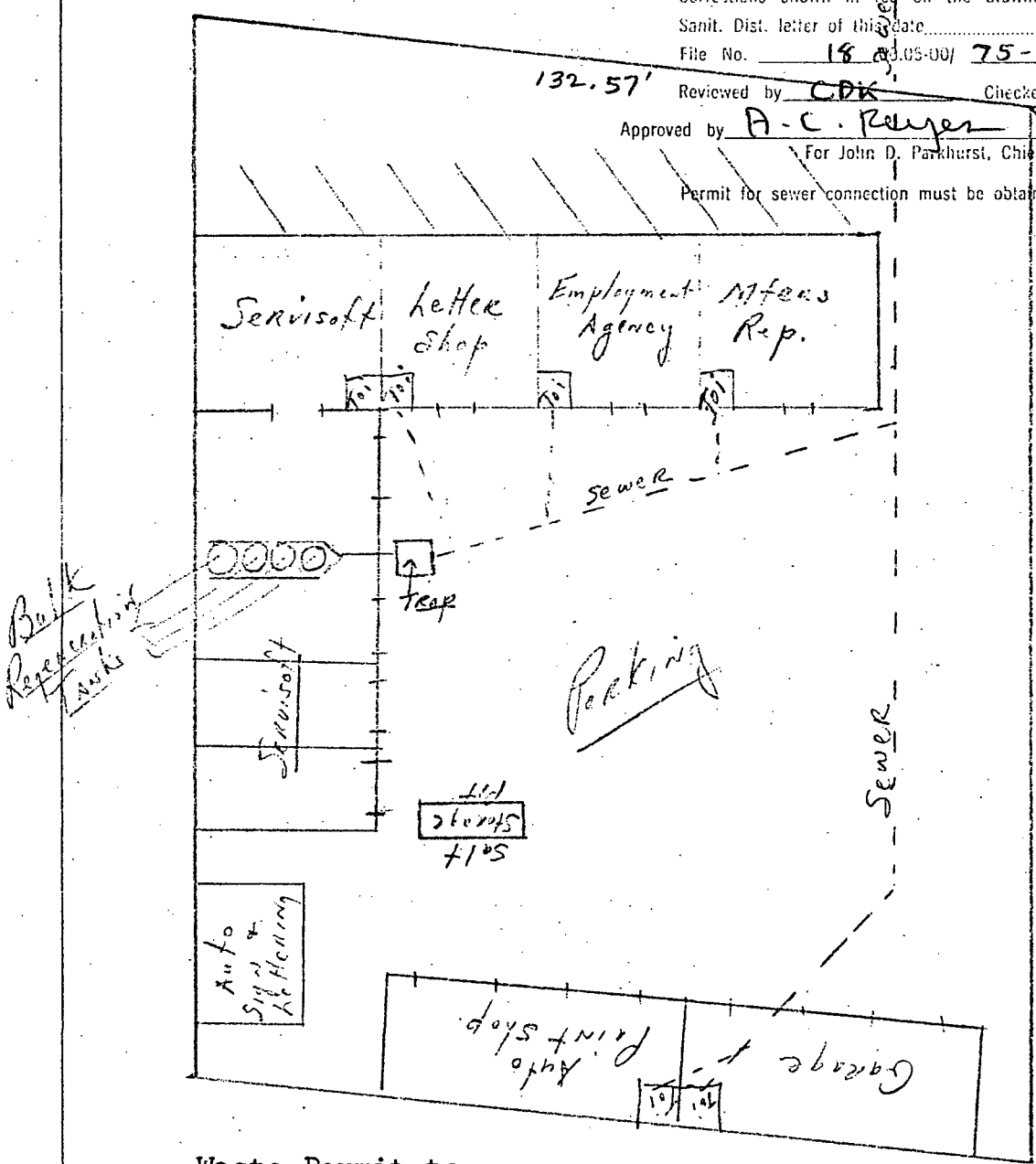
File No. 18 [illegible].05-00/ 75-3737

Reviewed by CDK Checked by

Approved by A. C. Reuger

For John D. Parkhurst, Chief Engr. & Gen'l. Mgr.

Permit for sewer connection must be obtained separately.



Waste Permit to:
Whittier Soft Water Co.
11934 Washington Blvd.
Whittier, Calif.

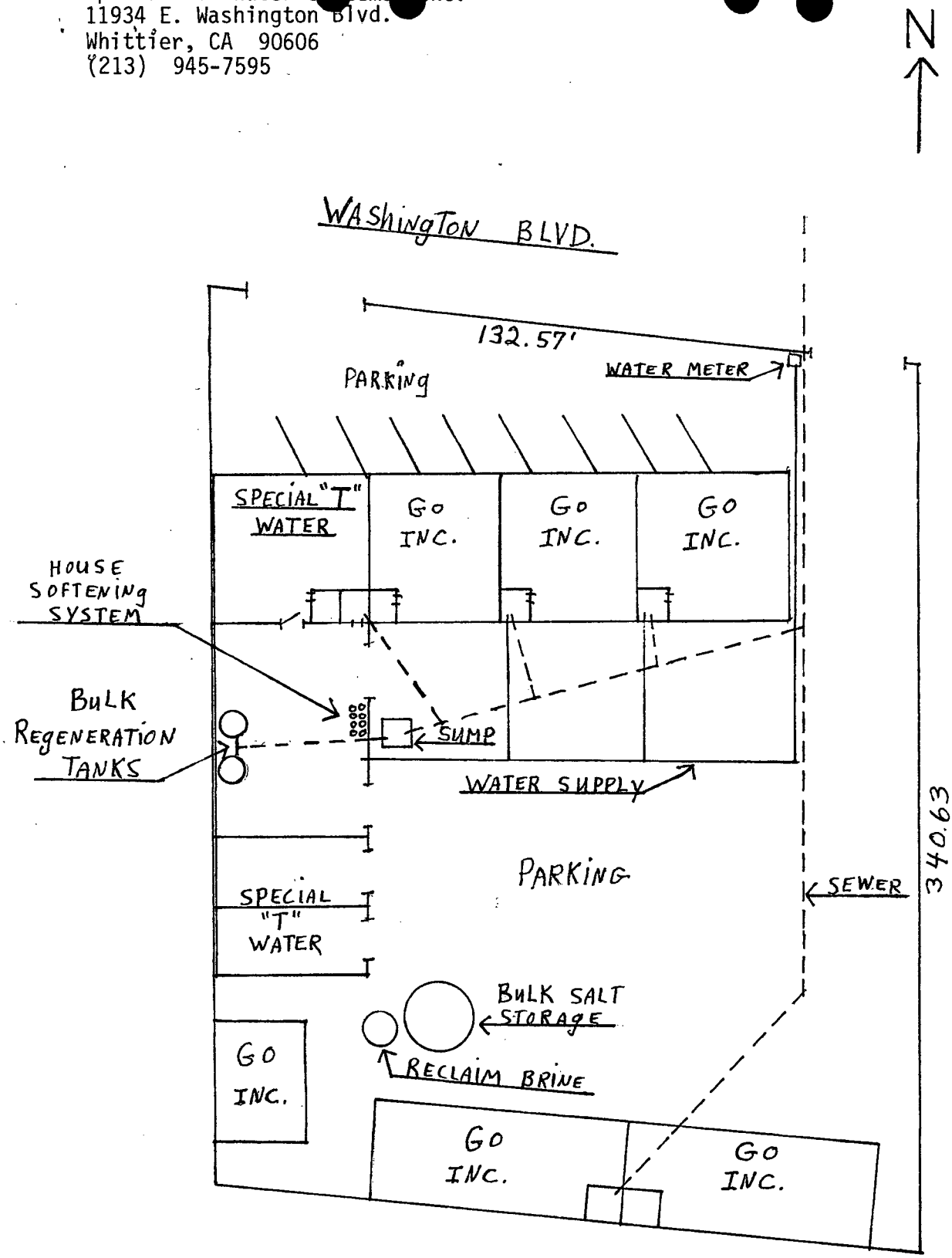
Source of all Water:
San Gabriel Valley Water C

SERVISOFT SOFT WATER SERVICE "We Soften the Water for You"

11934 WASHINGTON BLVD. WHITTIER, CALIFORNIA

Special "T" Water Systems, Inc.
11934 E. Washington Blvd.
Whittier, CA 90606
(213) 945-7595

12.1

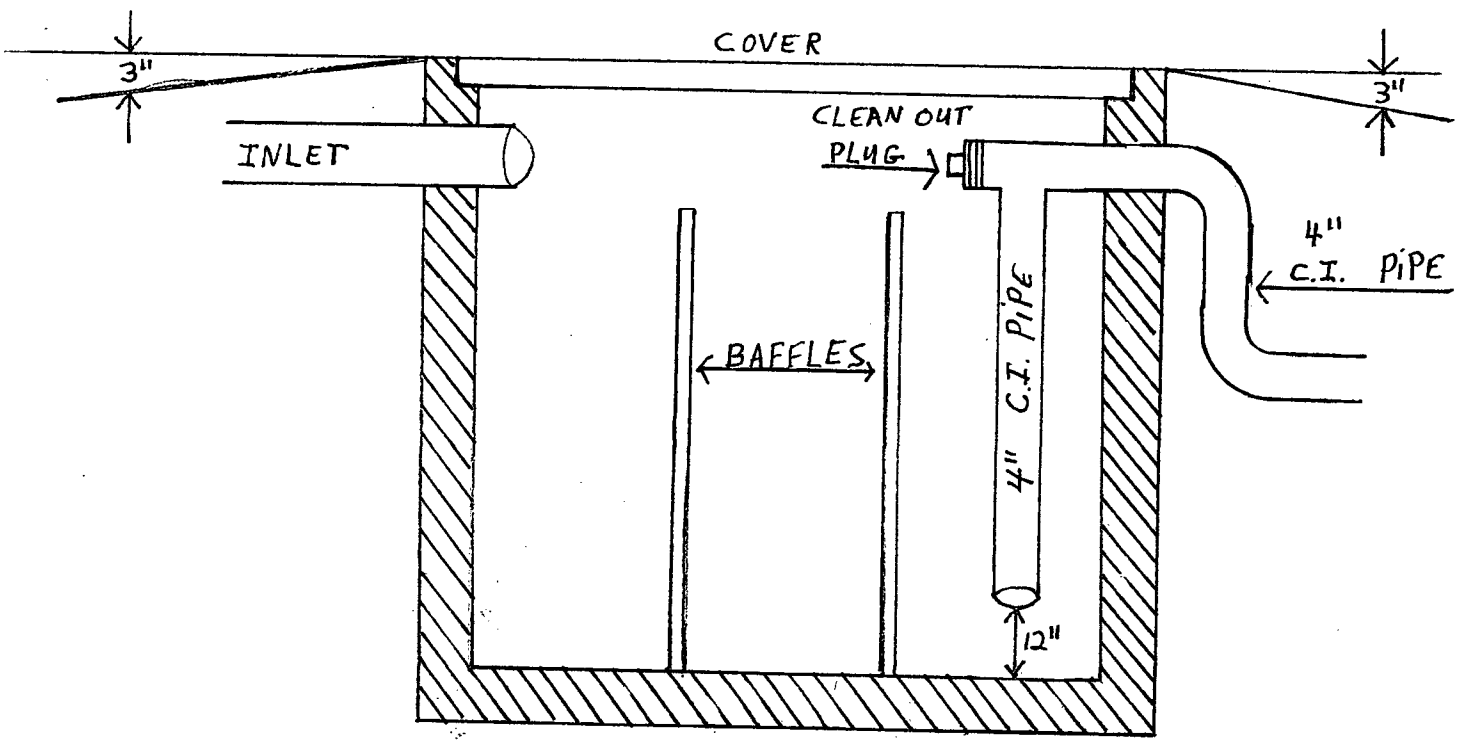


Rented to Go, Inc.

Source of all water:
San Gabriel Valley Water Co.

10-30-89
Robert J. Walker

Special "T" Water Systems, Inc.
11934 E. Washington Blvd.
Whittier, CA 90606
(213) 945-7595



CONCRETE SUMP
LOCATION OF WATER SAMPLES