

AGENDA

**Special Board Meeting
Element Education, Inc.
November 18, 2022
1:30 P.M.**

BOARD MEMBERS

**Barbara Rohrer – President (2022)
Rosella Childers Vice President (2023)
Tim Tweeten – Board Clerk (2022)
Rebecca Raymond (2022)
Jared Sinclair (2023)
Cecilia Williams (2023)**

NON-VOTING MEMBERS

Terri Novacek – Executive Director

LOCATION

This meeting will be by teleconference pursuant to Executive Orders N-25-20 and N-29-20. The Governing Board (“Board”) will assemble in person at 1441 Montiel Road, Ste 143, Escondido, CA 92026. Employees of Element Education who will be presenting and anyone wishing to speak during public comment may do so in person or via the MS Teams platform by clicking on the link provided below. You may also call in using the MS Teams phone number provided below.

Members of the public who wish to comment during the Board meeting may complete the [Public Comment Speaker Card](#). Members of the public calling in will be given the opportunity to address the Board during the meeting. Individual comments will be limited to three (3) minutes.

[Digital Sign- In Sheet](#)

Join the Meeting: [Use this Link to log on.](#)

**1441 Montiel Road #143
Escondido, CA 92026**

**1816 Oak Hill Drive
Escondido, CA 92026**

**3751 Mary Lane
Escondido, CA 92026**

**12370 Adobe Ridge Rd
Poway, CA 92064**

**4646 Mission Gorge Place
San Diego, CA 92120**

**1800 North Broadway
Escondido, CA 92026**

**9580 Carlton Hills
Santee, CA 92071**

**6797 Embarcadero Lane
Carlsbad, CA 92011**

PURPOSE

The purpose of Element Education, Inc. (EEI) is to develop and operate charter schools which create avenues for “new instruction, new management, and new governance in public schools.” The organization operates from a place of Servant Leadership in supporting the elements of personalized learning.

VISION

The vision of EEI is to create model programs for deep and meaningful learning and attract and develop innovative and effective educators who instill the mindset and skills for developing agency in, and ownership of, life-long learning.

MISSION

The mission of its schools and programs is to promote a culture of mastery, autonomy, and purpose for all stakeholders through personalized learning plans developed with insight and experience of learning styles, appropriate resources, and learning networks for success in work, life, and citizenship.

1. OPENING PROVISIONS

- 1.a. Call to Order and Establishment of Quorum
- 1.b. Pledge of Allegiance
- 1.c. Approval of Agenda

2. COMMUNICATIONS - Agenda and Non-Agenda Items

Due to the COVID-19 pandemic and consistent with current state and federal pandemic guidance, the Governor has determined that a meeting format allowing for open in-person attendance is not practical or prudent. To participate in the "Public Comment" portion of our meeting, please use the [Speaker Card](#). As you are writing your comment, please keep in mind that the three-minute time limit still applies to all comments, even if they are being read by someone else.

- 2.a. Public
- 2.b. Members of the Board

3. ACTION ITEMS

- 3.a. Dimensions Collaborative School
 - 1. Consideration of 4636/4659 Mission Gorge Leases

4. FUTURE AGENDA ITEMS

Quick Summary/Abstract:

Items for next Agenda (Future Agenda items are not considered on the agenda and Board Members will not be able to discuss per the Brown Act)

5. NEXT MEETING DATE - Regular Board Meeting

- Date: November 30, 2022
- Location: Hybrid (Board in-person, public virtual)
- Time: 1:00 PM Closed Meeting
1:30 PM Public Meeting

6. ADJOURNMENT

DISABILITY INFORMATION:

In accordance with the Americans with Disabilities Act, if accommodations are required, please call the Board Secretary 48 hours (about 2 days) in advance at (760) 703-9997 and every effort will be made to accommodate your request. In compliance with Government Code section 54957.5, non-exempt writings that are distributed to a majority or all the Board in advance of a meeting, may be viewed at 1441 Montiel Road #143 Escondido, CA 92026; at our website at www.myelement.org, or at the scheduled meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact Susan Michaels at (760) 703-9997.

Published: 11.16.22

I, Susan Michaels, Board Secretary Designee of Element Education, Inc., hereby certify that I posted a copy of the foregoing agenda in the lobby of the Administrative Office at 1441 Montiel Road, Ste. 143, Escondido, CA 92026 at least 72 hours (about 3 days) prior to the meeting, in accordance with Govt. Code Sec. 54954.2

Susan Michaels

Date 11.16.22



To: Members of the Board
From: Terri Novacek
Subject: 4636/4659 Mission Gorge Leases
Scope: Dimensions Collaborative School

Meeting Date: November 18, 2022

- Action
- First Reading
- Information
- Presentation
- Public Hearing
- Roll Call Vote Required

Background:

In March 2022 the Third Amendment to the 4636 Mission Gorge lease was approved/signed adding 4659 Mission Gorge Place as additional space to lease. After the lease was approved/signed the San Diego County Office of Education notified us that a material revision to our charter document would be required for students to use 4659 Mission Gorge Place as additional learning center space.

Quick Summary / Abstract:

Floor Plan

Cost Analysis

The termination of the 4659 Mission Gorge Place lease plus adding 4,253 square feet of space in 4636 Mission Gorge Place results in an average monthly rent savings of \$2,416.59 per month. The anticipated extra costs for this move would be approximately \$120,000.00 (lease termination fee, consulting fee, moving/miscellaneous costs). These extra costs would be paid by the monthly leave savings in approximately 50 months.

Time Line

CUP Impact:

Hoffman Planning and Engineering has met with a representative of the City of San Diego and has confirmed K-12 schools are allowed within the CC-3-8 base zone, subject to the regulations within SDMC 141.0407(b).

It has not been determined as of this date if physical building 4636 Mission Gorge Place meets building requirements for an educational occupancy use.

Financial Impact:

\$768,987.74 – Lease

\$100,000.00 – Lease termination move up fee (4659 Mission Gorge Place)

\$10,000.00 – Consulting Fee (Tommas Golia)

Recommended Motion:

1. Approve lease amendment number 4 moving lease termination date for 4636/4659 Mission Gorge Place to December 31, 2022.
2. Approve the lease of 4636 Mission Gorge adding an additional 4,253 square feet of space for a total of 8,703 square feet starting January 1, 2023.
3. Approve the exclusive right of represent Element Education with Tommas Golia/Pacific Coast Commercial

Agenda Item: 3.a.1

FOURTH AMENDMENT TO LEASE

FOURTH AMENDMENT TO LEASE, reference dated November 8, 2022, for that certain lease, reference dated April 27, 2015 and subsequently amended on May 20, 2020 and December 14, 2020 and March 23, 2022 made by and between **Terrence R. Caster, as Trustee of Caster Family Trust**, Lessor and **Element Education, Inc., a California corporation**, as Lessee, for the premises more commonly known as **4636 Mission Gorge Place, Suites 103 & 205, San Diego, CA 92120**, described as approximately **2,700** square feet and **1,750** square feet for a total of **4,450** square feet office space and **4659 Mission Gorge Place, Suites A & B, San Diego, CA 92120** described as approximately **5,588** square feet of industrial/flex/office space, for a combined total of **10,038** square feet. Lessor and Lessee hereby agree to amend the following sections of said Lease effective **upon full execution of this Amendment to Lease.**

Paragraph 3.1-Term: Lessor and Lessee agree that lease term shall end December 31, 2022.

Paragraph 4.1-Base Rent: Lessor and Lessee agree that effective through December 31, 2022, base rent shall be \$15,586.37 per month. (Currently operating expenses are \$00.00 and HVAC expenses are \$75.00 per month bringing total monthly rent to \$15,661.37).

Paragraph 63-Lease Contengencies: This Fourth Amendment to Lease is Contingent upon the following agreements being fully executed by all parties:

- a. Lessor and Element Education, Inc. executing a NEW Lease agreement for 4636 Mission Gorge Place, Suites 101-103, 103B, 200 and 205, San Diego, CA 92120.
- b. Lessor and International Union Elevator Constructors Inc., a California non-profit corporation executing a Lease Amendment for 4636 Mission Gorge Place, Suite 204, San Diego, CA 92120.
- c. Lessor and International Union Elevator Constructors Inc., a California non-profit corporation executing a Lease for 4659 Mission Gorge Place, Suites A & B, San Diego, CA 92120.
- d. Lessor and NEIEP, LLC, a Delaware Limited Liability Company executing a Lease Amendment for 4636 Mission Gorge Place, Suites 101, 200, and 103B, San Diego, CA 92120.

If all Lease Documents listed above are not fully executed by December 31, 2022 this Fourth Amendment to Lease shall be null and void.

Paragraph 64 – Consultant. Tommas Golia (RE License #01890744) of Pacific Coast Commercial is only acting as a consultant, not in an Agency capacity, and shall be paid by Lessee per separate agreement. Lessee and Lessor both consent to this and waive all claims against Tommas Golia and Pacific Coast Commercial.

Paragraph 65 – Lease Expiration Advancement Fee. Lessee shall pay to Lessor a “Lease Expiration Advancement Fee” fee in the amount of \$100,000.00 to advance its lease expiration. The Lease Expiration Advancement Fee shall be paid to Lessor no earlier than January 1, 2023, but no later than January 10, 2023. If Lease Expiration Advancement Fee is not received by January 10, 2023, Lessee shall pay a \$100 per day late fee until the fee has been received.

All other terms and conditions of said Lease shall remain in full force and effect.

Lessor: **Terrence R. Caster, as Trustee of Caster Family Trust**

Lessee: **Element Education, Inc., a California corporation**

BY: _____
Terrence R. Caster, Trustee

BY: _____
Terri Novacek, Executive Director

BY: _____
Doug Miller, Chief Business Operator

Date : _____

Date: _____

STANDARD GROSS LEASE -- MULTI-TENANT

1. Parties. This Lease, dated, for reference purposes only, November 9, 2022, is made by and between Terrence R. Caster, as Trustee of Caster Family Trust (herein called "Lessor") and Element Education, Inc., a California corporation (herein called "Lessee").

2. Premises, Parking and Common Areas.

2.1 Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, real property situated in the County of San Diego, State of California commonly known as 4636 Mission Gorge Place, Suites 101-103, 103B, 200 and 205, San Diego, CA 92120, and described as approximately 8,703 square feet of Office space, herein referred to as the "Premises", as may be outlined on an Exhibit attached hereto, including rights to the Common Areas as hereinafter specified but not including any rights to the roof of the Premises or to any Building in the Center. The Premises are a portion of a building, herein referred to as the "Building." The Premises, the Building, the Common Areas, and the land upon which the same are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Center."

2.2 Vehicle Parking. Lessee shall be entitled to twenty-two (22) vehicle parking spaces, unreserved and unassigned, on those portions of the Common Areas designated by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used only for parking by vehicles no larger than full size passenger automobiles or pick-up trucks, herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

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

2.2.2 If Lessee permits or allows any of the prohibited activities described in paragraph 2.2 of this Lease, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.3 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 Center that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and of other lessees of the Center and their respective employees, suppliers, shippers, customers and invitees, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas.

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

2.5 Common Areas--Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations with respect thereto. Lessee agrees to abide by and conform to all such rules and regulations, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees of the Center.

2.6 Common Areas--Changes. Lessor shall have the right, in Lessor'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 and walkways; (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available; (c) To designate other land outside the boundaries of the Center to be a part of the Common Areas; (d) To add additional buildings, kiosks, and improvements to the Common Areas; (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Center, or any portion thereof; (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Center as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

2.6.1 Lessor shall at all times provide the parking facilities required by applicable law and in no event shall the number of parking spaces that Lessee is entitled to under paragraph 2.2 be reduced.

3. Term.

3.1 Term. The term of this Lease shall be for fifty-four (54) months commencing on January 1, 2023 and ending on June 30, 2027 unless sooner terminated pursuant to any provision hereof.

3.2 Delay in Possession. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall be not be subject to any liability therefore, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case, Lessee shall be obligated to pay rent or perform any other obligation of Lessee under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided further, however, that if such written notice of Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect. Further, should any latent defect be present in the Premises the existence of which Lessor is unaware at the time of execution of this Lease, the Commencement Date may be further extended for a reasonable time, not to exceed one-hundred twenty days, to permit Lessor to correct, remediate, or otherwise cure such defect.

3.3 Early Possession. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions of this lease, such occupancy shall not advance the termination date, and ~~Lessee shall pay rent for such period at the initial monthly rates set forth below.~~

4. Rent.

4.1 Base Rent. Lessee shall pay to Lessor, as Base Rent for the Premises, without any offset or deduction, except as may be otherwise expressly provided in this Lease, on the 1st day of each month of the term hereof, monthly payments in advance of \$ 13,250.12. Lessee shall pay Lessor upon execution hereof \$ 13,325.12, as Base Rent expenses (and HVAC maintenance if applicable) for January 2023. Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the Base Rent. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing. **Rent for January 2023 and February 2023 shall be paid by Lessee regardless of Lessee's possession of the Premises**

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$ 44,444.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefore deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount then required of Lessee. If the monthly rent shall, from time to time, increase during the term of this Lease, Lessee shall, at the time of such increase, deposit with Lessor additional money as a security deposit so that the total amount of the security deposit held by Lessor shall at all times bear the same proportion to the then current Base Rent as the initial security deposit bears to the initial Base Rent set forth in paragraph 4. Lessor shall not be required to keep said security deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit. Lessee waives the provisions of California Civil Code Section 1950.7 or successor statute, to the extent the same requires Lessor only use the deposit for unpaid rent, physical damages or cleaning, it being the intent of the parties that the deposit may be used to offset, in part or in whole, any and all debt owed by Lessee to Lessor arising out of this Lease, including but not limited to debt owed pursuant to the provisions of California Civil Code 1951.2 or 1951.4

6. Use.

6.1 Use. The Premises shall be used and occupied only for resource center associated with a charter school or any other use which is reasonably comparable and for no other purpose.

6.2 Compliance with Law.

(a) Lessor warrants to Lessee that the Premises, in the state existing on the date that the Lease term commences, but without regard to the use for which Lessee will occupy the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term commencement date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation. In the event Lessee does not give to Lessor written notice of the violation of this warranty within six months from the date that the Lease term commences, the correction of same shall be the obligation of the Lessee at Lessee's sole cost. The warranty contained in this paragraph 6.2(a) shall be of no force or effect if, prior to the date of this Lease, Lessee was an owner or occupant of the Premises and, in such event, Lessee shall correct any such violation at Lessee's sole cost.

(b) Except as provided in paragraph 6.2(a) Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements of any fire insurance underwriters or rating bureaus, now in effect or which may hereafter come into effect, whether or not they reflect a change in policy from that now existing, during the term or any part of the term hereof, relating in any manner to the Premises and the occupation and use by Lessee of the Premises and of the Common Areas. Lessee shall not use nor permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance or shall tend to disturb other occupants of the Center. Notwithstanding any other provision contained within this Lease to the contrary, the commission of waste or nuisance may, at Lessor's sole discretion, be the basis for termination of tenancy pursuant to applicable California law, upon three days' notice to quit for an incurable breach.

6.3 Condition of Premises.

(a) Lessor shall deliver the Premises to Lessee clean and free of debris on the Lease commencement date (unless Lessee is already in possession) and Lessor warrants to Lessee that the plumbing, lighting, and loading doors in the Premises shall be in good operating condition on the Lease commencement date. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation. Lessee's failure to give such written notice to Lessor within thirty (30) days after the Lease commencement date shall cause the conclusive presumption that Lessor has complied with all of Lessor's obligations hereunder. The warranty contained in this paragraph 6.3(a) shall be of no force or effect if prior to the date of this Lease, Lessee was an owner or occupant of the Premises.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises in their condition existing as of the Lease commencement date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Lessee's business. Lessee warrants that it has made a diligent inquiry with appropriate governmental agencies to determine the Premises are fit and authorized for Lessee's planned use, and will hold Lessor harmless from any claim, right or remedy asserting otherwise.

7. Maintenance, Repairs, Alterations and Common Area Services.

7.1 Lessor's Obligations. Subject to the provisions of paragraphs 6 (Use), 7.2 (Lessee's Obligations) and 9 (Damage or Destruction) and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's employees, suppliers, shippers, customers, or invitees, in which event Lessee shall repair the damage, Lessor, at Lessor's expense, shall keep in good condition and repair the foundations, exterior walls, structural condition of interior bearing walls, and roof of the Premises, as well as the parking lots, walkways, driveways, landscaping, fences, signs and utility installations of the Common Areas and all parts thereof. Lessor shall not, however, be obligated to paint the exterior or interior surface of exterior walls, nor shall Lessor be required to maintain, repair or replace windows, doors or plate glass of the Premises. Lessor shall have no obligation to make repairs under this paragraph 7.1 until reasonable time after receipt of written notice from Lessee of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair. Lessor shall not be liable for damages or loss of any kind or nature by reason of Lessor's failure to furnish any Common Area Services when such failure is caused by accident, breakage, repairs, strikes, lockout, or other labor disturbances or disputes of any character, or by any other cause beyond the reasonable control of Lessor. Lessor will make reasonable attempts to timely repair and restore use of common areas when provided written notice by Lessee of the need for such repair or restoration.

7.2 Lessee's Obligations.

(a) Subject to the provisions of paragraphs 6 (Use), 7.1 (Lessor's Obligations), and 9 (Damage or Destruction), Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof (whether or not the damaged portion of the Premises or the means of repairing the same are reasonably or readily accessible to Lessee) including, without limiting the generality of the foregoing, all plumbing, including the replacement of the heating, ventilating and air conditioning systems (**Lessor shall procure and maintain, at Lessee's sole expense, a heating ventilating and air conditioning system maintenance contract with a licensed contractor. The maintenance agreement does not cover repairs or replacements; its purpose is the periodic inspection, reporting of hvac condition maintenance of the unit. Said contract shall be obtained through Lessor at the cost to the Lessee of \$15.00 per month per HVAC unit which is to be paid concurrently each month with Base Rent and any other monies due as per this lease**), electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surfaces of exterior walls, ceilings, windows, doors, plate glass, and skylights located within the Premises.

(b) If Lessee fails to perform Lessee's obligations under this paragraph 7.2 or under any other paragraph of this Lease, Lessor may enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of emergency, in which no notice shall be required), perform such obligations on Lessee's behalf and put the Premises in good order condition and repair, and the cost thereof together with interest thereon at the maximum rate then allowable by law shall be due and payable as additional rent to Lessor together with Lessee's next Base Rent installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, alterations, furnishings and equipment. Notwithstanding anything to the contrary otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and fencing on the Premises in good operating condition.

(d) Inducements recovery. Any agreement or understanding between the parties in which the Lessor agreed to abate rent, pay for Lessee improvements, brokerage commissions or otherwise conditionally forgive a monetary or non-monetary obligation arising out of this Lease ("consideration"), conditioned upon Lessee's full and timely performance of such obligation, in which Lessee should thereafter default and breach such performance, is voidable at the election of Lessor and such consideration shall thenceforth be fully due and recaptured by Lessor as an accelerated enforceable provision of this Lease, entitling Lessor to immediately demand the full performance of such conditionally forgiven covenant, whether the same is monetary or non-monetary.

7.3 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, or Utility Installations in, on or about the Premises, or the Center, except for nonstructural alterations to the Premises not exceeding \$2,500 in cumulative costs, during the term of this Lease. In any event, whether or not in excess of \$2,500 in cumulative cost, Lessee shall make no change or alteration to the exterior of the Premises nor the exterior of the Building nor the Center without Lessor's prior written consent. As used in this paragraph 7.3 the term "Utility Installation" shall mean carpeting, window coverings, air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing, and fencing. Lessor may require that Lessee remove any or all of said alterations, improvements, additions or Utility Installations at the expiration of the term, and restore the Premises and the Center to their prior condition. Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior approval of Lessor, Lessor may, at any time during the term of this Lease, require that Lessee remove any or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in or about the Premises or the Center that Lessee shall desire to make and which requires the consent of the Lessor shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from appropriate governmental agencies, the furnishing of a copy thereof to Lessor prior to the commencement of the work and the compliance by Lessee of all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims may not be secured by or subject to any mechanic's or materialmen's lien against the Premises, or the Center, or any interest therein, other than the leasehold interest of Lessee, without Lessor's prior written consent. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises or the Building as provided by law. Any legal fee or cost Lessor incurs as a result of the commencement of Lessee's work of improvement, such as the preparation and recording of a Notice of Non-Responsibility, or a demand to a contractor or subcontractor (or any third party asserting such lien interest) to remove a lien improperly recorded against the Premises or Center, shall be the liability of Lessee to reimburse as additional rent. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises or the Center, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises and the Center free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorney's fees and costs in participating in such action if Lessor shall decide it is to Lessor's best interest to do so. A failure of Lessee to perform the provisions of the foregoing covenants shall be a material default in the performance of this Lease.

(d) All alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made on the Premises, shall be the property of Lessor and shall remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to paragraph 7.3(a). Notwithstanding the provisions of this paragraph 7.3(d), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, and other than Utility Installations, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of paragraph 7.2.

7.4 Utility Additions. Lessor reserves the right to install new or additional utility facilities throughout the Building and the Common Areas for the benefit of Lessor or Lessee, or any other lessee of the Center, including, but not by way of limitation, such utilities as plumbing, electrical systems, security systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises. Any utility addition required as a result of the specific and unique use of the Premises by Lessee shall be at Lessee's sole cost. Any other capital improvement that serves the Premises only shall be amortized over the life of the improvement and payable monthly by Lessee as additional rent, however no amortization period shall be longer than a twelve year life at 1/144th per month. Any capital improvement that serves multiple tenants shall be amortized over the life of the improvement, not longer than twelve years, and payable monthly based on the Lessee's share of common area costs.

8. Insurance; Indemnity.

8.1 Liability Insurance -- Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Property Damage insurance insuring Lessee and Lessor with an endorsement of Lessor's agents, property managers or assigns, as additional insured, against any liability arising out of the use, occupancy or maintenance of the Premises and the Center. Such insurance shall be in an amount not less than \$1,000,000.00 per occurrence with an annual aggregate of not less than \$2,000,000.00. The policy shall insure performance by Lessee of the indemnity provisions of this paragraph 8. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. The liability coverage will also include coverage for fire legal liability, such insurance shall be full replacement cost coverage but no less than \$100,000 with a deductible of not to exceed \$1,000 per occurrence and are subject to increase at the discretion of the Lessor. 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, unless a sole proprietor with no employees, shall procure and retain Worker's Compensation Insurance in such amounts as are required by applicable law or are industry standard, with such policy to include a "Waiver of Subrogation" endorsement. Lessee to provide a certificate of insurance with copy of such endorsement to Lessor upon commencement of the Lease.

8.2 Liability Insurance -- Lessor. Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Property Damage Insurance, insuring Lessor, but not Lessee, against any liability arising out of the ownership, use, occupancy or maintenance of the Center in an amount not less than \$1,000,000.00 per occurrence.

8.3 Property Insurance.

(a) Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Center improvements, but not Lessee's personal property, fixtures, equipment or tenant improvements, in an amount not to exceed the full replacement value thereof, as the same may exist from time to time, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, flood (in the event same is required by a lender having a lien on the Premises) special extended perils ("all risk", as such term is used in the insurance industry), plate glass insurance and such other insurance as Lessor deems advisable. In addition, Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessor, which insurance shall also cover all Operating Expenses for said period. In the event that the Premises shall suffer an insured loss as defined in paragraph 9.1(g) hereof, the deductible amounts under the casualty insurance policies relating to the Premises shall be paid by Lessor.

(b) Lessee shall obtain and keep in force during the term of this Lease a policy of insurance covering the Lessee's personal property, fixtures, equipment, and Lessee improvements, for full replacement cost, for the "all risk" perils. Lessee shall further obtain and maintain business interruption insurance for loss of income and extra expense in such amounts as will reimburse Lessee's direct or indirect loss of income as the same may be related to what a prudent operator of Lessee's business would seek to avoid in being deprived of access to the Premises or related inability to produce income therefrom.

8.4 Payment of Premium Increase.

(a) After the term of this Lease has commenced, Lessee shall not be responsible for paying Lessee's Share of any increase in the property insurance premium for the Center specified by Lessor's insurance carrier as being caused by the use, acts or omissions of any other lessee of the Center, or by the nature of such other lessee's occupancy which create an extraordinary or unusual risk.

8.5 Insurance Policies. Insurance required hereunder shall be in companies holding a "General Policyholders Rating" of at least A-, or such other rating as may be required by a lender having a lien on the Premises, as set forth in the most current issue of "Best's Insurance Guide." Lessee shall not do or permit to be done anything which shall invalidate the insurance policies carried by Lessor. Lessee shall deliver to Lessor copies of all liability insurance policies required under paragraph 8.5 or certificates evidencing the existence and amounts of such insurance prior to delivery of possession of the Premises by Lessor to Lessee of this Lease. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor. Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof. Lessee's policies of insurance shall be primary, with any participation by Lessor contributory only after application of Lessee's policy limits.

(a) 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.

8.6 Waiver of Subrogation. Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other for loss or damage arising out of or incident to the perils insured against which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. Lessee and Lessor shall, upon obtaining the policies of insurance required, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. Such subrogation waiver shall not extend to any deductible paid by Lessor, and shall be compensable to Lessor by Lessee in full.

8.7 Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Center, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any act or omission of Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Center arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.8 Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises or the Center, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Center, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other lessee, licensee, invitee, occupant or user of the Center, nor from the failure of Lessor to enforce the provisions of any other lease of the Center.

9. Damage or Destruction.

9.1 Definition.

(a) "Premises Partial Damage" shall mean if the Premises are damaged or destroyed to the extent that the cost of repairs is less than fifty percent of the then replacement cost of the Premises.

(b) "Premises Total Destruction" shall mean if the Premises are damaged or destroyed to the extent that the cost of repair is fifty percent or more of the then replacement cost of the Premises.

(c) "Premises Building Partial Damage" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent of the then replacement cost of the Building.

(d) "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is fifty percent or more of the then replacement cost of the Building.

(e) "Center Buildings" shall mean all of the buildings on the Center site.

(f) "Center Buildings Total Destruction" shall mean if the Center Buildings are damaged or destroyed to the extent that the cost of repair is fifty percent or more of the then replacement cost of the Center Buildings.

(g) "Insured Loss" shall mean damage or destruction which was covered by an event required to be covered by the insurance described in paragraph 8. The fact that an Insured Loss has a deductible amount shall not make the loss an uninsured loss.

(h) "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring excluding all improvements made by lessees.

9.2 Premises Partial Damage; Premises Building Partial Damage.

(a) Insured Loss: Subject to the provisions of paragraph 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Partial Damage or Premises Building Partial Damage, then Lessor shall, at the Lessor's expense, repair such damage to the Premises, but not Lessee's fixtures, equipment or Lessee improvements, as soon as reasonably possible and this Lease shall continue in full force and effect.

(b) Uninsured Loss: Subject to the provisions of paragraph 9.4 and 9.5, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Partial Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), which damage prevents Lessee from using the Premises, Lessor may at Lessor's option 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) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be canceled and terminated as of the date of the occurrence of such damage.

9.3 Premises Total Destruction; Premises Building Total Destruction; Center Buildings Total Destruction.

(a) Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, and which falls into the classifications of either (i) Premises Total Destruction, or (ii) Premises Building Total Destruction, or (iii) Center Buildings Total Destruction, then Lessor may at Lessor's option either (i) repair such damage or destruction, but not Lessee's fixtures, equipment or Lessee improvements, as soon as reasonably possible at Lessor's expense, and this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of occurrence of such damage of Lessor's intention to cancel and terminate this Lease, in which case this Lease shall be canceled and terminated as of the date of the occurrence of such damage.

9.4 Damage Near End of Term.

(a) Subject to paragraph 9.4(b), if at any time during the last six months of the term of this Lease there is substantial damage, whether or not an Insured Loss, which falls within the classification of Premises Partial Damage, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.4(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Partial Damage during the last six months of the term of this Lease. If Lessee duly exercises such option during said twenty (20) day period, Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said twenty (20) day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

9.5 Abatement of Rent; Lessee's Remedies.

(a) In the event Lessor repairs or restores the Premises pursuant to the provisions of this paragraph 9, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such obligation shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

9.6 Termination--Advance Payments. Upon termination of this Lease pursuant to this paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.7 Waiver. Lessor and Lessee waive the provisions of any statute which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessor shall pay the real property tax, as defined in paragraph 10.3, applicable to the Center.

10.2 Additional Improvements. Lessee shall not be responsible for paying Lessee's Share of any increase in real property tax specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Center by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Lessee shall, however, pay the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Lessee or at Lessee's request.

10.3 Definition of "Real Property Tax." As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Center or any portion thereof by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Center or in any portion thereof, as against Lessors right to rent or other income therefrom, and as against Lessor's business of leasing the Center. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed for a service or right not charged prior to June 1, 1978, or, if previously charged, has been increased since June 1, 1978, or (iv) which is imposed as a result of a transfer, either partial or total, of Lessor's interest in the Center or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof.

10.4 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. 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. Notwithstanding the provisions of Paragraph 4.1, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs, or in the alternative increase Lessee's pro rata share of common area maintenance expenses to recapture such increase in usage. 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. Lessee, at Lessee's sole cost and expense, including permitting if required by governing authorities, may be required, at Lessor's sole discretion, to install a SubMeter for purposes of monitoring utility consumption, which increased usage will be calculated and may result in the increase of Lessee's Base Rent for the amount of increase in usage, or may be billed to Lessee as an increase in monthly common area maintenance expense.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease without the need for a curable notice to Lessee under paragraph 13.1. If Lessee shall assign or sublet the Leased Premises or request the consent of Lessor to any assignment or subletting, or if Lessee should request the consent of Lessor for any act Lessee proposes to do, then 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 \$1200 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. Lessee shall pay to Lessor, within thirty (30) days of receipt of a bill, all reasonable fees and costs incurred by Lessor for attorneys, accountants, service of notice or any other services in connection with said assignment or subletting or other act. Lessor may withhold consent to any assignment, sublease or transfer ("transfer") if Lessee is in default of any covenant, including the duty to pay rent, at the time of the requested transfer. Assignee shall provide to Lessor all insurance required of Lessee per paragraph 8 under the Lease.

12.2 Lessee Affiliate. Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Lessee Affiliate," provided that before such assignment shall be effective said assignee shall assume, in full, the obligations of Lessee under this Lease. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

12.3 Terms and Conditions of Assignment. Regardless of Lessor's consent, no assignment shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the Base Rent and Lessee's Share of Operating Expenses, and to perform all other obligations to be performed by Lessee hereunder. Lessor may accept rent from any person other than Lessee pending approval or disapproval of such assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of rent shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this paragraph 12 or this Lease. Consent to one assignment shall not be deemed consent to any subsequent assignment. In the event of default by any assignee of Lessee or any successor of Lessee, in the performance of any of the terms hereof, Lessor may proceed directly against Lessee without the necessity of exhausting remedies against said assignee. Lessor may consent to subsequent assignments of this Lease or amendments or modifications to this Lease with assignees of Lessee, without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto and such action shall not relieve Lessee of liability under this Lease. Prior to delivery of the Premises to the Assignee by the Lessee, and only after full execution and delivery of said Assignment of Lease, with Lessor's written consent, Assignee shall provide to Lessor all insurance required of Lessee per paragraph 8 under the Lease.

12.4 Terms and Conditions Applicable to Subletting. Regardless of Lessor's consent, the following terms and conditions shall apply to any subletting by Lessee

of all or any part of the Premises and shall be included in subleases:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease, provided, however, that until a default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of this or any other assignment of such sublease to Lessor nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a default exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents due and to become due under the sublease. Lessee agrees that such sublessee shall have the right to rely upon any such statement and request from Lessor, and that such sublessee shall pay such rents to Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against such sublessee or Lessor for any such rents so paid by said sublessee to Lessor. Lessor's receipt of funds from such sublessee shall not constitute a novation, or otherwise create a landlord-tenant relationship between Lessor and sublessee.

(b) No sublease entered into by Lessee shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease, Lessee shall use only such form of sublease as is satisfactory to Lessor, and once approved by Lessor, such sublease shall not be changed or modified without Lessor's prior written consent. Any sublessee shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Lessee other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Lessor has expressly consented in writing. Prior to delivery of the Premises to the Sublessee by the Lessee, and only after Lessor's written consent for said Sublease, Sublessee shall provide to Lessor all insurance required of Lessee per paragraph 8 under the Lease, which policies must be current, unaltered, in full force and effect.

(c) If Lessee's obligations under this Lease have been guaranteed by third parties, then a sublease, and Lessor's consent thereto, shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(d) The consent by Lessor to any subletting shall not release Lessee from its obligations or alter the primary liability of Lessee to pay the rent and perform and comply with all of the obligations of Lessee to be performed under this Lease.

(e) The consent by Lessor to any subletting shall not constitute a consent to any subsequent subletting by Lessee or to any assignment or subletting by the sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event of any default under this Lease, Lessor may proceed directly against Lessee, any guarantors or any one else responsible for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor or Lessee.

(g) In the event Lessee shall default in the performance of its obligations under this Lease, Lessor, at its option and without any obligation to do so, may require any sublessee to atton to Lessor, in which event Lessor shall undertake the obligations of Lessee under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior defaults of Lessee under such sublease, and Lessee shall indemnify and hold harmless Lessor as against any such prepaid rents, deposit or prior defaults or claims by sublessee.

(h) Each and every consent required of Lessee under a sublease shall also require the consent of Lessor.

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

(j) Lessor's written consent to any subletting of the Premises by Lessee shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Lessee nor shall such consent be deemed a waiver of any then existing default, except as may be otherwise stated by Lessor at the time.

(k) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Lessee to the sublessee sublessee. Such sublessee shall have the right to cure a default of Lessee within the same period of time Lessee holds under the default provisions of this Lease and the sublessee shall have a right of reimbursement and offset from and against Lessee for any such defaults cured by the sublessee. Sublessee may not assert any right of reimbursement or offset for lessee obligations against Lessor.

12.5 Attorney's Fees. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable attorneys fees incurred in connection therewith, a reasonable fee for legal expenses and costs is deemed to be minimally \$1,500.00.

13. Default; Remedies.

13.1 Default. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Lessor to Lessee. In the event that Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

(c) Except as otherwise provided in this Lease, the failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Lessee under applicable Unlawful Detainer statutes.

(d) (i) The making by Lessee of any general arrangement or general assignment for the benefit of creditors; (ii) Lessee becomes 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 sixty (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 thirty (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 thirty (30) days. In the event that any provision of this paragraph 13.1(d) is contrary to any applicable law, such provision shall be of no force or effect.

(e) The discovery by Lessor that any financial statement given to Lessor by Lessee, any assignee of Lessee, any subtenant of Lessee, any successor in interest of Lessee or any guarantor of Lessee's obligation hereunder, was materially false.

13.2 Remedies. In the event of any such material default by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default 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 attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to paragraph 15 applicable to the unexpired term of this Lease, and those other damages as are provided by California Civil Code Section 1951.2 or successor statute.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have vacated or abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder, and to pursue a claim for such other and further damages as are provided by California Civil Code Section 1951.4 or successor statute.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation, provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Should Lessee fail to pay, when due and payable, the minimum monthly rental or any additional rental, such unpaid amounts shall bear interest at the maximum legal rate from the date the debt was incurred to the date of ultimate payment. Said interest amount shall be in addition to, and not in lieu of, any late charge assessed for the debt incurred. Late charges shall not be included in calculating interest due. In addition to such interest, Lessee stipulates that the late payment by Lessee of any monthly rental/additional rental will cause Lessor to incur certain costs and expenses not contemplated by the parties/lease hereto, the exact amount of which costs are extremely difficult to ascertain. As such, if any such installment is not received by Lessor from Lessee within five (5) days of its due date, Lessee shall forthwith pay as additional rent, a late charge of ten percent (10%) of that amount due. Lessor and Lessee agree that such late charge represents a

reasonable estimate of such costs and expenses and is fair compensation to Lessor for the loss caused by Lessee's nonpayment. Payment(s) made by Lessee shall be applied by Lessor, subject to Lessor's sole discretion, first to late charges incurred, then to common area maintenance/operating expense as additional rent, and lastly to base rent. Lessor's acceptance of this late charge shall not constitute a waiver of Lessee's default with respect to nonpayment of the subject debt, nor prevent Lessor from exercising all other rights, claims, or remedies, known or unknown, available to Lessor pursuant to this lease or under California or federal law, including but not limited to the right to serve a notice to pay or quit in accordance with California unlawful detainer statutes.

14. **Condemnation.** If the Premises or any portion thereof or the Center are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent of the floor area of the Premises, or more than twenty-five percent of that portion of the Common Areas designated as parking for the Center is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (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 rent shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. No reduction of rent shall occur if the only area taken is that which does not have the Premises located thereon. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property or any other compensation paid by the condemning authority to compensate Lessee for the taking. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefore by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. **Broker's Fee.**

(a) Upon execution of this Lease by both parties, upon occupancy of the premises by Lessee, and receipt of any deposits and/or initial rental payment, Lessor shall pay to N/A Licensed real estate broker(s) a fee as set forth in a separate agreement between Lessor and said broker(s), or in the event there is no separate agreement between Lessor and said broker(s), the sum of \$N/A, for brokerage services rendered by said broker(s) to Lessor in this transaction.

16. **Estoppel Certificate.**

(a) Each party (as "responding party") shall at any time upon not less than ten (10) days' prior written notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or of the business of the requesting party.

(b) At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this 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.

(c) If Lessor desires to finance, refinance, or sell the Property, or any part thereof, Lessee and all Guarantors of Lessee's performance hereunder hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee and such Guarantors as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. 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. **Lessor's Liability.** The term "Lessor" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lessee's interest in a ground lease of the Center, and except as expressly provided in paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessors successors and assigns, only during their respective periods of ownership.

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. **Interest on Past-due Obligations.** Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease; provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. **Time of Essence.** Time is of the essence with respect to the obligations to be performed under this Lease.

21. **Additional Rent.** All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to late charges payable shall be deemed rent.

22. **Incorporation of Prior Agreements; Amendments.** This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither the real estate broker listed in paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employee or agents of any of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of the Premises or the Property and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease except as otherwise specifically stated in this Lease.

23. **Notices.** Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified mail, and if given personally or by mail, shall be deemed sufficiently given if addressed to Lessee or to Lessor at the address noted below the signature of the respective parties, as the case may be. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes, Lessee waives any requirement that any other address besides the Premises be served with notice. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

24. **Waivers.** No waiver by Lessor or any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. 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 act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. **Recording.** Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

26. **No Right To Holdover.** Without the express written consent of Lessor to create a month to month tenancy, Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. In the event that Lessee holds over in violation of this Paragraph 26 then, in addition to all other damages available at law or equity, the reasonable rental damages payable from and after the time of the expiration or earlier termination of this Lease shall be two hundred percent (200%) of the Base Rent applicable during the month immediately preceding such expiration or earlier termination. Nothing contained herein shall be construed as a consent by Lessor to any holding over by Lessee, which shall be a tenancy at sufferance. Lessee shall be further liable for any and all damages caused by such unlawful hold over, including damages for interference with prospective advantage, frustration of purpose, inducement to breach of contract or any other remedy held by Lessor and/or a third party prospective or actual lessee of the Premises. Should Lessee hold over in the Premises with the express written consent of Lessor, in the absence of an executed written agreement between the parties to the contrary, rental shall be payable monthly at the rate of one hundred fifty percent (150%) of the Base Rent applicable during the month immediately preceding such expiration or earlier termination of this Lease.

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.** Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

29. **Binding Effect; Choice of Law.** Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Premises are located and any litigation concerning this Lease between the parties hereto shall be initiated in the county in which the Premises are located. Signatures to this Lease accomplished by means of electronic signature or similar technology shall be legal and binding.

30. Subordination.

(a) This Lease, and any Option granted hereby, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Center and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee 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. If any mortgagee, trustee or ground lessor shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an attornment, a subordination or to make this Lease or any Option granted herein prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder without further notice to Lessee or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

31. Attorney's Fees. If either party or the broker(s) named herein bring an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder. Further, in the event of a default by Lessee in performance of this Lease, Lessor shall be entitled to attorney's fees and costs incurred in the preparation and service of any notice of default, such as a notice to pay or quit, or a notice to perform covenant or quit, and/or consultations related to an event of default, whether or not legal action is commenced after service of such notice. \$650.00 is a reasonable legal fee for such service.

32. Lessor's Access. Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purposes of inspecting the same, showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are part as Lessor may deem necessary or desirable. Lessor may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs. All activities of Lessor pursuant to this paragraph shall be without abatement of rent, nor shall Lessor have any liability to Lessee for the same.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

34. Signs. Lessee shall not place any sign upon the Premises of the Center without Lessor's prior written consent. Under no circumstances shall Lessee place a sign on any roof of the Center.

35. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

36. Consents. Except for paragraph 33 hereof, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld or delayed.

37. Guarantor. In the event that there is a guarantor of this Lease, in addition to the duties owed pursuant to the guaranty agreement, said guarantor shall have the same obligations as Lessee under this Lease.

38. Quiet Possession. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Property. Lessor shall not be liable for any damage arising from acts or neglects of co-tenants, or other occupants of the same building, or of any owners or occupants of adjacent or contiguous property.

39. Security Measures. Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Center. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Industrial Center or any part thereof.

40. Easements. Lessor reserves to itself the right, from time to time to grant such easements, rights and dedications that Lessor deems necessary or desirable, 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 shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material default of this Lease by Lessee without the need for further notice to Lessee.

41. 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 under the provisions of this Lease.

42. Authority. If Lessee is a corporation, trustee of a trust, or general or limited partnership, 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 behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

43. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

44. Offer. Preparation of this Lease by Lessor or Lessor's agent and submission of same to Lessee shall not be deemed an offer to lease. This Lease shall become binding upon Lessor and Lessee only when fully executed by Lessor and Lessee.

45. Addendum. Attached hereto is an addendum or addenda containing paragraphs 47 through 59 which constitute a part of this Lease.

46. Parking. Lessee is allowed 2.5 cars per 1,000 square feet Lessee has leased.

The following Exhibits are hereby attached and made part of this lease agreement:

- Exhibit "A" ~~Guarantee of Lease~~
- Exhibit "B" Rules and Regulations
- Exhibit "C" Site Plan
- Exhibit "D" Floor Plan
- Exhibit "E" ~~Disclosure Regarding Real Estate Agency Relationship~~
- Exhibit "F" Lease Disclosures
- Exhibit "G" Community Plan Implementation Overlay Zone

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

LESSOR

Terrence R. Caster, as Trustee of Caster Family Trust

By _____
Terrence R. Caster, Trustee

Executed on _____
(Corporate Seal)

ADDRESS FOR RENT/NOTICES
Pacific Coast Commercial
10721 Trenea Street Ste 200
San Diego, CA 92131

LESSEE

Element Education, Inc., a California corporation

By _____
Terri Novacek, Executive Director

By _____
Doug Miller, Chief Business Operator

Executed on _____
(Corporate Seal)

ADDRESS
4636 Mission Gorge Place, Suites 101-103, 103B, 200 and 205
San Diego, CA 92120

A D D E N D U M
TO STANDARD GROSS LEASE
DATED November 9, 2022

BY AND BETWEEN
TERRENCE R. CASTER, AS TRUSTEE OF CASTER FAMILY TRUST
AND
ELEMENT EDUCATION, INC., A CALIFORNIA CORPORATION

47 ENVIRONMENTAL MATTERS

47.1 No Use of Hazardous Materials. Lessee agrees that Lessee shall not keep, use, generate, store, release, threaten release or dispose of any Hazardous Materials (as defined below) on or about the Premises without the prior express written consent of Lessor, which consent may be withheld by Lessor in its sole and absolute discretion. Lessee represents that the presence of Hazardous Materials on the Premises is not necessary to the conduct of its business or its use of the Premises and Lessee acknowledges that it is probable that Lessor will withhold its consent to any requested use of Hazardous Materials on the Premises. For purposes of this provision, "Hazardous Materials" shall include all oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated, or polluting materials, substances or wastes, including, without limitation, substances defined as "hazardous substances", "hazardous materials", "hazardous wastes", or "toxic substances" under any laws ordinances or regulations heretofore or hereafter enacted or adopted.

47.2 Compliance with Environmental Laws. If Lessor consents in writing to the presence, use, generation, storage, release or disposition of Hazardous Materials (collectively, "Use of Hazardous Materials:") on or about the Premises, then Lessee shall conduct such Use of Hazardous Materials subject to, and in full compliance with, all local, state, federal and other laws and regulations governing the Use of Hazardous Materials. Lessee shall, at its own expense, procure, maintain in effect and comply with, all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Lessee's use of the Premises, including without limitation, discharge of appropriately treated materials or wastes. Lessee shall cause any known Hazardous Materials located on or about the Premises to be removed and transported from the Premises solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Lessee shall in all respects handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Premises in total conformity with all applicable laws and regulations governing the Use of Hazardous Materials and prudent industrial practices regarding management of such Hazardous Materials. Upon regarding management of such Hazardous Materials. Upon expiration or earlier termination of the term of this Lease, Lessee shall cause all Hazardous Materials to be removed from the Premises and transported for use, storage or disposal in accordance and compliance with all applicable laws and regulations governing the Use of Hazardous Materials.

47.3 Notices. Lessee shall immediately notify Lessor in writing of: (i) any enforcement, clean-up, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any laws or regulations governing the use of Hazardous Materials; (ii) any claim made or threatened against Lessee or the Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any hazardous materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises, including any complaints, notices, warnings or asserted violations in connection therewith. Lessee shall also supply to Lessor as promptly as possible, and in any event within five (5) business days after Lessee first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Lessee's use thereof. Lessee shall promptly deliver to Lessor copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

47.4 Indemnification. Lessee hereby agrees to indemnify, defend and hold harmless Lessor, its trustees, officers, employees and agents, and the beneficiary or mortgagee under any deed of trust or mortgage now or hereafter encumbering all or any portion of the Premise, from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, fines, punitive damages, losses, costs, liabilities, interest, attorneys' fees (including any such fees and expenses incurred in enforcing this indemnity), resulting from or relating to, directly or indirectly, the Use of Hazardous Materials on or about the Premises. The indemnity set forth herein shall include, without limitation, the cost of any required or necessary repair, clean-up or detoxification of the Premises and the surrounding property and shall survive the expiration or earlier termination of the term of this Lease.

47.5 Additional Insurance or Financial Capacity. If at any time it reasonably appears to Lessor that Lessee is not maintaining sufficient insurance or other means of financial capacity to enable Lessee to fulfill its obligation to Lessor hereunder, whether or not then accrued, liquidated, conditional or contingent, Lessee shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Lessor as Lessor may from time to time reasonably request.

48. AMERICANS WITH DISABILITIES ACT

The parties acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "ADA") establish requirements under Title III of the ADA ("Title III") pertaining to business operations, accessibility and barrier removal, and that such requirements may be unclear and may or may not apply to the Premises and the Center depending on, among other things: (1) whether Lessee's business operations are deemed a "place of public accommodation" or a "commercial facility," (2) whether compliance with such requirements is "readily achievable" or "technically infeasible," and (3) whether a given alteration affects a "primary function area" or triggers so-called "path of travel" requirements. The parties acknowledge and agree that Lessee has been provided an opportunity to inspect the Premises and the Center sufficiently to determine whether or not the Premises and the Center in their current condition as of the date hereof deviate in any manner from the ADA Accessibility Guidelines ("ADAAG") or any other requirements under the ADA pertaining to the accessibility of the Premises or the Center. Lessee further acknowledges and agrees that except as may otherwise be specifically provided herein, Lessee accepts the Premises and the Center in "as-is" condition and agrees that Lessor and Broker make no representation or warranty as to whether the Premises or the Center conform to the requirements of the ADAAG or any other requirements under the ADA pertaining to the accessibility of the Premises or the Center as the same pertain to the specific use for which Lessee shall make of the premises. Lessee has prepared or reviewed the plans and specifications for the Lessee's Work, if any, and warrants that it/he/she has independently determined that such plans and specifications are in conformance with the ADAAG and any other requirements of the ADA. Lessee further acknowledges and agrees that to the extent that Lessor prepared, reviewed or approved any of those plans and specifications, such action shall in no event be deemed any representation or warranty that the same comply with any requirements of the ADA. Notwithstanding anything to the contrary in this Lease, the parties hereby agree to allocate responsibility for Title III compliance as follows: (a) Lessee shall be responsible for all Title III compliance and costs in connection with the Lessee's specific use of the Premises, including structural work, if any, and including any leasehold improvements or other work to be performed in the Premises under or in connection with this Lease, (b) Lessor may perform, and Lessee shall be responsible for the cost of, any so-called Title III "path of travel" requirements triggered by any specific Lessee-related construction activities or alterations in the Premises, (c) Lessor warrants based upon Lessor's reasonable information and belief that the building structure of which the premises are a part is in conformance with the ADA. Except as set forth above with respect to Lessor's Title III obligations, Lessee shall be solely responsible for all other requirements under the ADA relating to the Lessee or any affiliates or persons or entities related to the Lessee (Collectively, "Affiliates"), operations of the Lessee or Affiliates, or the Premises, including, requirements under Title I of the ADA pertaining to Lessee's employees. Lessee further acknowledges, that to the extent any alterations or modifications Lessee makes to the premises results in the requirement that Lessor make alterations to the building to comply with ADAAG or the ADA, or any other related local, state or federal law, any such cost or expense incurred by Lessor shall be the Lessee's sole obligation payable on demand of Lessor.

49. Accessibility; Americans with Disabilities Act Compliance.

- (a) The Premises () have not undergone an inspection by a Certified Access Specialist (CASp). () Have undergone an inspection by a Certified Access Specialist

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

- (b) To the extent 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 law/legislation. In the event that Lessee's use of the Premises will require modifications or additions to the Premises in order to comply with the ADA, Lessee agrees to make any such modification and/or additions at Lessee's sole expense.

Lessee: Element Education, Inc.,
a California corporation

BY: _____
Terri Novacek, Executive Director

BY: _____
Doug Miller, Chief Business Operator

Date: _____

A D D E N D U M
TO STANDARD GROSS LEASE
DATED November 9, 2022

BY AND BETWEEN
TERRENCE R. CASTER, AS TRUSTEE OF CASTER FAMILY TRUST
AND
ELEMENT EDUCATION, INC., A CALIFORNIA CORPORATION

50 RENT ESCALATIONS

Base rent under Section 4 of this Lease shall be adjusted annually, effective on the 1st day of July of each year of the Lease term. The adjustment shall be fixed at three percent (3%) per year.

~~51 RE-KEY~~

~~Lessee shall provide Lessor a Locksmith fee in the amount of \$100.00, at time of Lease Execution, for the locksmith services at the time of Possession of the Premises. Lessee will be given two (2) copies of the keys, Lessor shall not retain a copy of the key to the Premises.~~

52 BUSINESS LICENSE

Lessee shall, within 90 days of new lease execution or renewal amendment execution, throughout the term and any extensions thereof, provide Lessor with a copy of its current Business License, or equivalent "Business Tax Certificate."

53 DROP-OFF/PICK UP

Lessee shall not block the parking lot or cars in the lot during drop off/pick up time or at any time of the day. If the drop off/pick up disrupts the businesses of neighboring tenants, Lessee will be required to provide a parking attendant and be responsible for orderly parking coordination. Attendants must be placed at each entrance to direct traffic and parking in consideration of other businesses in the park. If Lessee's drop-off/pick up continues to cause an issue with neighboring tenants and is not cured in a within seven (7) days of notice to Lessee then Lessee shall be deemed in default under Paragraph 13 of the Lease.

54 LOITERING

Lessee shall strictly enforce a "No Loitering" policy and not permit clientele to congregate or loiter outside the Premises. No smoking shall be permitted in or around common areas.

55 COMPLIANCE

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.

56 LESSEE IMPROVEMENTS

The Premises is leased in its present "AS-IS WHERE IS" condition, including all defects, known or unknown. Any additional improvements shall be approved by the Lessor in writing and shall be completed by a licensed and insured contractor.

57 LEASE CONTINGENCIES

This Lease is Contingent upon the following agreements being fully executed by all parties:

- a. Lessor and Element Education Inc. executing a Lease Amendment for 4636 Mission Gorge Place, Suites 103 & 205, San Diego, CA 92120 and 4659 Mission Gorge Place, Suites A & B, San Diego, CA 92120.
- b. Lessor and International Union Elevator Constructors Inc., a California non-profit corporation executing a Lease Amendment for 4636 Mission Gorge Place, Suite 204, San Diego, CA 92120.
- c. Lessor and International Union Elevator Constructors Inc., a California non-profit corporation executing a Lease for 4659 Mission Gorge Place, Suites A & B, San Diego, CA 92120.
- d. Lessor and NEIEP, LLC, a Delaware Limited Liability Company executing a Lease Amendment for 4636 Mission Gorge Place, Suites 101, 200, and 103B, San Diego, CA 92120.

If all Lease Documents listed above are not fully executed by December 31, 2022, this Lease shall be null and void.

58 INSURANCE

Any party with access to the Premises, including International Union Elevator Constructors Inc, Element Education Inc. and NEIEP, LLC Program, will be required to provide proof of General Liability Insurance covering Premise, and listing Lessor & Lessor's agent as additional insureds. All parties agree to meet on the following occasions to document the condition of the premises: 1) Upon execution of this lease and prior to the commencement of any Tenant Improvements on 4659 Mission Gorge Place and 2) upon completion of the Tenant Improvements in 4659 Mission Gorge Place.

59 CONSULTANT

Tommas Golia (RE License #01890744) of Pacific Coast Commercial is only acting as a consultant, not in an Agency capacity, and shall be paid by Lessee per separate agreement. Lessee and Lessor both consent to this and waive all claims against Tommas Golia and Pacific Coast Commercial.

Lessor: TERRENCE R. CASTER, AS TRUSTEE
OF CASTER FAMILY TRUST

Lessee: ELEMENT EDUCATION, INC.,
A CALIFORNIA CORPORATION

BY: _____
Terrence R. Caster, Trustee

BY: _____
Terri Novacek, Executive Director

BY: _____
Doug Miller, Chief Business Operator

Date : _____

Date: _____

EXHIBIT A

GUARANTEE OF LEASE

~~WHEREAS as a certain Lease of even date herewith has been, or will be, executed by and between Terrence R. Caster, as Trustee of Caster Family Trust, therein referred to as "Lessor", and _____, therein and herein referred to as "Lessee", covering certain premises in the City of San Diego, County of San Diego, State of California.~~

~~WHEREAS, the Lessor under said Lease requires as a condition to its execution of said Lease that the undersigned Guarantor guarantee the full performance of the obligations of Lessee under said Lease; and~~

~~WHEREAS, Guarantor is desirous that Lessor enter into said Lease with Lessee.~~

~~NOW, THEREFORE, in consideration of the execution of said Lease by Lessor, Guarantor hereby unconditionally guarantees the full performance of each and all of the terms, covenants, and conditions of said Lease to be kept and performed by Lessee, including the payment of all rentals and other charges to accrue thereunder. Guarantor further agrees as follows:~~

~~1.0 PERFORMANCE OF OBLIGATIONS UNDER THE LEASE:~~

~~(a) PERFORMANCE: In the case Lessee shall fail to perform any agreement or comply with any condition contained in the Lease and required to be performed or complied with by it, Guarantor, whether or not such failure constitutes a default under the Lease, will perform or comply with the same before any grace period for remedying the same has expired. Guarantor will pay all costs and expenses (including without limitation, attorneys' fees and expenses) in connection with the enforcement of the obligations of Lessee and in connection with the enforcement of Guarantor's obligations under this Agreement.~~

~~(b) RENT: Without limiting the generality of subsection (a), and without being limited thereby, Guarantor unconditionally guarantees that Lessee will duly and punctually pay all fixed Rent (as defined in the Lease), and additional rent (Fixed Rent and additional rent being hereinafter collectively called "Rent"), damages (whether provided for in the Lease or otherwise allowed by law) and all other sums payable by Lessee under the Lease. Such guarantee is an absolute, unconditional, continuing guarantee of payment and not of collectability, and is in no way conditioned upon any attempt to collect from Lessee or upon any other event or contingency. If Lessee shall fail duly and punctually to pay any such sum, Guarantor will forthwith pay the same, together with interest thereon at the rates and under the conditions contained in the Lease.~~

~~2.0 PAYMENTS IN LIEU OF RENT: In the event of any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to tenancy in which the Lease shall be terminated or rejected or the obligations of Lessee shall be modified, Guarantor will pay an amount equal to the Rent which would have been payable by it pursuant to the Lease, accrued to the date of such termination, rejection or modification and shall thereafter pay an amount equal to the Rent which would have been payable by it pursuant to the Lease on the days when the same would have been due except for such termination, rejection or modification.~~

~~3.0 OBLIGATIONS OF GUARANTOR: The obligations of Guarantor hereunder shall be absolute and unconditional, shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim Guarantor may have against Lessee or Lessor, and shall remain in full force and effect without regard to, and shall not be released, discharged, or in any way affected by any circumstance or condition (whether or not Guarantor shall have any knowledge or notice thereof), including without limitation: (a) any amendment or modification of or supplement to the Lease; (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of the Lease, or any exercise or non-exercise of any right, remedy, power or privilege under or in respect of the Lease; (c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to Lessee; or (d) any limitation on the liability of Lessee under the Lease or any invalidly or unenforceability, in whole or in part of the Lease or any term thereof.~~

- ~~4.0 WAIVERS: Guarantor unconditionally waives (a) notice of any of the matters referred to in Section 3.0(b) all notices which may be required by statute, rule of law or otherwise to preserve or assert any rights against Guarantor hereunder, including, without limitation, any demand, proof or notice of nonpayment of any Rent, damages or other sums payable under this Lease, and notice of any failure on the part of Lessee to perform or comply with any term or condition of the Lease, (c) any right to the enforcement, assertion or exercise of any right, remedy, power or privilege under or in respect of the Lease, (d) any requirement of diligence, (e) any requirement to mitigate, by eviction of Lessee and the reletting of the Premises or otherwise, the damages resulting from a default by Lessee under the Lease, and (if) any right to a trial by jury in any action or proceeding hereunder or under the Lease.~~
- ~~5.0 WAIVER OF RIGHT TO REQUIRE LESSOR TO PROCEED AGAINST LESSEE FIRST: Guarantor waives any right to require Lessor to (a) proceed against Lessee, its successor, assignee or subLessee; (b) proceed against or exhaust any security held from Lessee, its successor, assignee or subLessee; or (c) pursue any other remedy in Lessor's power whatsoever. Guarantor waives any defense arising by reason of any disability or other defense of Lessee or by reason of the cessation from any cause whatsoever of the liability of the Lessee. Until all indebtedness or other obligations of Lessee to Lessor shall have been paid in full, Guarantor shall have no right to subrogation, and waives any right to enforce any remedy which Lessor now has or may hereafter have against Lessee, and waives any benefit or, and any right to participate in any security now or hereafter held by Lessor. Guarantor waives all presentments, demands for performance, notices of non-performance, protests, notices of protest, notices dishonor, notice of sales, and notices of acceptance of this Guarantee and of the existence, creation, or incurring of new or additional indebtedness.~~
- ~~6.0 SUBORDINATION OF LESSEE'S DEBTS TO GUARANTOR. Guarantor agrees that the indebtedness of Lessee to Lessor, whether now existing or hereafter created, shall be prior to any claim that Guarantor may now have or hereafter acquire against Lessee, whether or not Lessee becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Lessee, upon any account whatsoever, to any claim that Lessor may now or hereafter have against Lessee. In the event of insolvency and consequent liquidation of the assets of Lessee, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Lessee applicable to the payment of the claims of both Lessor and Guarantor shall be paid to Lessor and shall be first applied by Lessor to the indebtedness of Lessee to Lessor. Guarantor does hereby assign to Lessor all claims which it may have or acquire against Lessee or any assignee or trustee in bankruptcy of Lessee; provided, that such assignment shall be effective only for the purpose of assuring to Lessor full payment of all indebtedness of Lessee to Lessor.~~
- ~~7.0 GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS: Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any of such waivers is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law.~~
- ~~8.0 WAIVER OF AUTHENTICATION OF VALIDITY OF ACTS OF CORPORATION OR PARTNERSHIP: If Lessee or Guarantor are corporations or partnerships, it is not necessary for Lessor to inquire into the powers of borrower or Guarantor or the officers, directors, partners, or agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.~~
- ~~9.0 OBLIGATIONS OF MARRIED PERSONS: Any married person who signs this Guaranty as the Guarantor hereby expressly agrees that recourse may be had against his or her separate property for all his or her obligations under this Guaranty.~~
- ~~10.0 JOINT AND SEVERAL LIABILITY OF GUARANTORS: This Agreement shall be binding upon Guarantor, and if more than one Guarantor, each of them jointly and severally, its successors and assignees, and shall inure to the benefit of and be enforceable by Lessor, and any holder of a mortgage on such Premises or any assignee under an assignment of Lessor's interest in the Lease given as security for any such mortgage, and their respective successors and assignees.~~

~~11.0 APPLICATION OF SINGULAR AND PLURAL IN CONTEXT AND CONSTRUCTION. In all cases where there are more than Guarantor, then all words used herein in the singular shall be deemed to have been used in the plural where the context and construction so require; and where Guaranty is executed by more than one Guarantor, the word "Guarantor" shall mean all and any one or more of them.~~

~~12.0 CALIFORNIA LAWS APPLICABLE: This Guaranty is governed by and construed in accordance with the laws of the state of California.~~

~~13.0 AMENDMENTS MUST BE IN WRITING: Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which such amendment, waiver, discharge or termination is sought to be charged.~~

~~14.0 INTEGRATED DOCUMENT: This writing is intended by the parties to be an integrated and final expression of the guarantee agreement and also is intended to be a complete and exclusive statement of the terms of that agreement. No course of prior dealing between the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof. There are no conditions to the full effectiveness of this guarantee agreement. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one instrument.~~

~~IN WITNESS WHEREOF, the undersigned Guarantor has caused this Guarantee to be executed as of the date of said Lease which is dated.~~

Guarantor: _____

Date: _____

Please Print Name: _____

Social Security No.: _____

Driver's License No.: _____

Guarantor: _____

Date: _____

Please Print Name: _____

Social Security No.: _____

Driver's License No.: _____

EXHIBIT B

RULES & REGULATIONS

A. LESSEE AGREES AS FOLLOWS:

1. All loading and unloading of goods shall be done only at such times, in the areas and through the entrances designated for such purposes by Lessor.
2. The delivery or shipping of merchandise, supplies and fixtures to and from leased premises shall be subject to such rules and regulations as in the judgment of Lessor are necessary for the proper operation of the leased premises or shopping center.
3. All garbage and refuse shall be kept in the kind of container specified by Lessor and shall be placed outside of the premises, prepared for collection in the manner and at the times and places specified by Lessor. If Lessor shall provide or designate a service for picking up refuse and garbage, Lessee shall use same at Lessee's cost. Lessee shall pay the cost of removal of any of Lessee's refuse or rubbish.
4. No radio or television or other similar device shall be installed without first obtaining in each instance Lessor's consent in writing. No aerial shall be erected on the roof or exterior walls of the premises, or on the grounds, without in each instance the written consent of the Lessor. Any aerial so installed without such written consent shall be subject to removal without notice at any time.
5. No loud speakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the premises without the prior written consent of Lessor.
6. The outside areas immediately adjoining the premises shall be kept clean and free from dirt and rubbish by Lessee to the satisfaction of Lessor, and Lessee shall not place or permit any obstructions or merchandise in such areas.
7. Lessee and Lessee's employees shall park their cars only in those portions of the parking area designated for that purpose by Lessor.
8. The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Lessee, who shall, or whose employees, agents or invitees shall have caused it.
9. Lessee shall use at Lessee's cost such pest extermination contractor as Lessor may direct and at such intervals as Lessor may require.
10. Lessee shall not burn any trash or garbage of any kind in or about the leased premises, the shopping center, or within one mile of the outside property line of the shopping center.

RULES & REGULATIONS (continued)

11. All public entrances and exits to the leased premises shall be kept unobstructed and open to the public at all times during normal business hours.
 12. Lessee shall not cause or permit any obnoxious or foul odors that disturb the public or other tenants. Should such odors be evident, Lessee shall be required to take immediate steps to remedy same upon written notice from Lessor.
 13. All signs will be uniform in material, shape, design, color and lettering.
 14. All employees except the Manager will park in off-site parking areas. Parking lot will be for customers only. Vehicles may not be left in parking lot area for longer than a 24 hour period.
 15. The outside areas immediately adjoining the premises shall be kept clean and free from dirt and rubbish by Lessee to the satisfaction of the Owner, and Lessee shall not place or permit any obstruction or merchandise in such areas.
 16. Lessee shall not fasten or cause to be fastened, any machinery to any party wall or ceiling that will be a nuisance or shall tend to disturb neighbors.
 17. In anticipation of construction in or around the premises, Lessor, at Lessor's sole cost, may relocate Lessee to any one of its other industrial units of similar quality, size range and lease rate, provided Lessor gives Lessee sixty (60) days' written notice of its intent to relocate Lessee.
- B. Lessee agrees to comply with all such rules and regulations.
- C. Owner reserves the right from time to time to amend or supplement the foregoing rules and regulations, and to adopt and promulgate additional rules and regulations applicable to the leased premises, and the same shall be deemed incorporated herein and made a part of this Lease. Reasonable notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to the Lessee.

Lessee: Element Education, Inc.,
a California corporation

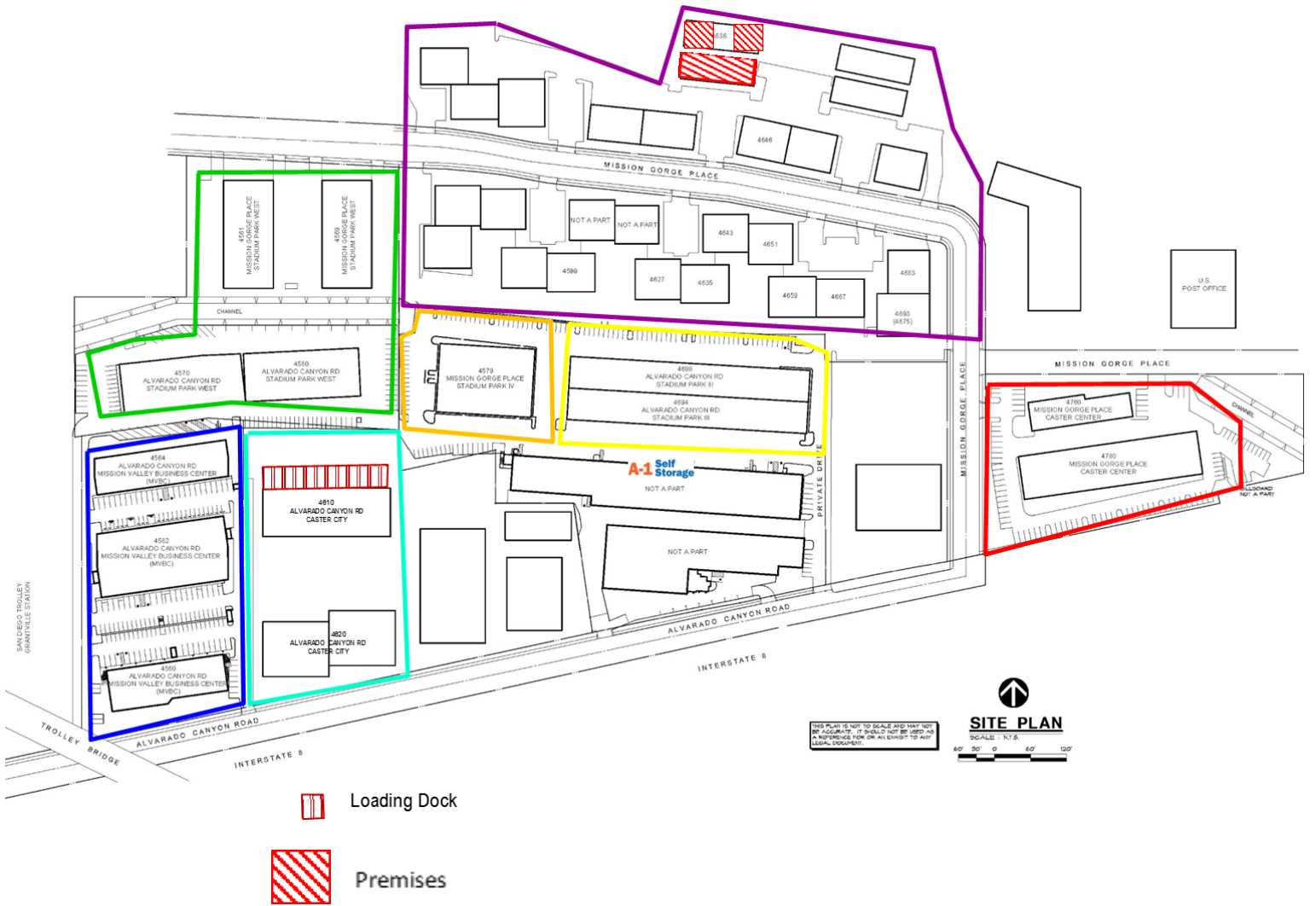
BY: _____
Terri Novacek, Executive Director

BY: _____
Doug Miller, Chief Business Operator

Date: _____

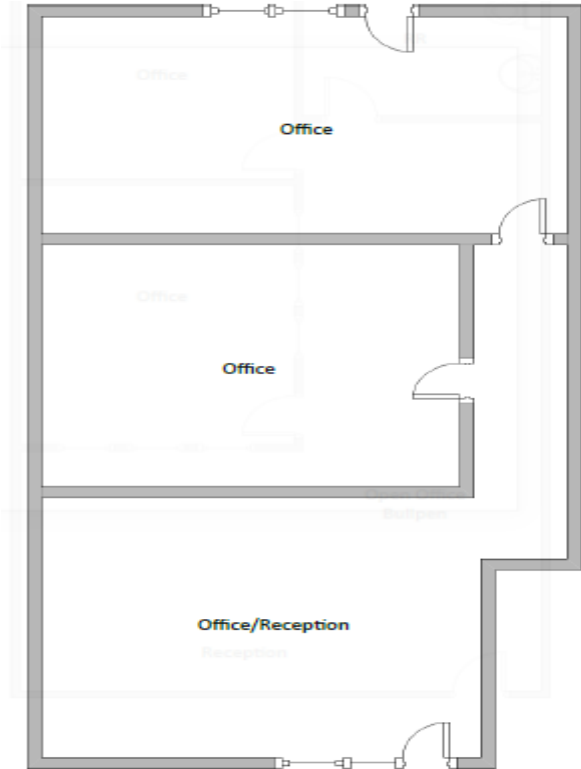
EXHIBIT C

SITE PLAN

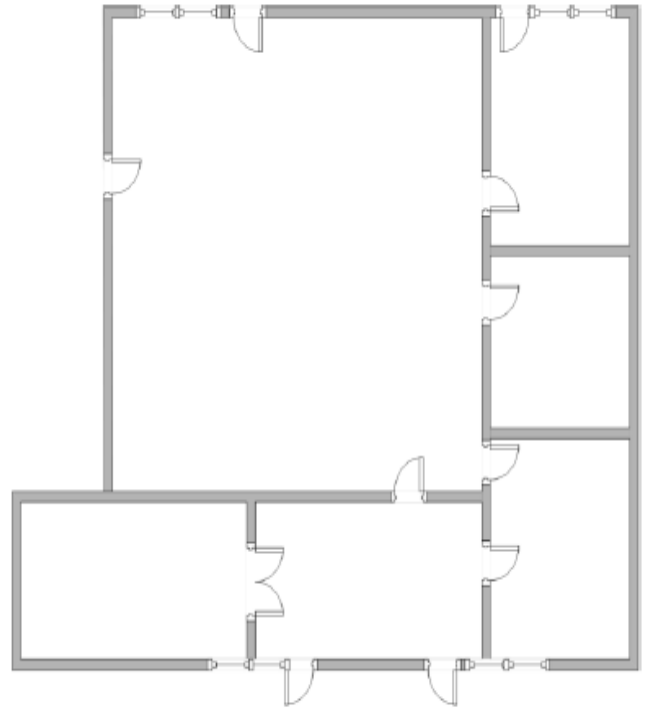


Site plan not to scale. For reference purposes only.

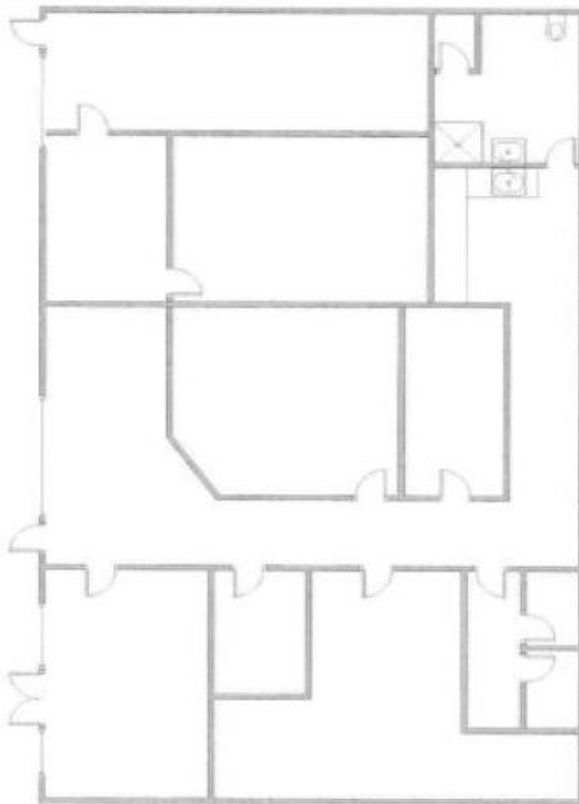
EXHIBIT D
FLOOR PLAN



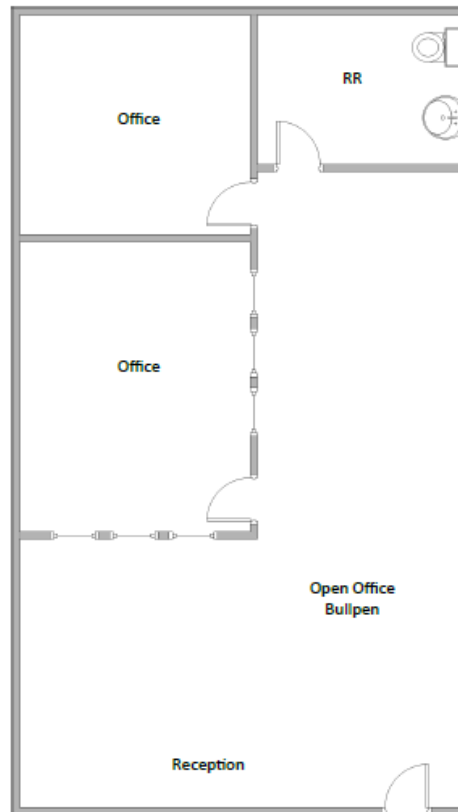
Suite 200



Suite 205



Suite 101-103



Suite 103B

Floor plan not to scale. For reference purposes only.

Exhibit "E"

LEASE DISCLOSURES

Property: 4636 Mission Gorge Place, Suites 101-103, 103B, 200 and 205, San Diego, CA 92120

Broker Obligations: Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to professionals, Broker does not guarantee their performance.

YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

Americans with Disabilities Act (ADA). The Americans With Disabilities Act (42 United States Code sections 12101 et seq.) and other related federal, state and local requirements may require changes, even substantial improvements, to the Property in order to comply with these regulations. Landowners, Lessors and Lessees may be liable for any deficiency in accessibility under the ADA. Broker recommends that you have your experts investigate and evaluate ADA and related regulations with respect to the Property.

- (a) The Premises: X have not undergone an inspection by a Certified Access Specialist (CASp). have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction related accessibility standards pursuant to California Civil Code §55.51 et seq.
- (b) Since compliance with the American 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 the Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee understands such necessary modifications and/or additions may be at Lessee's expense.
- (c) NO INSPECTION: Tenant/Assignee hereby waives any and all rights under and benefits of California Civil Code Section 1938 and acknowledges that neither the Building nor the Premises has undergone inspection by a Certified Access Specialist (CASp).
- (d) A CASp can inspect the subject Premises and determine whether the subject Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject Premises, the Lessor may not prohibit the Lessee from obtaining a CASp inspection of the subject Premises for the occupancy or potential occupancy of the Lessee, if requested by the Lessee. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection. Notwithstanding anything contained in the Lease to the contrary, the Lessee shall be solely responsible for the payment of the fee for the CASp inspection, and the costs of making any repairs to correct violations of the construction-related accessibility standards within the Premises.

As is Where is. Except as otherwise noted in this Lease, Lessee acknowledges that the above property is leased in its Present "AS IS WHERE IS" Condition, including all defects, known or unknown. Lessee acknowledges the property MAY NOT be in compliance with applicable building, zoning, health, (ADA) Americans with Disabilities Act or other laws or codes, and that the property MAY NOT be in habitable Condition. Lessee acknowledges that Pacific Coast Commercial, and its agents have not made any warranties, expressed or implied, relating to the condition of the property. Pacific Coast Commercial and its agents shall not be responsible for the repair, replacement or modification of any deficiencies malfunctions or defect in the material, workmanship or mechanical components of the structure, improvements or land prior or subsequent to the occupancy. This includes, but is not limited to, heating, plumbing, disposal system, well or other water systems, drainage or moisture conditions, toxic mold (airborne or otherwise), fungus or similar contaminants, foundation, electrical, mechanical, security, air conditioning, hot water heater, appliances, other structural and nonstructural systems and components, fixtures, roofs or damage by pest or other organisms, presence of, or conditions likely to lead to the presence of wood destroying pests and organisms. Furthermore, Lessee agrees that Pacific Coast Commercial, and its agents shall have NO LIABILITY for any claim of losses that the Lessee may incur as a result of defects, which may now or hereafter exist with respect to the property.

Lessee is strongly advised to exercise the right to conduct inspections, investigations, tests, surveys, and other inspections at the Lessee's expense and to make Lessee own selection of professionals with appropriate qualifications to conduct inspections of the entire property. IF LESSEE DOES NOT EXERCISE THESE RIGHTS, LESSEE IS ACTING AGAINST THE RECOMMENDATION AND ADVICE OF THE BROKERS. Lessees are aware that Pacific Coast Commercial and its agents DO NOT GUARANTEE and in no way assume responsibility for the condition of the property. Lessee is aware of Lessee's own affirmative duty to exercise reasonable care to protect him, including those facts, which are known to or within the diligent attention and observation of the Lessee. (California Civil Code Section 2079.5)

Lessee is aware Lessor may not have copies of any permits pertaining to the property on file. Said property MAY OR MAY NOT be constructed in compliance with the local building codes. In the event it is not, Lessee may be required to expend additional sums to bring property to code or to remove, as determined by the local government agency. Having been so advised, Lessee holds Pacific Coast Commercial, its agents and associated companies harmless from any and all claims, losses or liability arising out of such matters.

Broker Representation. Pacific Coast Commercial is a regional brokerage firm representing a variety of clients in office, industrial, retail and investment transactions. Depending on the circumstances, Pacific Coast Commercial may represent both the Lessor/Lessee in a transaction, or you may be interested in a property that may be of interest to another Pacific Coast Commercial client. If Pacific Coast Commercial represents more than one party with respect to a property, Pacific Coast Commercial may have multiple duties to different principals but will not disclose the confidential information of one principal to any other. Broker's services are performed in compliance with all federal, state and local anti-discrimination laws.

Building Permits, Zoning and Governmental Requirements. It is recommended that Lessee perform research on all Permits, inspections, certificates, zoning, other governmental limitations, restrictions and requirements affecting the current or future use of the Property, its development or size.

* 1460 Capital Corp is doing business as Pacific Coast Commercial ("PCC")

* Lessor may be referred to as "Landlord" and Lessee may be referred to as "Tenant" in lease documentation.

Confidentiality. The Lessee and its employees, agents and brokers shall keep confidential all matters concerning the terms of this Lease and the negotiations which led to it and shall not disclose the fact or substance of the negotiations or the terms to anyone without the prior written consent of the Lessor. Notwithstanding the foregoing, the provisions and preceding negotiations may be revealed to the Lessor's accountants, attorneys and lenders so long as each such recipient is advised of the necessity for them to also maintain the confidentiality of the information. If any third party demands entitlement to the benefit received by Lessee under this Lease or similar terms or conditions on the basis that Lessee received such treatment, it will be deemed to be the result of a violation of this confidentiality requirement by Lessee and such violation shall constitute an event of Default under the Lease.

Hazardous Materials and Underground Storage Tanks. Due to prior or current uses of the Property or in the surrounding areas or the construction materials used thereon, the Property may have hazardous or undesirable metals (including lead-based paint and other lead contamination), minerals (including asbestos), chemicals, hydrocarbons, petroleum-related compounds, or biological or radioactive/emissive items (including electrical and magnetic fields) in soils, water, building components, hazardous waste, waste disposal sites, above or below-ground tanks/containers or elsewhere in areas that may or may not be accessible or noticeable or discoverable from a visual inspection. Such items may leak or otherwise be released. Asbestos has been used in items such as fireproofing, heating/cooling systems, insulation, spray-on and tile acoustical materials, floor tiles and coverings, roofing, drywall and plaster. If the Property was built before 1978 and has a residential unit, Lessors/Lessees must disclose all reports, surveys and other information known to them regarding lead-based paint to Lessees allow for inspections (42 United States Code Sections 4851 et seq.). Lessors are required to advise Lessees if they have any reasonable cause to believe that any hazardous substance has come to be located on or beneath the Property (Health and Safety Code Section 25359.7), and Lessors/Lessees must disclose reports and surveys regarding asbestos to certain persons, including their employees, contractors, and Lessees (Health and Safety Code Sections 25915 et seq.); Lessees have similar obligations. In addition, various regulations including but not limited to the Comprehensive Environmental Response Compensation and Liability Act (42 United States Code Section 9601 et seq.) Clean Water Act (33 United States Code Section 1251), Hazardous Materials Transportation Act (49 United States Code Section 1801), Resource Conservation and Recovery Act (42 United States Code Section 6901) and the Toxic Substances Control Act (15 United States Code Section 2601) may apply to the Property. Because Broker has not independently verified the existence or lack of existence of these conditions, we advise you to have your experts investigate and evaluate them.

Insurance - Standard Tenant Insurance Requirements. Tenants are required to carry the following insurance coverage according to the requirements as set forth in most AIR CRE leases as well as other owner provided leases: (1) \$2 million General Aggregate of Commercial Liability Insurance / \$1 million Per Occurrence **with policy issued in LESSEE NAME**; (2) Additional Insured Endorsement; (3) General Liability Waiver of Subrogation Endorsement; (4) Primary and Non-Contributory Endorsement; (5) Business Personal Property Insurance (contents); (6) Business Interruption Insurance (loss of income); (7) Workers Compensation Insurance including a Waiver Subrogation Endorsement; (8) Liquor Liability required if bar/restaurant.

The above insurance coverage is typically available in most business policy packages. Be sure to get pricing from your insurance agent for accurate premium details and coverage.

Lessor Disclosure, Delivery of Reports, Pest Control Reports and Compliance with Laws. Lessors are requested to disclose directly to Lessees all information known to Lessors regarding the Property, including but not limited to, hazardous materials, zoning, construction, design, engineering, soils, title, survey, fire/life safety, and other matters, and to provide Lessees with copies of all reports in the possession of or accessible to Lessors/Lessees regarding the Property. If a pest control report is a condition of the purchase contract, are entitled to receive a copy of the report and any certification and notice of work completed. Lessors and Lessees must comply with all applicable federal, state and local laws, regulations, codes, or ordinances and administrative orders, including, but not limited to, the 1984 Civil Rights Act and all amendments thereto, the Foreign Investment in Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and the Americans With Disabilities Act. Broker has no verified knowledge of the Property's compliance with any such laws and regulations adopted pursuant thereto.

Property Inspections and Evaluations. Lessees should have the Property thoroughly inspected and all parties should have the transaction thoroughly evaluated by the experts of their choice. Ask your experts what investigations and testing may be appropriate as well as the risks of not performing any such investigations or tests. Information regarding the Property supplied by the Broker has been received from third party sources and has not been independently verified by the Broker and should not be relied upon by any person as complete or accurate information. Have your experts verify all information regarding the Property, including any linear or area measurements, the condition of improvements and the availability of utilities. Also have your expert examine title, encumbrances, surveys and appraisals of the Property. All work should be inspected and evaluated by your experts. Any projections or estimates are for example only, are based on assumptions that may not occur and do not represent the current or future performances of the Property. Real Estate brokers are not experts concerning nor can they determine if any expert is qualified to provide advice on legal, tax, design, ADA, engineering, construction, zoning, building code, soils, title, survey, fire/life safety, insurance, hazardous materials, or other matters that may affect the Property. Such issues require special education and, generally, special licenses not possessed by real estate brokers. Broker recommends that you consult with legal, tax, insurance, title and other competent inspection professionals on all matters affecting the value or desirability of the Property, including Phase I and Phase II inspection reports.

Roof Penetration. Lessor's consent to Lessee to access the roof does not include the right to penetrate the roof of the Building. In the event any roof penetration is required by the Lessee in connection with the installation of any equipment, it must be done only after receipt of Lessor's prior written consent and will be performed by either (a) Lessor's roofing contractor, provided that such contractor is competitively priced in the trade area and reasonably available to perform such work; or (b) another contractor first approved by Lessor, which approval will not be unreasonably withheld. It will be reasonable for Lessor to withhold approval of any contractor the use of whom would limit or void Lessor's roof warranty. The installation of any items on the roof shall not alter the exterior of the Building in appearance or form. Lessor shall have no responsibility to protect any items or equipment from vandalism, theft, Acts of God or other risks which shall be solely borne by the Lessee. The Lessee shall repair any damage to the roof and/or roof membrane caused by the installation, maintenance, replacement, operation, use or removal of the items or equipment. If Lessor undertakes any repair, maintenance, restoration or remodeling activity on the roof or in other areas affected by the items or equipment, Lessor may require that the items or equipment be removed and reinstalled, or be relocated, as may be necessary in connection with such Lessor activity, all at the expense of the Lessee.

Lessee shall immediately remove any items or equipment and all related cabling and other equipment and restore the Building as is necessary to repair any damage caused by the installation or removal of the items or equipment upon (a) the expiration of the Lease or the termination of the Lease or of the Lessee's right of possession, (b) exercise by Lessor of its right to revoke the right granted herein, or (c) such earlier time as the Lessee desires. The work will be performed by a licensed and bonded contractor. In the event the roof or the Building is damaged during the installation, use or removal of the items or equipment, the Lessee shall reimburse Lessor for the actual costs of any and all repairs. Lessee shall

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EXHIBIT "F"
DISCLOSURE REGARDING REAL ESTATE AGENCY
RELATIONSHIP

(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

LESSOR'S/SELLER'S AGENT

A Lessor's/Seller's agent under a listing agreement with the Lessor/Seller acts as the agent for the Lessor/Seller only. A Lessor/Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Lessor/Seller:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor/Seller. To the Lessee/Buyer and the Lessor/Seller:

- (a) Diligent exercise of reasonable skill 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 that does not involve the affirmative duties set forth above.

LESSEE'S/BUYER'S AGENT

A selling agent can, with a Lessee's/Buyer's consent, agree to act as agent for the Lessee/Buyer only. In these situations, the agent is not the Lessor's/Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor/Seller. An agent acting only for a Lessee/Buyer has the following affirmative obligations:

To the Lessee/Buyer:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee/Buyer. To the Lessee/Buyer and the Lessor/Seller:

- (a) Diligent exercise of reasonable skill 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 that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH LESSOR/SELLER AND LESSEE/BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor/Seller and the Lessee/Buyer in a transaction, but only with the knowledge and consent of both the Lessor/Seller and the Lessee/Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Lessor/Seller and the Lessee/Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Lessor/Seller or the Lessee/Buyer.
- (b) Other duties to the Lessor/Seller and the Lessee/Buyer as stated above in their respective sections.

In representing both Lessor/Seller and Lessee/Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Lessor/Seller will accept a price less than the listing price or that the Lessee/Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Lessor/Seller or Lessee/Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your 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.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction.

This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on the reverse hereof. Read it carefully.

Associate Agent	(date)	Lessor/Seller (Signature)	(date)
		Lessor/Seller (Signature)	(date)
		Lessee/Buyer (Signature)	(date)
		Lessee/Buyer (Signature)	(date)

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**DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
CIVIL CODE SECTIONS 2079.13 THROUGH 2079.24 (2079.16 APPEARS ON THE FRONT)**

2079.13. As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meaning:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. **(b)** "Buyer" means a transferee in a real property transaction and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee of real property. **(c)** "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobile home, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. **(d)** "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. **(e)** "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. **(f)** "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. **(g)** "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. **(h)** "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. **(i)** "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. **(j)** "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multitenant residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobile home as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. **(k)** "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction and includes a listing or an offer to purchase. **(l)** "Sell", "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. **(m)** "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. **(n)** "Buyer's agent" means an agent who represents a buyer in a real property transaction.

2079.14. A seller's agent and buyer's agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: (a) The seller's agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The buyer's agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16. Reproduced on Page 1 of this AD form.

2079.17. As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. **(b)** As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller.

(C) CONFIRMATION: The following agency relationships are confirmed for this transaction.

Seller's Brokerage Firm DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is the broker of (check one): the seller; or both the buyer and seller. (dual agent)

Seller's Agent DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is (check one): the Seller's Agent. (salesperson or broker associate); or both the Buyer's and the Seller's Agent. (dual agent)

Buyer's Brokerage Firm DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is the broker of (check one): the buyer; or both the buyer and seller. (dual agent)

Buyer's Agent DO NOT COMPLETE, SAMPLE ONLY License Number _____

Is (check one): the Buyer's Agent. (salesperson or broker associate); or both the Buyer's and the Seller's Agent. (dual agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with the broker.

2079.18. (Repealed pursuant to AB 1289, 2017-18 California Legislative session)

2079.19. The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent by agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20. Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21(a). A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. **(b)** A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. **(c)** "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is will to pay a price greater than the price offered. **(d)** This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22. Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23(a). A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship. **(b)** A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24. Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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STANDARD AGENCY CONFIRMATION
(per California Civil Code Section 2079.17)

Property Address: 4636 Mission Gorge Place, Suites 101-103, 103B, 200 and 205, San Diego, CA 92120

The following agency relationship(s) is/are hereby confirmed for this transaction:

(Name of Brokerage Company): is the agent of:
(check one)
 the Lessor/Seller exclusively; or the Lessee/Buyer exclusively; or
 both the Lessor/Seller and Lessee/Buyer.

(Name of Brokerage Company if different than Above) is the agent of:
(check one)
 the Lessor/Seller exclusively; or the Lessee/Buyer exclusively; or
 both the Lessor/Seller and Lessee/Buyer.

I/We have read or have had the opportunity to have the documents reviewed by counsel before signing below.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DOCUMENT

LESSOR/SELLER(s):

_____ *(print Name/Entity)*

_____ *(sign)* _____ *(date)* _____ *(sign)* _____ *(date)*

LESSOR/SELLER AGENT:

_____ *(print Brokerage Company)*

DRE License #:

By:

_____ *(Associate Agent sign)*

Date:

DRE License #:

LESSEE/BUYER(s):

_____ *(print Name/Entity)*

_____ *(sign)* _____ *(date)* _____ *(sign)* _____ *(date)*

LESSEE/BUYER AGENT:

_____ *(print Brokerage Company)*

DRE License #:

By:

_____ *(Associate Agent sign)*

Date:

DRE License #:

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* Lessor may be referred to as "Landlord" and Lessee may be referred to as "Tenant" in lease documentation.

EXHIBIT "G"

COMMUNITY PLAN IMPLEMENTATION OVERLAY ZONE (CPIOZ)

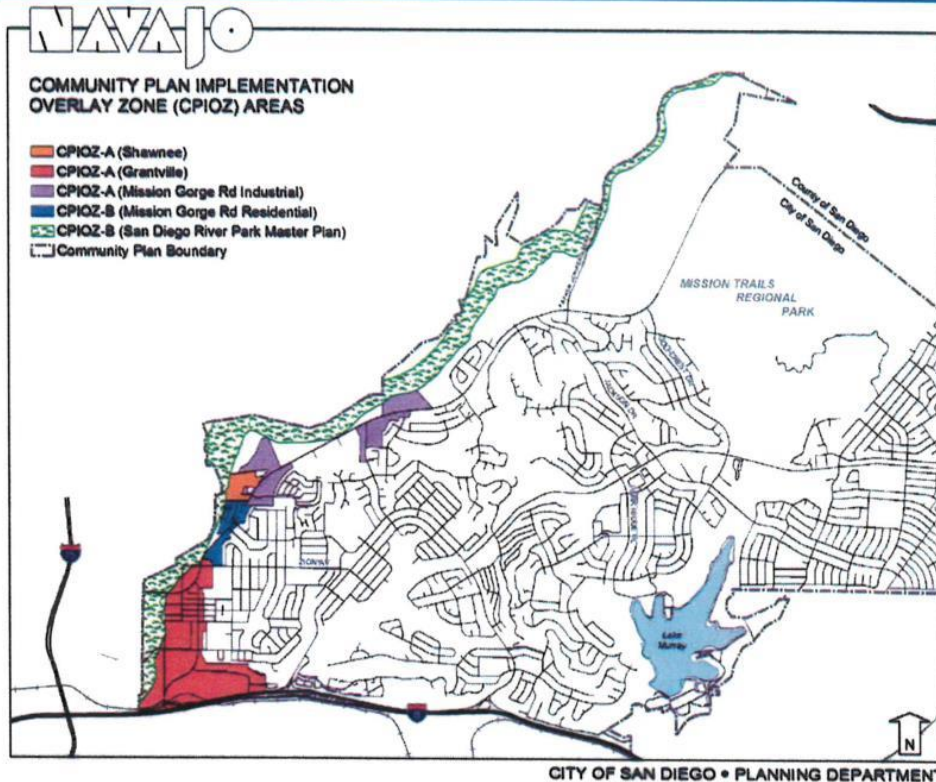


FIGURE 6: COMMUNITY PLAN IMPLEMENTATION OVERLAY ZONE (CPIOZ) AREAS

The Navajo Community Plan contains 5 distinct Community Plan Implementation Overlay Zone (CPIOZ) areas, as shown on the map above. This chapter includes the supplemental development regulations for each of these 5 CPIOZ areas.

In the areas designated as CPIOZ-Type A, development that is consistent with the Community Plan, the base zone regulations, and the supplemental development regulations identified in each CPIOZ section can be processed ministerially in accordance with the procedures of the Community Plan Implementation Overlay Zone. Any development that does not comply with the Community Plan, the base zone regulations, or any of the supplemental development regulations identified in the CPIOZ section shall be required to obtain a discretionary permit.

In the areas designated as CPIOZ-Type B, a discretionary permit is required. Applications for a CPIOZ-Type B discretionary permit shall meet the regulations of the underlying zone and the purpose and intent of the supplemental development regulations identified in each CPIOZ section.

Projects that require a discretionary review process should address the design and compatibility of the project in relation to surrounding development as well as the purpose and intent of the applicable CPIOZ section and supplemental development regulations of the applicable section. Projects may propose design solutions that vary, but the design of the project shall be equal or higher in quality to the design concepts identified for these CPIOZ areas.

It is anticipated that the transition from Grantville’s predominantly light industrial and stand-alone commercial land uses to mixed use, transit oriented development will take place through incremental implementation as individual properties are redeveloped. While the shift of land uses occurs over time, Light Manufacturing uses, Research & Development uses, Distribution and Storage uses, Office uses, Retail Sales uses, Personal Vehicle Sales & Rentals and Commercial Services uses may locate or relocate to any tenant space on any premises within Grantville that retains previously conforming status for the IL-2-1 and IL-3-1 zones, regardless of the square footage of the tenant space; however a change in use to a separately regulated use is not permitted. Previously conforming status remains with a premises until such time as all tenant spaces on a premises have been vacant for a period of two years, at such time previously conforming status ceases.

November 16, 2022

RE: Insurance Requirements for 4599 Suites A-D, 4627 Suites A-B, 4636 Suites 101-103 & 203-205, 4643 Suites A-B, 4651 Suites A-B, 4659 Suites A-B, 4667 Suites A-B, 4683 Suites A-B & 4693 Suites A-C Mission Gorge Place, San Diego, CA 92120

Dear Tenant,

Please provide us with a Certificate of Liability Insurance, Additional Insured Endorsement, Worker's Compensation including a Waiver of Subrogation Endorsement (waived if you have no employees), Business Personal Property Insurance and Business Interruption insurance and Liquor Liability (if applicable) for the following coverage:

- Commercial General Liability Insurance of \$2 million General Aggregate / \$1 million Per Occurrence **with policy issued in your LESSEE NAME**. Liability coverage will also include fire legal liability and shall be full replacement cost coverage but no less than \$100,000 with deductible of not less than \$1,000.
- **Terrence R. Caster as Trustee of Caster Family Trust** and Pacific Coast Commercial shall be named as Additional Insured under the Description of Operations;
- Additional Insured Endorsement must be attached (Accord Form #CG 2011);
- Thirty day written cancellation is required;
- Insurance required shall be with companies holding a "General Policy Holder's Rating" of A- or better and be Primary & Non-Contributory;
- Business Personal Property Insurance;
- Business Interruption Insurance;
- Worker's Compensation Insurance including a Waiver Subrogation Endorsement (if you are a sole proprietorship, please let us know).
- **If you are a bar/restaurant that serves ANY ALCOHOL, Liquor Liability is required.**

Description of Operations shall read exactly as follows:

Terrence R. Caster as Trustee of Caster Family Trust and Pacific Coast Commercial, 4636 Mission Gorge Place, Suites 101-103, 103B, 200 and 205, San Diego, CA 92120.

Certificate holders are named as Additional Insured per attached CG 2011 form. 30 day written cancellation is required.

Certificate Holder shall read exactly as follows:

Terrence R. Caster as Trustee of Caster Family Trust
and Pacific Coast Commercial
10721 Trenea Street, Suite 200
San Diego, CA 92131

If you have any questions or concerns, please feel free to call me at (619) 469-3600.

Sincerely,

Susan Fisher
Tenant Insurance Administrator



AUTHORIZATION TO REPRESENT

Element Education Inc., a California corporation and any subsidiaries or affiliates hereby appoints Tommas Golia of Pacific Coast Commercial as its sole and exclusive Broker for its Lease/Purchase requirements through San Diego County, which includes new leases, renewals of current leased locations, and the purchase of new property. This Exclusive Agreement shall commence on the date of this agreement January 1, 2023 and terminates at midnight on December 31, 2023.

Upon expiration of the Authorization to Represent Agreement, as described above, this agreement to shall automatically renew and continue in full force and effect for One (1) year periods, without further written agreement unless either party provides written notice to the other that the Authorization to Represent shall terminate by November 1st of the 1 year Authorization to Represent Period.

Agent agrees to use his best efforts to discover a satisfactory solution to Buyer/Tenant space needs in the San Diego County area. Agent's services will include providing current market information, screening and analysis of alternative locations, negotiating with present seller/landlord as needed, deal point negotiation, and review and comment on lease conditions. Agent may solicit the cooperation of other real estate brokers or agents as necessary. Agent will use his best efforts to obtain complete details on all available alternatives, which, in Agent's opinion, will be the most suitable for the Buyer's/Tenant's needs. Agent is authorized to contact Seller/Landlords and or their agents to gather any and all pertinent information relative to a specific property on behalf of Buyer/Tenant.

Client/Tenant agrees to refer all inquiries and offerings received by Buyer/Tenant, whether from principals, other brokers, agents or any other person to Agent. All negotiations shall be conducted by Agent or under Agent's direction. All deal points as well as all terms of the final agreement shall be subject to final approval of Buyer/Tenant. In the absence of a breach of the provisions of this paragraph by the undersigned, Agent will look only to the Landlord or seller, as the case may be, for Agent's commission or fee. In the case of an unlisted property or a property that requires a more creative approach, the fee will be included as a deal point within the contract. Buyer/Tenant agrees to use its' best efforts to protect Agent in receiving compensation. A minimum commission per Lease Agreement shall be \$5,000 or One Month's Rent, whichever is greater, which shall be paid by Client/Tenant if Landlord or sell refuses to pay commission.

Buyer/Tenant will continue to recognize Agent for a period of one (1) year following the termination of this agreement as to any locations submitted to Tenant during the term of the Agreement.

Acknowledge and Agreed:

Buyer/Tenant: Element Education Inc. a California corporation and any subsidiaries or affiliates hereby

By _____ Date: _____
Signer Name & Title

By _____ Date: _____
Signer Name & Title

Broker: Pacific Coast Commercial

By _____ Date: _____
Tommas Golia, Director of Brokerage

By _____ Date: _____
Signer Name & Title

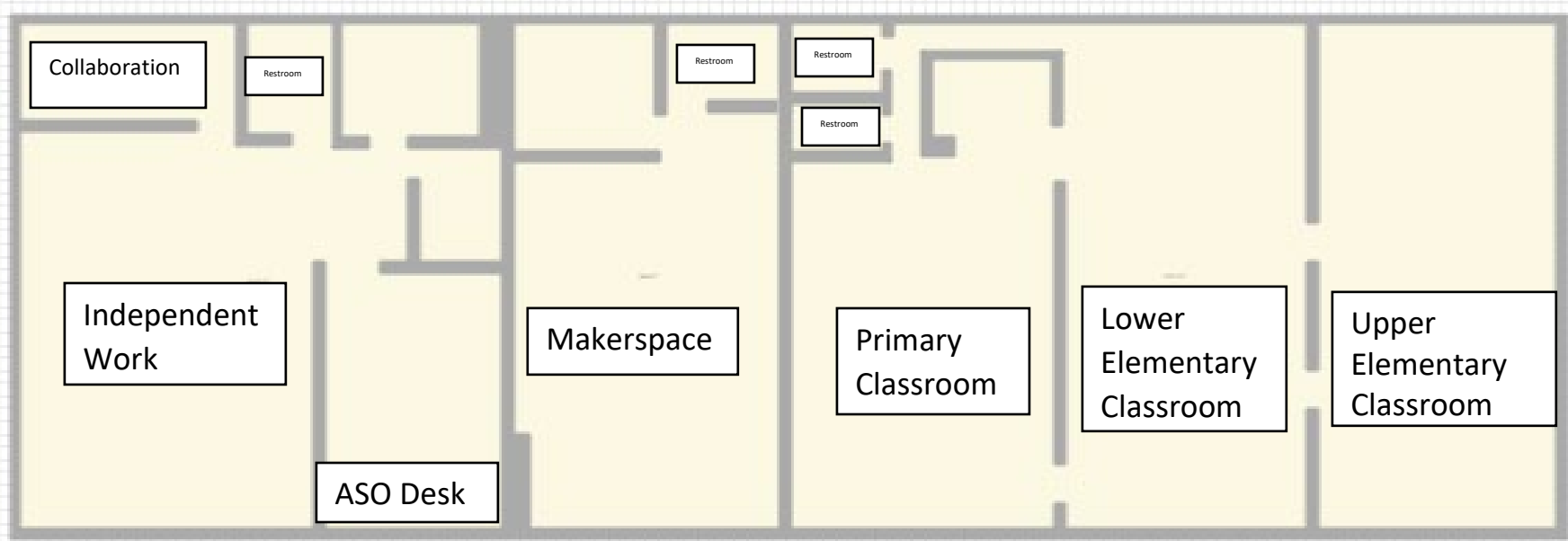
4636 MISSION GORGE LEASE ANALYSIS

MONTH	OLD	NEW	VARIANCE
Jan-23	15,586.37	13,325.12	2,261.25
Feb-23	15,586.37	13,325.12	2,261.25
Mar-23	15,586.37	13,325.12	2,261.25
Apr-23	15,586.37	13,325.12	2,261.25
May-23	15,586.37	13,325.12	2,261.25
Jun-23	15,586.37	13,325.12	2,261.25
Jul-23	16,053.96	13,724.87	2,329.09
Aug-23	16,053.96	13,724.87	2,329.09
Sep-23	16,053.96	13,724.87	2,329.09
Oct-23	16,053.96	13,724.87	2,329.09
Nov-23	16,053.96	13,724.87	2,329.09
Dec-23	16,053.96	13,724.87	2,329.09
Jan-24	16,053.96	13,724.87	2,329.09
Feb-24	16,053.96	13,724.87	2,329.09
Mar-24	16,053.96	13,724.87	2,329.09
Apr-24	16,053.96	13,724.87	2,329.09
May-24	16,053.96	13,724.87	2,329.09
Jun-24	16,053.96	13,724.87	2,329.09
Jul-24	16,535.58	14,136.62	2,398.96
Aug-24	16,535.58	14,136.62	2,398.96
Sep-24	16,535.58	14,136.62	2,398.96
Oct-24	16,535.58	14,136.62	2,398.96
Nov-24	16,535.58	14,136.62	2,398.96
Dec-24	16,535.58	14,136.62	2,398.96
Jan-25	16,535.58	14,136.62	2,398.96
Feb-25	16,535.58	14,136.62	2,398.96
Mar-25	16,535.58	14,136.62	2,398.96
Apr-25	16,535.58	14,136.62	2,398.96
May-25	16,535.58	14,136.62	2,398.96
Jun-25	16,535.58	14,136.62	2,398.96
Jul-25	17,031.65	14,560.72	2,470.93
Aug-25	17,031.65	14,560.72	2,470.93
Sep-25	17,031.65	14,560.72	2,470.93
Oct-25	17,031.65	14,560.72	2,470.93
Nov-25	17,031.65	14,560.72	2,470.93
Dec-25	17,031.65	14,560.72	2,470.93
Jan-26	17,031.65	14,560.72	2,470.93
Feb-26	17,031.65	14,560.72	2,470.93
Mar-26	17,031.65	14,560.72	2,470.93
Apr-26	17,031.65	14,560.72	2,470.93
May-26	17,031.65	14,560.72	2,470.93
Jun-26	17,031.65	14,560.72	2,470.93
Jul-26	17,542.60	14,997.54	2,545.06
Aug-26	17,542.60	14,997.54	2,545.06
Sep-26	17,542.60	14,997.54	2,545.06

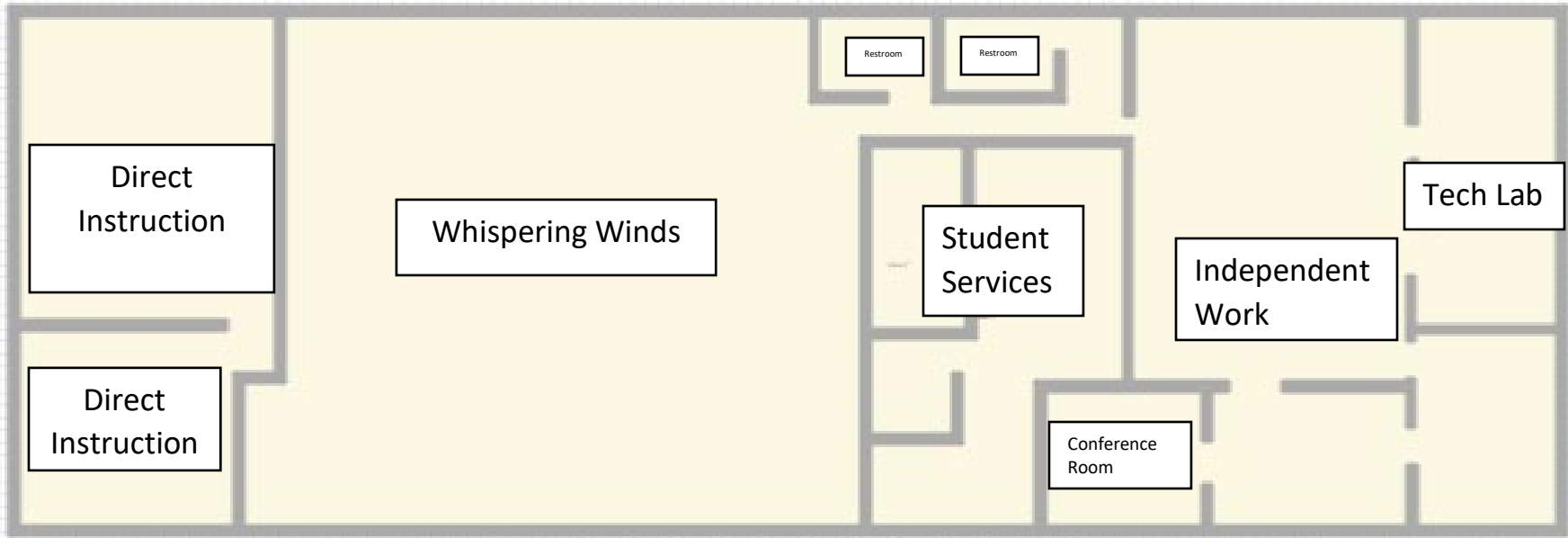
4636 MISSION GORGE LEASE ANALYSIS

MONTH	OLD	NEW	VARIANCE
Oct-26	17,542.60	14,997.54	2,545.06
Nov-26	17,542.60	14,997.54	2,545.06
Dec-26	17,542.60	14,997.54	2,545.06
Jan-27	17,542.60	14,997.54	2,545.06
Feb-27	17,542.60	14,997.54	2,545.06
Mar-27	17,542.60	14,997.54	2,545.06
Apr-27	17,542.60	14,997.54	2,545.06
May-27	17,542.60	14,997.54	2,545.06
Jun-27	17,542.60	14,997.54	2,545.06
	899,483.64	768,987.74	130,495.90

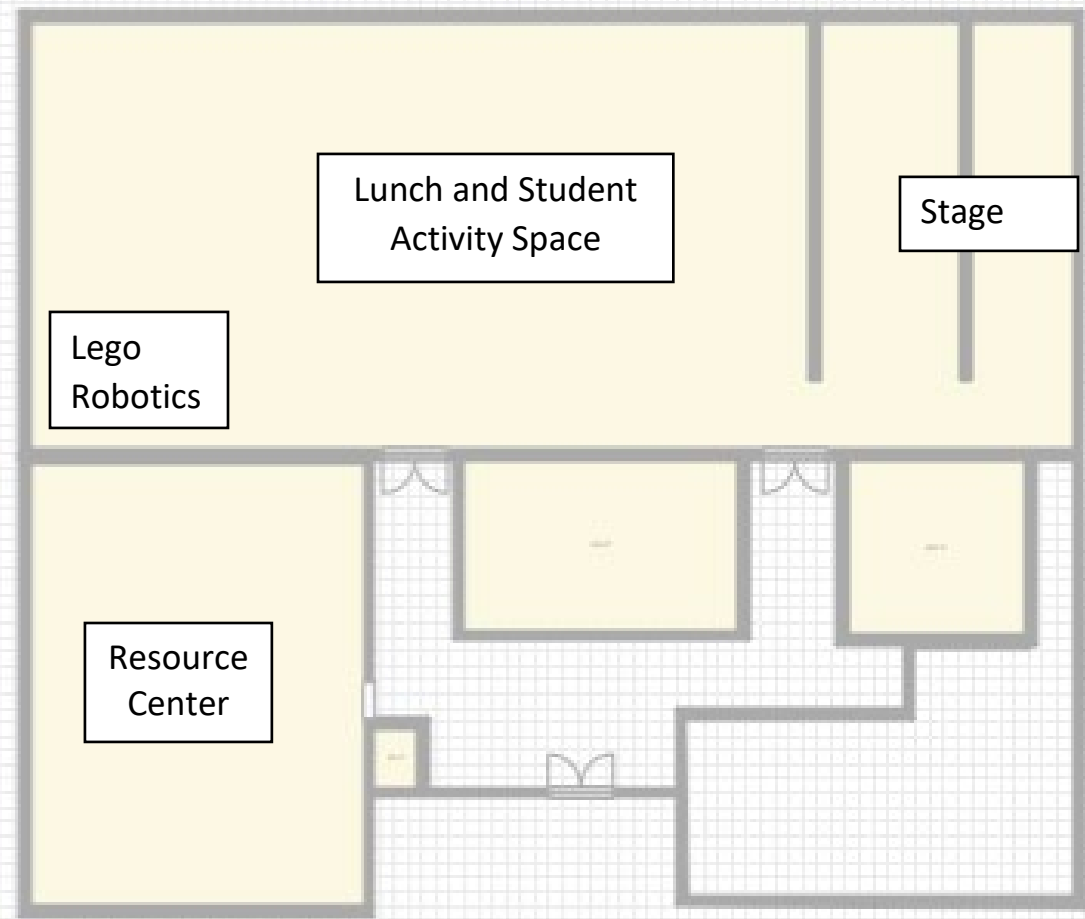
Planned Future Use



4636
First Floor

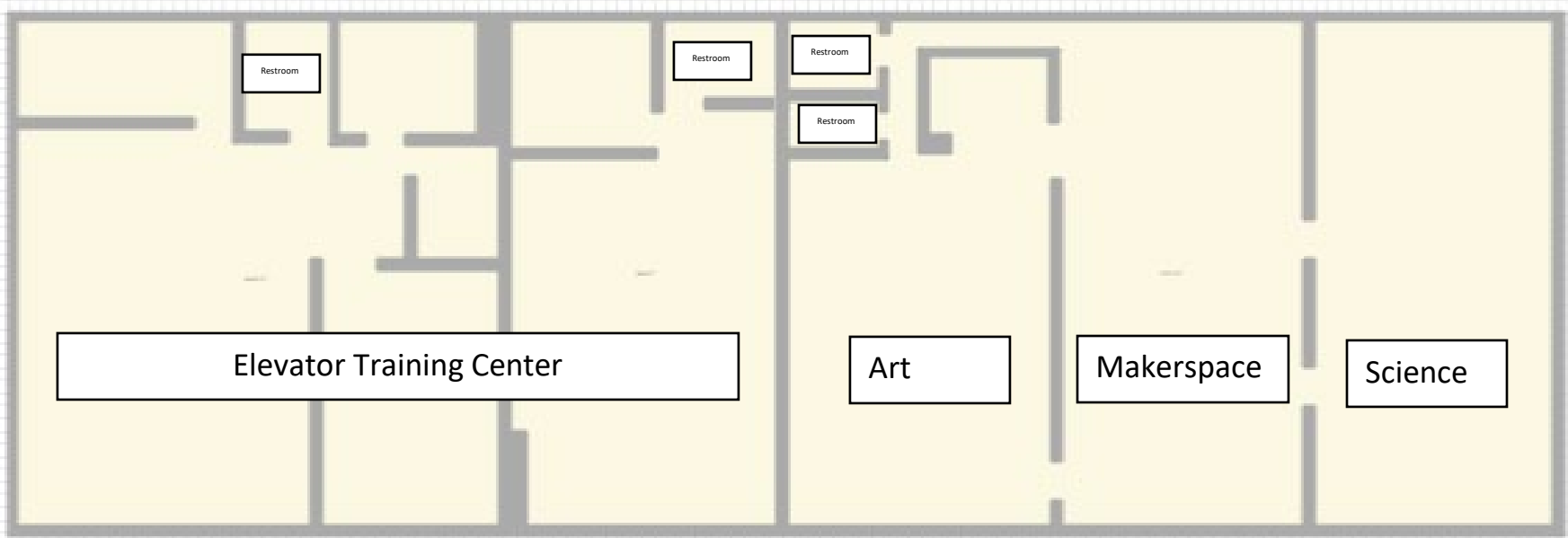


4636
Second Floor

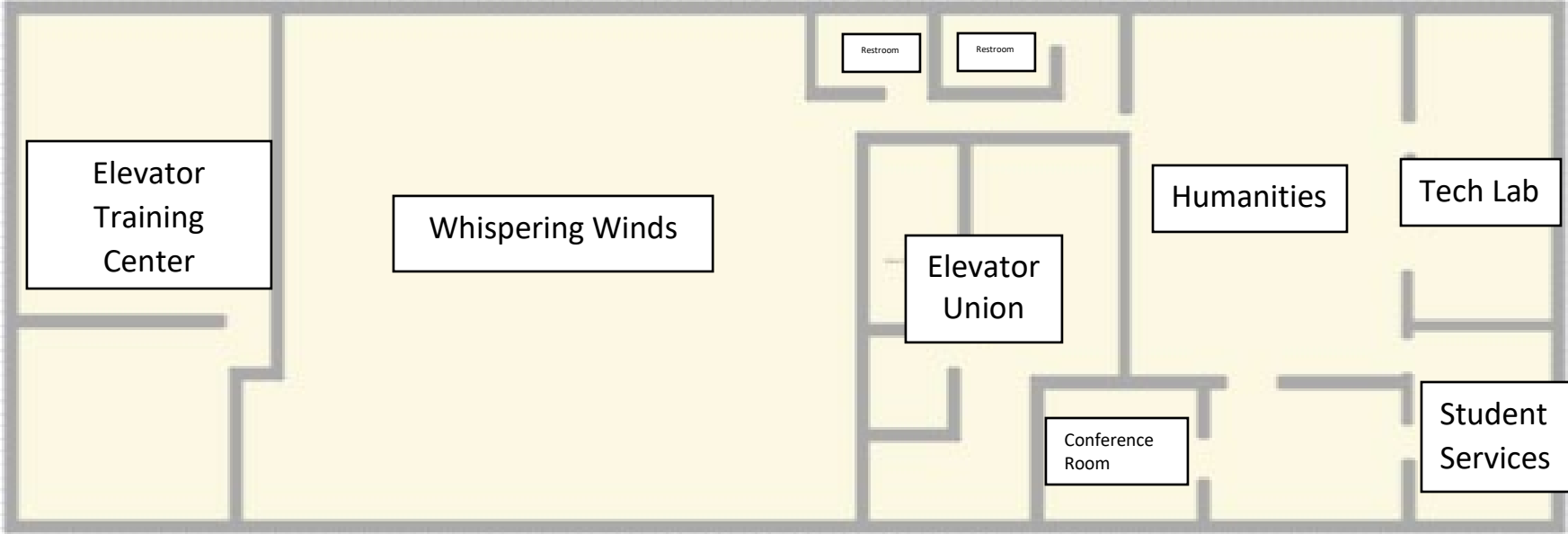


4646 Mission Gorge

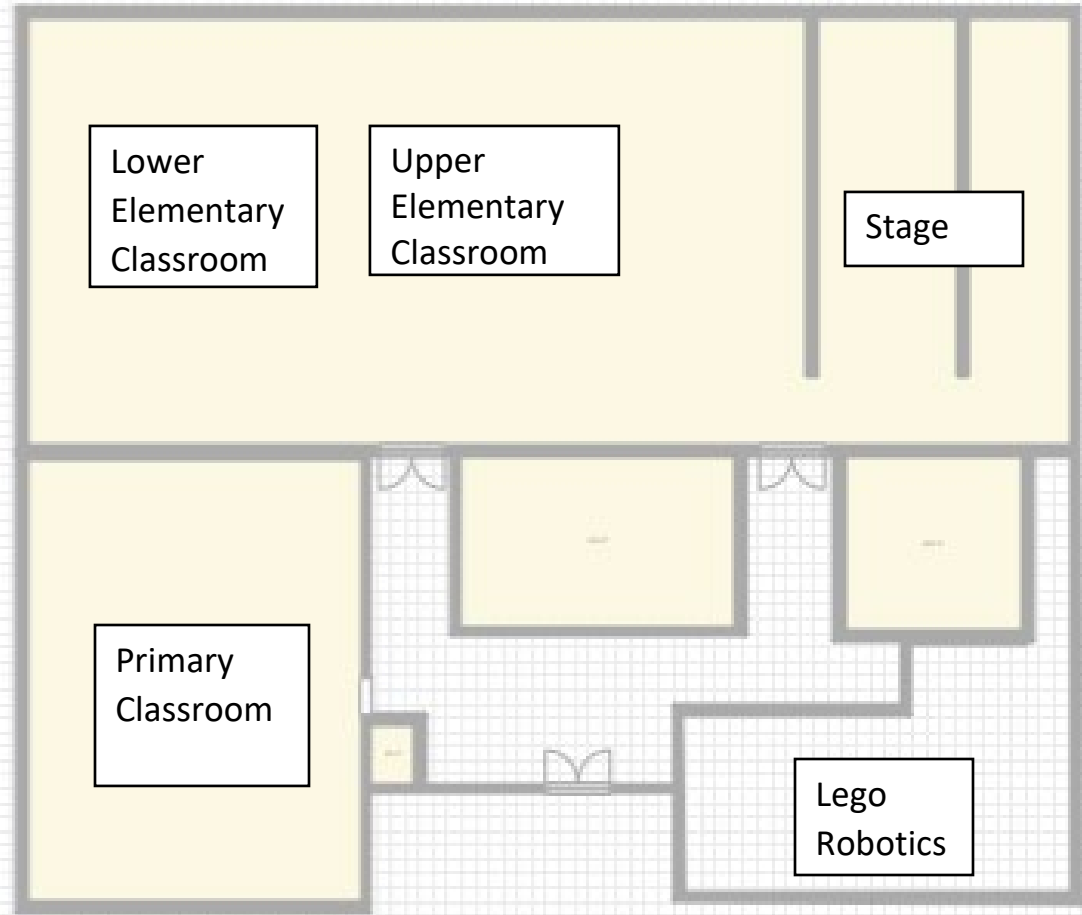
Current Use



4636
First Floor



4636
Second Floor



4646 Mission Gorge