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Proposed Counsel to Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re:  
  
BEVERLY COMMUNITY HOSPITAL  
ASSOCIATION, dba BEVERLY HOSPITAL  
(A NONPROFIT PUBLIC BENEFIT  
CORPORATION), *et al.*<sup>1</sup>

Debtors,

- ☐ Affects all Debtors
- ☐ Affects Beverly Community  
Hospital Association
- ☒ Affects Montebello Community Health  
Services, Inc.
- ☐ Affects Beverly Hospital Foundation

Lead Case No.: 2:23-bk-12359-SK

Jointly administered with:

Case No. 2:23-bk-12360-SK

Case No. 2:23-bk-12361-SK

Chapter 11 Case

**DEBTOR MONTEBELLO COMMUNITY  
HEALTH SERVICES, INC.'S NOTICE OF  
MOTION AND MOTION FOR ORDER  
AUTHORIZING DEBTOR  
MONTEBELLO COMMUNITY HEALTH  
SERVICES, INC. TO REJECT  
UNEXPIRED REAL PROPERTY LEASE  
AND SUBLEASE AS OF APRIL 26, 2023;  
DECLARATIONS OF ALICE CHENG  
AND CORALI NAKAMATSU IN  
SUPPORT THEREOF**

Date: May 17, 2023

Time: 9:00 a.m.

Judge: Hon. Sandra R. Klein

Place: Zoom.Gov – or - Courtroom 1575  
255 E. Temple St.  
Los Angeles, CA 90012

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309 W. Beverly Blvd., Montebello, California 90640.



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1           **TO THE HONORABLE SANDRA R. KLEIN, UNITED STATES BANKRUPTCY**  
2 **JUDGE; OFFICE OF THE U.S. TRUSTEE; GGF PICO RIVERA, LLC;**  
3 **BEVERLYCARE; AND ALL INTERESTED PARTIES:**

4           Montebello Community Health Services, Inc. (“Montebello Health” or “Debtor”), as a  
5 debtor and debtor-in-possession hereby files this *Motion for Order Authorizing Debtor Montebello*  
6 *Community Health Services, Inc. to Reject Unexpired Real Property Lease and Sublease as of April*  
7 *26, 2023* under 11 U.S.C. section 365 (“Motion”). This Motion is based upon 11 U.S.C. § 365,  
8 this Notice of Motion, the attached memorandum of points and authorities, the declaration of Alice  
9 Cheng (the “Cheng Declaration”) attached hereto, and the declaration of Corali Nakamatsu (the  
10 “Nakamatsu Declaration”) attached hereto, the pleadings and records on file in these chapter 11  
11 bankruptcy cases, anything of which the Court may take judicial notice, and such other evidence  
12 as may be presented at the hearing on the Motion.

13           **PLEASE TAKE FURTHER NOTICE** that a hearing to approve this Motion will  
14 be held on May 17, 2023 at 9:00 a.m. before the Honorable Sandra R. Klein, U.S. Bankruptcy  
15 Judge, via Zoom.Gov. Additional information to access and attend the virtual hearing via  
16 ZoomGov may be available on the Bankruptcy Court’s website by viewing Judge Klein’s tentative  
17 ruling calendar for May 17, 2023.

18           **PLEASE TAKE FURTHER NOTICE** that per Local Bankruptcy Rule (“LBR”)  
19 9013-1(f), any party objecting to the relief sought in the Motion must file written objections with  
20 the Bankruptcy Court and must serve such objections upon counsel listed in the top left corner of  
21 the caption and the Office of the United States Trustee, at the Office of the U.S. Trustee, 915  
22 Wilshire Blvd., Suite 1850, Los Angeles, California 90017, not later than 14 days before the date  
23 set for hearing. Failure to file and serve a timely written opposition may be deemed to constitute  
24 consent to the relief requested in the Motion, per Local Bankruptcy Rule 9013-1(h).

25 ///

26 ///

27 ///

28

Pursuant to Federal Rule of Bankruptcy Procedure (“FRBP”) 6006, a proceeding to  
reject a contract is a contested matter governed by FRBP 9014.

Dated: April 26, 2023

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By /s/ Jennifer L. Nassiri  
Jennifer L. Nassiri

JUSTIN R. BERNBROCK  
JENNIFER L. NASSIRI  
CATHERINE JUN  
ROBERT B. McLELLARN  
ALEXANDRIA G. LATTNER

Proposed Counsel to Debtors and  
Debtors in Possession

**MEMORANDUM OF POINTS AND AUTHORITIES**

**I.**

**RELIEF REQUESTED**

Montebello Community Health Services, Inc. (“Montebello Health” or the “Debtor”) as debtor and debtor-in-possession, hereby files this Motion for entry of order, substantially in the form attached hereto as **Exhibit A**, authorizing Debtor Montebello Health to reject (1) that certain unexpired lease of non-residential real property (the “Lease”) dated May 14, 2019 between GGF Pico Rivera, LLC, a California limited liability company, as landlord (the “Landlord”), and Montebello Health as tenant (“Tenant”) and (2) that certain related unexpired sublease for the same premises (the “Sublease”) dated as of August 6, 2019 between Montebello Health as the sublessor and BeverlyCare as sublessee (“Sublessee”). True and correct copies of the Lease and Sublease are attached to the *Declaration of Alice Cheng* (the “Cheng Declaration”) as **Exhibits 1** and **2**, respectively. In support of the Motion, the Debtor relies upon and incorporates by reference the attached Cheng Declaration and the attached *Declaration of Corali Nakamatsu* (the “Nakamatsu Declaration”).

**II.**

**JURISDICTION AND VENUE**

The United States Bankruptcy Court for the Central District of California (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *General Order No. 13-05* (C.D. Cal. Jul. 1, 2013), and Rule 5011-1(a) of the Local Bankruptcy Rules for the United States Bankruptcy Court Central District of California (the “Local Bankruptcy Rules”). This is a core proceeding pursuant to 28 U.S.C. § 157(b).

Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The bases for the relief requested herein are sections 105(a) and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) and rules 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”).

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**III.**

**STATEMENT OF FACTS**

**A. The Debtors' Background.<sup>1</sup>**

Beverly Hospital is a nonprofit, 202-bed hospital in Montebello that serves low-income patients in the nearby Los Angeles area. As a safety net hospital, Beverly has been historically underfunded and, in the post-Covid economy, became increasingly cash-strapped. With 91% of its patients relying on Medicare and Medi-Cal, the Hospital's financial struggles only worsened as the cost of labor, medical supplies and medicine ballooned while government reimbursement rates have stayed the same.

On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

**B. The Lease and Sublease.**

On May 14, 2019, Montebello Health entered into the triple net Lease with Landlord whereby Montebello Health agreed to rent certain non-residential real property located at 8862 East Whittier Blvd., in Pico Rivera, California, 90660 (the "Premises") for a term of five years, commencing upon the Rent Commencement Date (as defined in the Lease). The Premises consist of 1,000 square feet of floor area to be used to operate an outpatient medical clinic and office offering primary and specialty care services. Pursuant to the Lease, Montebello Health was required to pay rent in the amount of \$2,650.00 per month, which amount would increase by 2.5% per year. Before Montebello Health was to move in, the Landlord was required to complete certain tenant improvements on the Premises and Montebello Health would be permitted to make other

<sup>1</sup> Additional information regarding the above-captioned Debtors and these chapter 11 cases can be found in the *Declaration of Alice Cheng in Support of Chapter 11 Petitions and Emergency First Day Motions* [Dkt. No. 9].

1 improvements defined in the Lease as Tenant's Work. In order to prepare the premises for an  
2 OBGYN clinic, Montebello Health hired contractors to perform Tenant's Work. Montebello Health  
3 paid approximately \$160,000 for tenant improvement work.

4 On or about August 6, 2019, Montebello Health entered into the Sublease with BeverlyCare  
5 to operate and run an outpatient OBGYN clinic on the Premises. Pursuant to the Sublease,  
6 BeverlyCare agreed to pay Montebello Health rent in the amount of \$2,650.00 per month, with such  
7 price to increase annually, by:

8 the increase, if any, of the Consumer Price Index for U.S. Cities – "Urban Wage  
9 Earners and Clerical Workers," "All Items" ("Index"), as published by the United  
10 States Department of Labor Bureau of Labor Statistics, over the "Base Period  
11 Index." The "Base Period Index" shall be the index for the calendar month  
12 immediately preceding the Commencement Date [as defined in the Sublease]. The  
13 Base Period Index shall be compared with the Index for the same calendar month  
for the subsequent year ("Comparison Index"). If the Comparison Index is higher  
than the Base Period Index, then the base rent shall be increased by the identical  
percentage commencing on the adjustment date.

14 Sublease at § 4(b).

15 In addition to the base rent payments, BeverlyCare is also required to pay approximately  
16 \$1,460.00 per month to repay the Tenant for certain Tenant Improvements (as defined in the  
17 Sublease). BeverlyCare sought to retain obstetrics and gynecology physicians with an existing  
18 practice and book of patients in order to operate a women's health clinic on the Premises.  
19 Nakamatsu Decl. ¶ 5. Beginning in February 2020, BeverlyCare opened such clinic. *Id.* For various  
20 reasons, the OBGYN clinic did not attract the anticipated volume of patients necessary to continue  
21 to operate. Nakamatsu Decl. ¶ 5. As is the case for much of the Debtors' services to patients who  
22 rely on government healthcare programs, reimbursement rates for services were lower than  
23 anticipated. Further, the Landlord was unsupportive of the clinic and would constantly charge  
24 additional fees. For example, the Landlord would charge daily fees and penalties if the clinic was  
25 not open due to not having patients scheduled or were closed for construction. In order to avoid  
26 such penalties and fees, BeverlyCare would be required to pay staff and doctors to come into the  
27 clinic even when no patients were scheduled. As a not-for-profit healthcare facility, BeverlyCare  
28 has expressed its concern and ability to continue to make rent payments under the Lease.

1 BeverlyCare is up-to-date with rent payments, but if it were to fall behind, the Debtor would be  
2 placed in a precarious situation. The Debtor, along with the other Debtors, is focusing on  
3 maintaining its core critical care operations, the smooth transition into these chapter 11 cases, and  
4 maximizing value of the estates to find a potential purchaser of substantially all of its assets. Thus,  
5 the Debtor seeks to reject the Lease of the Premises to ensure that it preserves critical administrative  
6 resources expended on maintaining this Lease and/or compelling action under the Sublease.

7 Due to all of the foregoing, leasing the Premises, and subleasing the same to BeverlyCare,  
8 no longer furthers the Debtor's mission to provide quality healthcare to the community. The Debtor  
9 has therefore determined in its business judgment that the administrative burden of the Lease and  
10 Sublease on the Debtor's estate outweighs any conferred benefit to the estate.

11 At the time of filing this Motion, BeverlyCare has vacated the Premises and Montebello  
12 Health anticipates being able to turn over keys to the Landlord promptly. Nakamatsu Decl. ¶ 5.

13 **IV.**

14 **BASIS FOR RELIEF**

15 **A. Rejection of the Lease and Sublease Are a Sound Exercise of the Debtor's Business**  
16 **Judgment and Should Be Authorized.**

17 Section 365(a) of the Bankruptcy Code provides that a debtor may, with court approval,  
18 assume or reject an executory contract or unexpired lease. 11 U.S.C. § 365(a). "Section 365 enables  
19 the [debtor] to maximize the value of the debtor's estate by assuming executory contracts and  
20 unexpired leases that benefit the estate and rejecting those that do not." *L.R.S.C. Co. v. Rickel Home*  
21 *Centers, Inc. (In re Rickel Home Centers, Inc.)*, 209 F.3d 291, 298 (3d Cir. 2000). Courts generally  
22 defer to a debtor's business judgment when determining whether to approve a debtor's request to  
23 reject an executory contract or unexpired lease. *See Agarwal v. Pomona Valley Med. Group, Inc.*  
24 *(In re Pomona Valley Med. Group, Inc.)*, 476 F.3d 665, 670 (9th Cir. 2007) (quoting *Durkin v.*  
25 *Benedor (In re G.I. Indus.)*, 204 F.3d 1276, 1282 (9th Cir. 1999)).

26 The "business judgment" test is not a stringent standard; it merely requires a showing that  
27 either assumption or rejection of the executory contract or unexpired lease will benefit the debtor's  
28 estate. *N.L.R.B. v. Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3rd Cir. 1982) (noting that the "usual

1 test for rejection of an executory contract is simply whether rejection would benefit the estate”)  
2 *aff’d*, 465 U.S. 513; *In re Robert Helms Construction*, 110 F.3d 1470, 1474 (9th Cir. 1997). “Thus,  
3 in evaluating the rejection decision, bankruptcy courts should presume that the debtor-in-possession  
4 acted prudently, on an informed basis, in good faith, and in the honest belief that the action taken  
5 was in the best interests of the bankruptcy estate.” *Agarwal*, 476 F.3d at 670. The *Agarwal* court  
6 further stated that “[i]t should approve the rejection of an executory contract under § 365(a) unless  
7 it finds that the debtor-in-possession’s conclusion that rejection would be ‘advantageous is so  
8 manifestly unreasonable that it could not be based on sound business judgment, but only on bad  
9 faith, or whim or caprice.’” *Id.* (quoting *Lubrizol Enter. v. Richmond Metal Finishers*, 756 F.2d  
10 1043, 1047 (4th Cir. 1985)).

11 Here, rejection of both the Lease and the Sublease are within the Debtor’s sound business  
12 judgment. First, the Premises are no longer in active use, so the Debtor’s mission to provide quality  
13 healthcare for the community cannot effectively be carried out through the Lease or Sublease.  
14 Additionally, the Sublease is not profitable and therefore will not provide substantial value to the  
15 Debtor’s estate. Indeed, the administrative burden on the Debtor’s management team to collect  
16 rents and manage the Sublease far outweighs any benefit of maintaining the Lease and Sublease.  
17 Thus, the Debtor respectfully submits that it is in the best interest of the estates to reject the Lease  
18 and the Sublease. *See* Cheng Decl. ¶ 8. Under the circumstances, the rejection of the Lease and  
19 Sublease is an appropriate exercise of the Debtor’s business judgment that will reduce financial,  
20 administrative, and other burdens on the Debtor’s estate.

21 **B. Rejection of the Lease and Sublease *Nunc Pro Tunc* to the Date Hereof Is Warranted.**

22 “[C]ourts generally focus on whether parties have facilitated or hindered the prompt return  
23 of the leased premises to the landlord when deciding whether to approve the rejection of a lease  
24 retroactive to an earlier date.” *Pac. Shores Dev., LLC v. At Home Corp. (In re At Home Corp.)*, 392  
25 F.3d 1064, 1070 (9th Cir. 2004) (holding that a bankruptcy court “has the equitable power, in  
26 suitable cases, to order a rejection to operate retroactively” and that “the retroactive date may be  
27 earlier than the date on which the landlord retakes possession of the premises”); *see also In re*  
28 *Player’s Poker Club, Inc.*, 636 B.R. 811, 823 (Bankr. C.D. Cal. 2022) (quoting to and determining

1 that *In re At Home Corp.* is binding Ninth Circuit precedent). Applying the reasoning in *In re At*  
2 *Home Corp.*, Judge Barash recently determined retroactive rejection was appropriate as of the day  
3 the debtor filed the motion to reject the unexpired lease as that was the day the debtor  
4 “communicated its unequivocal intention to reject” the lease. Coupled with the filing of the motion,  
5 the bankruptcy court further found that the debtor “acted diligently” in vacating the premises and  
6 moving to reject the lease.

7 Retroactive rejection as of the date of this filing is warranted here as this Motion  
8 communicates Montebello Health’s unequivocal intention to reject the Lease and Sublease.  
9 Additionally, retroactive rejection is warranted because the Debtor acted diligently to ensure that  
10 BeverlyCare vacates the Premises so that the Debtor may return the keys to the Premises to the  
11 Landlord. As of end of the business day on April 26, 2023, both the Tenant and Subtenant will have  
12 vacated the premises. The Debtor will facilitate the return of the Premises to the Landlord shortly  
13 after filing this Motion. Through this motion filed just one week after the Petition Date, the Debtor  
14 provides its unequivocal intention to reject both the Lease and Sublease and has acted diligently to  
15 do so. Thus, the Debtor respectfully requests that the Court grant retroactive rejection as of April  
16 26, 2023.

17 **C. Debtor Is Entitled to a Refund of Its Security Deposit.**

18 “A rejection of an unexpired lease removes the lease from the bankruptcy estate, and  
19 ‘constitutes a breach of such contract or lease’ that is effective immediately before the petition for  
20 bankruptcy.” *First Ave. W. Bldg., LLC v. James (In re Onecast Media)*, 439 F.3d 558, 563 (9th Cir.  
21 2006) (quoting 11 U.S.C. § 365(g)). In *In re Onecast Media*, the Ninth Circuit further stated that  
22 “[w]hile rejection of a lease prevents the debtor from obtaining future benefits of the lease (such as  
23 ongoing possession of leased premises), it does not rescind the lease or defeat any pending claims  
24 or defenses that the debtor had in regard to that lease.” *Id.* (quoting 3 COLLIER ON BANKRUPTCY §  
25 365.09[1] (Alan N. Resnick & Henry J. Sommer eds., 15th rev. ed. 2005) (“Rejection does not . . .  
26 affect the parties’ substantive rights under the contract or lease, such as the amount owing or a  
27 measure of damages for breach and does not waive any defenses to the contract.”). Accordingly,  
28



1 the Ninth Circuit determined that the bankruptcy trustee does not forfeit rights to the security  
2 deposit. *Id.*

3 Here, the Debtor is current on all prepetition Lease payments. Prior to the Petition Date, the  
4 Debtor has paid rent for the full month of April and therefore the landlord does not have any  
5 prepetition claims against the Debtor of which to offset the prepetition security deposit. The Debtor  
6 is therefore also entitled to a full refund of its security deposit under the Lease.  
7

8 **V.**

9 **WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)**

10 To implement the foregoing successfully, the Debtor seeks a waiver of the notice  
11 requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use,  
12 sale, or lease of property under Bankruptcy Rule 6004(h).

13 **VI.**

14 **CONCLUSION**

15 **WHEREFORE**, the Debtor respectfully requests that the Court grant this Motion and enter  
16 an order in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting  
17 such other relief as is just and proper.

18 Dated: April 26, 2023

19 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
20

21 By /s/ Jennifer L. Nassiri  
22 Jennifer L. Nassiri

23 JUSTIN R. BERNBROCK  
24 JENNIFER L. NASSIRI  
25 CATHERINE JUN  
26 ROBERT B. McLELLARN  
ALEXANDRIA G. LATTNER

27 Proposed Counsel to Debtors and  
28 Debtors in Possession

**Exhibit A**

**Proposed Order**

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

JUSTIN R. BERNBROCK (admitted *pro hac vice*)

CATHERINE JUN (admitted *pro hac vice*)

ROBERT B. McLELLARN (admitted *pro hac vice*)

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Proposed Counsel to Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT**

**CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re:

BEVERLY COMMUNITY HOSPITAL  
ASSOCIATION, dba BEVERLY HOSPITAL  
(A NONPROFIT PUBLIC BENEFIT  
CORPORATION), *et al.*<sup>3</sup>

Debtors,

Lead Case No.: 2:23-bk-12359-SK

Jointly administered with:

Case No. 2:23-bk-12360-SK

Case No. 2:23-bk-12361-SK

Chapter 11 Case

☐ Affects all Debtors

☐ Affects Beverly Community  
Hospital Association

☒ Affects Montebello Community Health  
Services, Inc.

☐ Affects Beverly Hospital Foundation

**[PROPOSED] ORDER GRANTING  
DEBTOR MONTEBELLO COMMUNITY  
HEALTH SERVICES, INC.'S MOTION  
FOR ORDER AUTHORIZING DEBTOR  
MONTEBELLO COMMUNITY HEALTH  
SERVICES, INC. TO REJECT UNEXPIRED  
REAL PROPERTY LEASE AND  
SUBLEASE AS OF APRIL 26, 2023**

Date: May 17, 2023

Time: 9:00 a.m.

Judge: The Hon. Sandra R. Klein

Place: Zoom.Gov – or - Courtroom 1575  
255 E. Temple St.

<sup>3</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309 W. Beverly Blvd., Montebello, California 90640.

Los Angeles, CA 90012

This Court, having considered *Debtor Montebello Community Health Services, Inc.*'s *Notice of Motion and Motion for Order Authorizing Debtor Montebello Community Health Services, Inc. to Reject Unexpired Real Property Lease and Sublease as of April 26, 2023* (the "Motion"),<sup>4</sup> filed by Montebello Community Health Services, Inc., the debtor and debtor-in-possession ("Montebello Health" or the "Debtor") on April 26, 2023 [Doc No. \_\_\_\_], and finding that proper notice was given and that good cause exists therefor;

ORDERS as follows:

1. The Motion is GRANTED.
2. The Lease dated May 14, 2019 with GGF Pico Rivera, LLC, a California limited liability company, as Landlord, and Montebello Health as Tenant is hereby rejected as of April 26, 2023;
3. The Office Building Sublease dated as of August 6, 2019, between Montebello Health as Sublessor and BeverlyCare as Sublessee is rejected as of April 26, 2023.
4. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).
5. Within 30 days of this Order being entered, Landlord GGF Pico Rivera, LLC shall provide Montebello Health a full refund of Montebello Health's Security Deposit.
6. Notice of the Motion as provided therein shall be deemed good and sufficient notice and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.
7. Notwithstanding Bankruptcy Rule 6004(h), this Order is immediately effective and enforceable upon its entry.
8. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

<sup>4</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

1           9.       This Court retains exclusive jurisdiction with respect to all matters arising from or  
2 related to the implementation, interpretation, and enforcement of this Order.

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**DECLARATION OF ALICE CHENG IN SUPPORT OF MOTION**

**DECLARATION OF ALICE CHENG**

I, Alice Cheng, declare as follows:

1. I am the President and Chief Executive Officer (“CEO”) for each of the debtors and debtors-in-possession: Beverly Community Hospital Association d/b/a Beverly Hospital (“Beverly Hospital”), Montebello Community Health Services, Inc. (“Montebello Health”), and Beverly Hospital Foundation (the “Beverly Foundation”, and together with Beverly Hospital and Montebello Health, collectively, the “Debtors” or the “Hospital”).

2. In my capacity as the Debtors’ CEO, I am generally familiar with the Debtors’ day-to-day operations, business and financial affairs, and books and records. I submit this declaration in support of the *Debtor Montebello Community Health Services, Inc.’s Notice of Motion and Motion for Order Authorizing Debtor Montebello Community Health Services, Inc. to Reject Unexpired Real Property Lease and Sublease as of April 26, 2023* (the “Motion”). Capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Motion.

3. On May 14, 2019, Montebello Health entered into the triple net Lease with Landlord whereby Montebello agreed to rent certain non-residential real property located at 8862 East Whittier Blvd., in Pico Rivera, California, 90660 (the “Premises”) for a term of five years, commencing upon the Rent Commencement Date (as defined in the Lease). The Premises consist of 1,000 square feet of floor area to be used to operate an outpatient medical clinic and office offering primary and specialty care services. A true and correct copy of the Lease is attached hereto as **Exhibit 1**.

4. Pursuant to the Lease, Montebello Health was required to pay rent in the amount of \$2,650.00 per month, which amount would increase by 2.5% per year. Before Montebello Health was to move in, the Landlord was required to complete certain tenant improvements on the Premises and Montebello Health would be permitted to make other improvements defined in the Lease as Tenant’s Work. Montebello Health also made and paid for tenant improvements on the Premises that were necessary to use the Premises as an OBGYN clinic.

5. On or about August 6, 2019, Montebello Health entered into the Sublease with BeverlyCare to operate and run an outpatient OBGYN clinic on the Premises. Pursuant to the

1 Sublease, BeverlyCare agreed to pay Montebello Health rent in the amount of \$2,650.00 per month,  
2 with such price to increase annually, as further described in the Sublease. A true and correct copy  
3 of the Sublease is attached hereto as **Exhibit 2**.

4 6. Under the Sublease, in addition to the base rental payments, BeverlyCare is also  
5 required to pay approximately \$1,460.00 per month to repay Montebello Health for certain Tenant  
6 Improvements (as Defined in the Sublease).

7 7. Upon information and belief, BeverlyCare sought out to retain obstetrics and  
8 gynecology physicians with an existing practice and book of patients to run a women's health clinic.  
9 Beginning in February 2020, BeverlyCare began running a women's healthcare facility on the  
10 Premises. I understand and have been told that the clinic did not attract the anticipated business and  
11 reimbursement for services to patients were significantly lower than expected. As such, I have been  
12 told and believe that BeverlyCare representatives wish to terminate the Sublease. Because  
13 BeverlyCare did not attract the anticipated amount of patients, it would not be a prudent decision  
14 for Montebello Health to attempt to operate the same or similar clinic. Additionally, I believe the  
15 Debtors' limited personnel time and resources should be spent ensuring the smooth transition into  
16 these chapter 11 cases and providing patient care to its core medical facilities. Attempting to find  
17 another subtenant or running the Premises would be uneconomical and not be a prudent business  
18 decision for Montebello Health.

19 8. I believe that it is in the best interest of the estates for the Debtor to reject the Lease  
20 and Sublease. Among other things, rejecting the Lease and Sublease on the Premises—which is no  
21 longer being used to further the Hospital's charitable mission to provide quality healthcare to the  
22 community—will preserve valuable estate funds and lighten the administrative burden on the  
23 Debtors and allow Debtors' management to remain focused on other restructuring tasks crucial at  
24 this junction of the case.

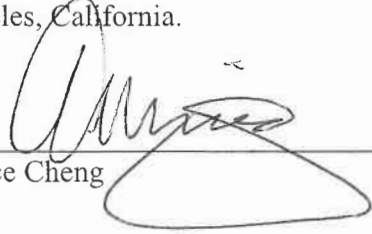
25 9. I believe that by filing this Motion and promptly vacating the Premises, the Debtors  
26 have acted diligently.

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

3 Executed on this 26th day of April 2023, at Los Angeles, California.

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6 Alice Cheng  
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**Exhibit 1**

**Lease**

**LEASE**

Dated: May 14, 2019

**SHOPPING CENTER:**

THE PICO RIVERA PLAZA  
Pico Rivera, California

**LANDLORD:**

GGF Pico Rivera, LLC,  
a California limited liability company

**TENANT:**

Montebello Community Health Services, Inc.,  
a California corporation

SHOPPING CENTER LEASE  
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**SHOPPING CENTER LEASE  
(TRIPLE NET)**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the premises hereinafter described on the terms and conditions set forth in this Lease Agreement, hereinafter called "the/this Lease."

**Basic Lease Provisions**

The words and figures set forth in Paragraphs A through T, both inclusive, are part of this Lease wherever reference is made thereto, unless they are expressly modified elsewhere in this Lease. Notwithstanding the foregoing, in the event of any conflict between any provision in Paragraphs A through T and any other provision contained in the remainder of this Lease, then the latter shall control.

- A. Date of Execution: May 14, 2019
- B. Landlord: GGF Pico Rivera, LLC,  
a California limited liability co.
- C. Tenant: Montebello Community Health  
Services, Inc., a California corp.
- D. Tenant's Trade Name: N/A.
- E. Shopping Center: The Pico Rivera Plaza  
Shopping Center, described and depicted on the  
Site Plan attached hereto as **Exhibit A**.
- F. Landlord's Parcel: That portion of the  
Shopping Center (including, without limitation,  
the Premises) owned by Landlord (presently as  
depicted on the Site Plan attached hereto as  
**Exhibit A**).
- G. Premises: 8862 East Whittier Blvd., Pico  
Rivera, California, 90660, as shown on **Exhibit  
A**, containing approximately 1,000 square feet of  
floor area.
- H. Purpose (Use): Tenant shall use the  
Premises for the sole purpose of operating an  
outpatient medical clinic and office offering  
primary and specialty care services, as further  
described under Article 3 of the Lease.
- I. Term: Five (5) years (commencing upon  
the Rent Commencement Date described in  
Article 4.A), subject to two (2) five (5) year  
options to extend in accordance with Article 36  
of the Lease.
- J. Minimum Rent:  
Year 1: \$2,650.00 per month.  
  
Commencing on Year 2, and each year  
thereafter, the Minimum Rent shall increase by  
two and one-half percent (2.5%).
- K. Security Deposit: \$5,300.00
- L. Prepaid Rent: \$2,650.00
- M. Percentage Rent Rate: N/A
- N. Landlord's Address for Notices:  
GGF Pico Rivera, LLC  
c/o Gaska, Inc.  
Attn: Aida Norhadian  
100 West Broadway, Suite 950  
Glendale, California 91210  
Telephone: (818) 956-7599  
Facsimile: (818) 546-8549
- O. Tenant's Business Address and Phone Number  
for Notices:  
Montebello Community Health Services, Inc.  
309 West Beverly Blvd.  
Montebello, California 90640
- P. Tenant's Residence Address and Phone Number:  
N/A
- Q. Tenant's Construction Requirements: As set  
forth in **Exhibit C**
- R. Brokers:  
1) For Landlord: None.  
2) For Tenant: None.
- S. Guarantor(s): Intentionally omitted.
- T. Exclusivity: See Article 3.2.

**ATTACHMENTS:**

Exhibit A – Site Plan of Shopping Center and  
Premises  
Exhibit A-1 – Proposed Site Plan  
Exhibit B – Rent & Term Commencement Date  
Exhibit C – Description of Landlord's and  
Tenant's Work  
Exhibit D – Restricted and Prohibited Uses  
Exhibit E – California Disability Access  
Disclosure  
Exhibit F – Landlord's Sign Criteria  
Exhibit G – Monument Sign  
Exhibit H – Tenant Improvement Allowance

**LANDLORD:**  
GGF Pico Rivera, LLC,  
a California limited liability company

By: GGF, LLC,  
a California limited liability company

By:   
Aida Norhadian, a Manager

By:   
Seda Aghaian, a Manager

**TENANT:**  
Montebello Community Health Services, Inc.,  
a California corporation

By: 

Name: Alice Cheng

Its: CEO

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



SHOPPING CENTER LEASE  
THE PICO RIVERA PLAZA

Montebello Community Health Services, Inc., a California corporation

1. PARTIES.

This Lease, dated as of this 14 day of May, 2019 (the "Effective Date"), is made by and between GGF Pico Rivera, LLC, a California limited liability company (herein called "Landlord") and Montebello Community Health Services, Inc., a California corporation (herein called "Tenant").

2. PREMISES.

2.A. Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord approximately one thousand (1,000) square feet (herein called "Premises") located at 8862 East Whittier Blvd., in the City of Pico Rivera, County of Los Angeles, State of California 90660. The location of said Premises is delineated on the Site Plan attached hereto as **Exhibit A** and incorporated by reference herein.

2.B. Said Premises is located within a building with the street address of 8818 – 8870 East Whittier Blvd. (herein called the "Building"), in the City of Pico Rivera, County of Los Angeles, State of California, 90660; and, the Building is within the Pico Rivera Plaza Shopping Center (herein called the "Shopping Center"). Landlord owns those portions of the Shopping Center as shown and designated in **Exhibit A**. So long as said portions are owned by affiliated entities to the Landlord (herein sometimes referred to as "Landlord's Affiliate"), said portions (including those portions owned by Landlord) are sometimes referred to herein as "Landlord's Center". If Landlord's Affiliate transfers its interest in and to its portion of the Shopping Center to a party unrelated to Landlord during the term of this Lease, then, following such transfer, "Landlord's Center" shall mean only those portions of the Shopping Center owned by Landlord. To the extent that Landlord is not the party obligated to perform or comply with a specific obligation with respect to the Shopping Center or the Common Areas, as defined herein, under the Reciprocal Easement Agreement, dated August 23, 1978, as amended by the First Amendment to Reciprocal Easement Agreement dated October 1, 1980, as amended by the Second Amendment to Reciprocal Easement Agreement dated December 10, 2001, and as further amended by the Third Amendment to Reciprocal Easement Agreement dated January 9, 2006 (herein collectively referred to as the "REA"), or any other recorded instrument(s) or underlying title document(s) affecting the Shopping Center, Landlord shall use commercially reasonable and diligent efforts to cause the responsible party to perform or comply with said obligation, including, without limitation, promptly instituting and diligently prosecuting any action or proceeding against the non-performing party upon written request from Tenant. The actual and reasonable cost of such enforcement resulting from Tenant's written request will be at Tenant's sole cost and expense.

2.C. Intentionally omitted.

2.D. This Lease is subject to the terms, covenants and conditions herein set forth and the parties each covenant as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by each party to be kept and performed.

3. USE.

3.1. Permitted Use. Tenant shall use the Premises solely for the purpose set forth in Paragraph H of the Basic Lease Provisions, which includes offering such primary and specialty care services as, obstetrical, gynecological, pediatric and family services, and providing (and/or prescribing), but not selling, medicine (or drugs), vitamins, supplements, herbs or such other related products to patients.

Notwithstanding the foregoing, Tenant shall not use, or permit the use of, the Premises for: (i) performing any surgical procedures, including, without limitation, hysterectomies or oophorectomies, or delivering babies (by natural birth or performing a cesarean section), (ii) operating an abortion clinic (or performing abortions), (iii) offering over-night patient care (where a patient is cared for, and remains, at the Premises over-night), (iv) offering other medical-related services, such as, without limitation, dental (general or special), orthodontic, or oral surgery services (similar to the existing tenant at the Shopping Center, "Playhouse Dental"), or operating an "Urgent Care"-type center, (v) the sale of medicine or drugs (whether over-the-counter or prescription), (vi) the sale of vitamins, supplements, herbs or any other health-related products (other than as permitted in this Article 3), (vii) any purpose that would violate California or federal law, (viii) any specific exclusive uses then existing for, or previously granted to, tenants operating within the Shopping Center, and any uses expressly prohibited pursuant to the REA or any other recorded instrument(s) or underlying document(s) affecting the Shopping Center (see **Exhibit D**), and/or (ix) any other purpose without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

3.2. Exclusive Use. Provided that each of the Exclusive Conditions (as hereinafter defined) has been met, Landlord covenants and agrees for the benefit of Tenant and the Premises that Landlord shall not lease any portion of the Building, unless otherwise set forth below, to another tenant engaged in the principal (or primary) business of offering obstetrical services (the "Exclusive Use").

Notwithstanding the foregoing, the Exclusive Use shall not apply to (and shall exclude) the following: (i) any business occupying its premises directly, or as an assignee, subtenant, licensee, or concessionaire, under: (a) a lease that was executed prior to the Effective Date (a "Prior Lease"), (b) a renewal or extension of a Prior Lease, to the extent that the terms of such Prior Lease, as such terms exist as of the Effective Date of this Lease, do not permit Landlord to prohibit the operation of a business within the Exclusive Use (and Landlord hereby covenants not to amend or modify any Prior Lease to allow or expand pre-existing rights to offer (on a primary basis) obstetrical services, to the extent Landlord has pre-approval rights over the same or unless otherwise permitted herein), (c) a new lease that is executed by a business that leased or occupied premises in the Building (and/or Shopping Center) directly or indirectly under a Prior Lease (a "New Lease"), to the extent that the terms of such New Lease, as such terms relate to those set forth in the Prior Lease, do not permit Landlord to prohibit the operation of a business within the Exclusive Use (and Landlord hereby covenants not to amend or modify any New Lease to allow or expand pre-existing rights to offer (on a primary basis) obstetrical services, to the extent Landlord has pre-approval rights over the same or unless otherwise permitted herein), or (d) a renewal or extension of a New Lease, to the extent that the terms of such New Lease, as such terms exist as of the Effective Date of this Lease, do not permit Landlord to prohibit the operation of a business within the Exclusive Use (and Landlord hereby covenants not to amend or modify any New Lease to allow or expand pre-existing rights to offer (on a primary basis) obstetrical services, to the extent Landlord has pre-approval rights over the same or unless otherwise permitted herein); (ii) any tenant (including said tenant's successors, assigns, sublessees or concessionaires), whether existing or future, within the Shopping Center (other than those tenants (whether existing or future) within the Building, subject to any exclusions herein); (iii) any tenant (including said tenant's successors and assigns) within the Building (and Shopping Center) (a) operating the business, or under the trade name, of "Women, Infants, and Children (WIC)" (or such comparable or related business or trade name) or (b) engaged in the principal (or primary) business of offering any other medical services, such as, without limitation, urgent care, primary care, pediatric, dental, optometric, or dermatological services (and, further, said business' offering other medical services in this subsection (b) may offer, on an incidental basis, obstetrical services); (iv) any tenant (including said tenant's successors and assigns) within the Building (and Shopping Center) whose lease is not controlled by Landlord; and, (v) any improvements and/or buildings within the Shopping Center not owned or controlled by Landlord.

The Exclusive Use shall automatically become null and void and have no further force or effect if: (i) Tenant defaults under any provision of this Lease beyond any applicable grace or cure period(s); (ii) Tenant is not open and continuously, actively, and diligently using and occupying the Premises pursuant to the terms and conditions of this Lease; (iii) the Premises is no longer being operated under the trade name of "Beverly Care"; (iv) Tenant assigns its rights under this Lease in whole or in part or sublets all or any portion of the Premises, other than to Beverly Care (as defined under Article 13); or (v) the Premises ceases to be used primarily for the Exclusive Use (collectively, the "Exclusive Conditions").

#### 4. MINIMUM RENT.

4.A. Rent Commencement Date. Unless otherwise set forth herein, Tenant's obligation to pay Minimum Rent and additional rent, said terms defined hereinbelow, shall commence ninety (90) days from the substantial completion of "Landlord's Work", as defined in Exhibit C, and delivery of the Premises to Tenant (the "Rent Commencement Date").

For the purpose of this Article 4.A., the term "substantial completion" is defined as the date on which Landlord notifies Tenant in writing that (i) the Premises is substantially complete, to the extent set forth under Landlord's Work in Exhibit C, notwithstanding any items of Landlord's Work that cannot be completed until Tenant performs necessary portions of Tenant's Work, and (ii) the Landlord is prepared to deliver the Premises to Tenant.

#### 4.B. Minimum Rent.

I. Tenant agrees to pay to Landlord as "Minimum Rent", without notice or demand, the monthly sum of Two Thousand Six Hundred Fifty Dollars And 00/100 (\$2,650.00), in advance, on or before the first day of each and every successive calendar month during the Term, as defined herein, subject to any increase(s) in the Minimum Rent during the Term as set forth in Paragraph J of the Basic Lease Provisions. If the Rent Commencement Date is not the first day of a calendar month, then on the Rent Commencement Date, Tenant shall pay Landlord a prorated portion of such rent. Minimum Rent for any period which is for less than one (1) month shall be a prorated portion of the monthly installment herein based upon a thirty (30) day month. Minimum Rent shall be paid to Landlord, without deduction or offset, in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing. Tenant shall prepay the first (1st) month's Minimum Rent upon the execution hereof.

The Premises is being leased in its "as-is" condition or subject to such incidental work as is to be performed by Landlord pursuant to the terms hereof (such work, if any, is set forth in the attached Exhibit C). Landlord agrees that it will, at its sole cost and expense, as soon as is reasonably possible after the execution of this Lease, subject to Article 5.B. below, commence and pursue to completion the Landlord's Work to the extent shown on the attached Exhibit C. Tenant shall commence the installation of fixtures and equipment, if

any, and any of Tenant's Work, as set forth in said **Exhibit C**, promptly upon delivery of the Premises and shall diligently prosecute such installation to completion, and shall open the Premises for business no later than ninety (90) days thereafter.

II. In addition to Minimum Rent, Tenant shall pay as additional rent all sums of money required to be paid by Tenant under the terms of this Lease whether or not the same are designated as "additional rent". If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible as additional rent within the next installment of Minimum Rent falling due, but they shall not be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable or limit any remedy available to Landlord on account of late payments by Tenant.

4.C. Intentionally omitted.

5. TERM.

5.A. Term.

I. The term of this Lease (the "Term") shall be five (5) full years commencing concurrently with the Rent Commencement Date (herein the "Term Commencement Date") and ending five (5) years thereafter, subject to Tenant's right to extend the Term pursuant to Article 36. The parties hereto acknowledge that Tenant's possession of the Premises prior to the commencement of the Term shall be subject to Tenant's performance and observance of each and every provision of this Lease other than the obligation to pay Minimum Rent or Adjustments, as defined herein, which shall not commence until the Rent Commencement Date. Within thirty (30) days following the Rent Commencement Date, Tenant shall deliver to Landlord a completed and signed Rent and Term Commencement Date Agreement in substantially the same form as attached hereto as **Exhibit B**.

II. If the last day of the Term falls on a day other than the last day of a calendar month, then the Term shall be deemed extended on all of the terms and provisions of this Lease to expire on the next following last day of a calendar month.

5.B. Contingency Period/Permit Contingency. Tenant's obligations under the Lease are conditioned upon Tenant applying for and obtaining, within sixty (60) days after Landlord has given final approval of Tenant's plans and construction drawings, any and all permits and/or licenses (including, but not limited to, a certificate of occupancy, conditional use permit(s), building permit(s), variance(s), and/or other governmental approvals) (hereinafter, collectively referred to as the "Government Approvals") that are required by applicable laws to enable Tenant legally to: (a) construct its improvements to the Premises in accordance with Tenant's plans (which shall be submitted to Landlord within thirty (30) days following the Effective Date) and (b) conduct its business from the Premises. Tenant shall, at Tenant's expense, initiate and diligently pursue all Government Approvals pertaining to Tenant's use of the Premises and the improvements Tenant constructs inside the Premises. Provided Landlord has approved of Tenant's plans, Landlord shall execute any applications and shall provide Tenant with such further assistance and cooperation as Tenant may reasonably require (all at no out-of-pocket cost to Landlord) in connection with the applications for such Government Approvals.

If Tenant does not obtain such Government Approvals on terms reasonably satisfactory to Tenant within the aforementioned sixty (60) day period, Landlord and Tenant shall each have the right to terminate this Lease at any time thereafter through (or until) Tenant's receipt (or obtaining of) the Government Approvals, at which time Tenant's right to terminate this Lease pursuant to this contingency shall expire.

The foregoing notwithstanding, if Tenant fails to have applied for Government Approvals within ten (10) days following the Landlord's final approval of Tenant's plans and construction drawings (but no later than fifty (50) days from the Effective Date), or if Tenant shall have failed to continuously and diligently prosecute any of said applications to completion, then Tenant's failure to have obtained any permit, license, approval or authorization shall not constitute a failure of this contingency to the effectiveness of this Lease nor give Tenant any right to terminate this Lease pursuant to this Article.

In the event of the termination of this Lease pursuant to this Article, (i) Landlord shall return all monetary sums, if any, Tenant paid to Landlord upon executing this Lease, such as the security deposit and pre-paid rent, and, (ii) Landlord and Tenant shall have no further liability to one another except only for their respective obligations under this Lease to indemnify one another with respect to (a) any acts (so applicable) of the indemnifying party or (b) injuries suffered by any third party by reason of any act, omission to act, or negligence of such indemnifying party.

In no event shall either Landlord or Tenant commence (or be required to commence) any work within the Premises until Tenant has received all applicable Government Approvals or has expressly waived its rights set forth under this contingency.

5.C. Landlord's Contingency. Intentionally omitted.



6. SECURITY DEPOSIT.

Concurrently with Tenant's execution of this Lease, Tenant has deposited with Landlord a sum equivalent to two (2) month's Minimum Rent, which amounts to the sum of Five Thousand Three Hundred Dollars And 00/100 (\$5,300.00) (the "Security Deposit"). Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Term hereof. If Tenant defaults with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied Tenant shall, within five (5) days after written demand thereof, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount and Tenant's failure to do so shall be a default under this Lease. Landlord shall not be required to keep this Security Deposit separate from its general funds and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days following the expiration of the Term, as extended. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.

7. ADDITIONAL RENT.

7.A. Gross Sales.

~~I. Tenant shall not pay percentage rent hereunder.~~

~~II. Commencing upon the Rent Commencement Date, through the end of the Term, Tenant shall furnish to Landlord a statement in writing, certified by Tenant to be correct, showing the total gross sales made in, upon, or from the Premises on a monthly basis.~~

~~III. The term "gross sales" as used in this Lease shall include the entire gross receipts of every kind and nature from sales and services made in, upon, or from the Premises, whether upon credit or for cash, in every department operating in the Premises, whether operated by the Tenant or by a subtenant or subtenants, or by a concessionaire or concessionaires excepting therefrom any rebates and/or refunds to customers and the amount of all sales tax receipts which has to be accounted for by Tenant to any government, or any governmental agency. Sales upon credit shall be deemed cash sales and shall be included in the gross sales for the period which the merchandise is delivered to the customer, whether or not title to the merchandise passes with delivery.~~

7.B. Adjustments.

I. In addition to and concurrently with the monthly payment of Minimum Rent, as set forth in Article 4 hereinabove, and commencing upon the Rent Commencement Date, Tenant shall pay to Landlord (as provided in this Paragraph and Paragraph 7.B.II below) the following items, herein called "Adjustments":

a. Tenant's Proportionate Share, as defined herein, of all real estate taxes and insurance premiums with respect to the Premises, including, without limitation, land, building, and improvements thereon. Said real estate taxes shall include, without limitation, any and all real estate taxes, assessments, and other charges charged, levied, assessed or imposed on Landlord's Parcel, or any separate assessor's parcel that contains the Building (the "Subject Assessor's Parcel"), including any taxes which may be levied on rents. Real estate taxes shall not include municipal, county, state, federal or other income, excise, or franchise taxes of Landlord or any municipal, county, state, federal or other estate, succession, or inheritance taxes. In the event Landlord obtains any refunds or rebates of any real estate taxes paid by Tenant to Landlord during the Term, Landlord shall promptly pay to Tenant Tenant's share of any refunds or rebates thereof received by Landlord, after deducting therefrom any costs and expenses incurred by Landlord in obtaining the refund or rebate. Said insurance shall include all insurance premiums for fire, extended coverage, earthquake, flood, liability, and any other insurance that Landlord deems reasonably necessary on or with respect to the Landlord's Parcel. As used in this Paragraph 7.B.I.a., Tenant's Proportionate Share with respect to said taxes and insurance premiums shall be calculated by multiplying all such taxes (if there is not a separate assessor's parcel) and all insurance premiums by the fraction having as its numerator the total square footage of the floor area of the Premises, and having as its denominator the total square footage of the floor area of all buildings in Landlord's Parcel. The foregoing notwithstanding, if any one or more tenants in any portion of Landlord's Parcel pay real property taxes directly to any taxing authority or carry their own insurance, as may be provided in their respective leases, then Tenant's Proportionate Share shall be calculated by multiplying such taxes or insurance premium(s), less the amount paid directly by such other tenant(s), by the fraction having as its numerator the square footage of the floor area of the Premises and having as its denominator the total square footage of floor area of all buildings in Landlord's Parcel reduced by the square footage of the floor area of the premises of such other tenant(s) directly paying such taxes or insurance premium(s). If there is a Subject Assessor's Parcel, then Tenant's Proportionate Share of real property taxes shall be calculated by multiplying all such taxes by the fraction

1 having as its numerator the total square footage of the floor area of the Premises, and having as its denominator  
2 the total square footage of the floor area of all buildings in the Subject Assessor's Parcel. Upon any changes in  
3 the applicable square footage of the Premises or Landlord's Parcel, Tenant's Proportionate Share shall be  
4 recalculated.

5 In addition to the foregoing, Tenant shall be liable for and shall pay to either the  
6 Landlord or the taxing authority, before delinquency, all taxes levied or assessed against or for leasehold  
7 improvements; store fixtures; lighting fixtures; merchandise; equipment; interior partitions; heating, cooling, or  
8 ventilating equipment located within the Premises; or any other interior improvements of whatever kind and to  
9 whomever belonging, situated, or installed in or upon the Premises, whether or not affixed to the realty. In the  
10 event that the taxing authorities shall at any time during the term of this Lease assess any of the above-described  
11 property against the real estate, the taxes thus assessed shall be repaid by the Tenant to the Landlord not later  
12 than three days prior to the delinquency date thereof.

13  
14 b. That proportionate share (as calculated pursuant to Section 7.B.II below) of the cost of  
15 the following items (sometimes collectively referred to hereinafter as "CAM Costs"):

16  
17 (i) All real estate taxes, including general and special assessments, and  
18 electricity and lighting applicable to the common areas of the Shopping Center (herein referred to as the "CAM  
19 taxes and CAM lighting"); and, all insurance costs with respect to the common areas of Landlord's Center, and  
20 all actual and reasonable costs to guard, protect, manage, develop, operate, maintain, repair, and replace the  
21 common areas, parking lots, sidewalks, driveways, and other areas used in common by the tenants of the  
22 Shopping Center, including, without limitation, compliance costs (such as, compliance consultants' fees  
23 (including, without limitation, inspection and report preparation fees) and the maintenance, repair, replacement,  
24 or installation of sidewalks, parking stalls, ramps, and signage to comply with the Americans with Disabilities  
25 Act (the "ADA")), landscaping, tree trimming, irrigation, trash removal and sanitation, petromat, repair, seal  
26 and striping of parking lot, security guard and/or parking attendant service(s) (including, without limitation, the  
27 installation, maintenance, repair, and utility costs of security surveillance systems), maintenance, repair or  
28 replacement of trash enclosures, trash containers or receptacles, roof repairs (including, without limitation, roof  
29 membrane repair and replacement, gutters and down spouts), sweeping, power washing, hydro jetting, repair,  
30 replacement, and maintenance of parking lot lighting and common area signs, including any pole sign for the  
31 Shopping Center, utility and plumbing repairs, pest control service (including, without limitation, termite  
32 treatment), fire alarm/sprinkler system services (including, without limitation, repair, maintenance, monitoring,  
33 telephone lines, utilities, and regular / periodic certifications thereof), backflow maintenance, repair and  
34 replacement (including, without limitation, the regular / periodic certification thereof), promotional items and  
35 seasonal decorations (including, without limitation, the maintenance, repair, replacement, installation, and  
36 storage of Christmas decorations), exterior paint, graffiti removal, and any capital improvements to or capital  
37 replacements of the common areas (hereinafter referred to as the "CAM insurance and CAM costs").

38  
39 (ii) All actual and reasonable costs to supervise and administer said  
40 common areas, parking lots, sidewalks, driveways, and other areas used in common by the tenants or occupants  
41 of the Shopping Center. Said costs shall include such fees as may be paid to a third party in connection with the  
42 same.

43  
44 (iii) Any parking charges, utilities surcharges, or any other costs levied,  
45 assessed or imposed by, or at the direction of, or resulting from, statutes or regulations, or interpretations  
46 thereof, promulgated by any governmental authority in connection with the use or occupancy of the Premises or  
47 the parking facilities serving the Premises.

48  
49 c. CAM Costs shall also include a fee to Landlord and/or Landlord's Affiliate to  
50 supervise and administer the same in an amount equal to ten percent (10%) of the total cost of Adjustments.

51  
52 d. Landlord shall fairly and reasonably calculate and allocate CAM Costs so that  
53 Landlord does not make a profit from the billing of CAM Costs. CAM Costs shall be "net" so that they are  
54 reduced by the amount of all recoupments, discounts, credits, reductions, allowances or the like actually  
55 received by Landlord from third parties, on account of CAM Costs, except that Landlord may include in CAM  
56 Costs the reasonable and actual costs and expenses, if any, incurred by Landlord in obtaining such recoupment,  
57 discounts, credits, reductions, allowances or the like.

58  
59 II. Due to the various ownership interests in the Shopping Center and the fact that Landlord,  
60 Landlord's Affiliate (if applicable) and any additional owner(s) each maintain certain portions of the Shopping  
61 Center at their own respective costs, while other costs are shared between Landlord, Landlord's Affiliate (if  
62 applicable) and the additional owner(s), the CAM Costs are divided into the following subcategories of costs,  
63 set forth below, for assessment purposes. Upon any changes in the applicable square footage of the Premises,  
64 Landlord's Parcel, or Landlord's Center, Tenant's respective share(s) shall be recalculated accordingly.

65  
66 a. Intentionally omitted.

b. Tenant's share of "special building costs"—which shall include those costs incurred by Landlord only with respect to the Building, such as, without limitation, providing pest control services (including, without limitation, termite treatment) to the Building, to monitor, maintain, and repair the fire sprinkler / life safety systems, if any, exclusively serving the Building (including, without limitation, costs of any telephone lines, utilities, and regular / periodic certifications in connection therewith), and to perform, if applicable, hydro jetting, fountain maintenance, patio cleaning, and utility room maintenance—shall be equal to the product obtained by multiplying the total amount of special building costs by the fraction having as its numerator the total square footage of the floor area of the Premises, and having as its denominator the total leasable square footage of the floor area of the Building (whether occupied or not). Note, special building costs shall exclude any costs attributable to a single tenant or occupant.

c. Tenant's share of CAM insurance and CAM costs shall be equal to the product obtained by multiplying the Landlord's share of such cost by the fraction having as its numerator the total square footage of the floor area of the Premises, and having as its denominator the total leasable square footage of the floor area of all buildings in the Landlord's Center.

d. Intentionally omitted.

e. Tenant's share of CAM taxes shall be equal to the product obtained by multiplying the total amount of CAM taxes, as applicable to the Landlord's Parcel, by the fraction having as its numerator the total square footage of the floor area of the Premises and having as its denominator the total leasable square footage of the floor area of all buildings in the Landlord's Parcel; and, Tenant's share of CAM lighting shall be equal to the product obtained by multiplying the total amount of CAM lighting, as applicable to the Landlord's Center, by the fraction having as its numerator the total square footage of the floor area of the Premises and having as its denominator the total leasable square footage of the floor area of all buildings in the Landlord's Center.

f. Intentionally omitted.

III. Commencing on the Rent Commencement Date, Landlord shall submit to Tenant a statement of the anticipated monthly Adjustments for the period between the Rent Commencement Date and the following January and Tenant shall pay these Adjustments on a monthly basis concurrently with the payment of the Minimum Rent. Tenant shall continue to make said monthly payments until notified by Landlord of a change thereof. By March 1 of each year, or as soon as reasonably practicable thereafter, Landlord shall endeavor to give Tenant a statement showing the total Adjustments for the Shopping Center for the prior calendar year and Tenant's percentage share thereof, as calculated in accordance with this Lease, prorated from the Rent Commencement Date (the "Expense Statement"). In the event the total of the monthly payments which Tenant has made for the prior calendar year is less than the Tenant's actual share of such Adjustments then Tenant shall pay the difference in a lump sum within ten (10) days after receipt of such statement from Landlord and shall concurrently pay the difference in monthly payments made in the then calendar year and the amount of monthly payments which are then calculated as monthly Adjustments based on the prior year's experience. Any overpayment by Tenant shall be credited towards the monthly Adjustments next coming due. The Landlord shall make its best estimate and/or use the actual Adjustments for the prior year for purposes of calculating the anticipated monthly Adjustments for the then current year with actual determination of such Adjustments after each calendar year as above provided; excepting that in any year in which parking lot resurfacing or roof replacement is contemplated Landlord shall be permitted to include the anticipated cost of same as part of the estimated monthly Adjustments. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of said Adjustments for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated Adjustments previously paid and, conversely, any overpayment made shall be immediately rebated by Landlord to Tenant. Tenant shall have the right to audit Adjustments, at Landlord's place of business, within thirty (30) days after Landlord submits the same, subject to Paragraph IV below. Tenant is limited to one (1) audit for each calendar year of the Lease Term. This Article shall survive the expiration of the Lease Term or the earlier termination of this Lease.

IV. Following receipt of an Expense Statement, Tenant shall have the right to conduct a reasonable review of Landlord's records relating to the Adjustments for the year just ended, and to which the Expense Statement relates, provided that Tenant complies with the provisions of this Subsection. No review shall be permitted at any time in which a default beyond any applicable notice and cure period exists under this Lease. No subtenant shall have the right to conduct any such review; and no assignee of Tenant shall have the right to conduct any review with respect to a period antedating the assignment. Tenant shall exercise its right upon not less than fifteen (15) days' prior written notice, given at any time within thirty (30) days following Tenant's receipt of an Expense Statement. Any such review shall be conducted by Tenant or by an independent certified public accountant of Tenant's choosing that is not being compensated by Tenant on a contingency fee basis. Any such review shall be conducted at Landlord's office at the Shopping Center, or at Landlord's principal offices, or at such other location as Landlord may reasonably designate and shall be completed within sixty (60) days of Tenant giving notice to Landlord of its election to conduct such review. Landlord will provide Tenant



1 with reasonable accommodation for the review and reasonable use of available office equipment, but may make  
2 a reasonable charge for Tenant's telephone calls and photocopies. Tenant shall deliver to Landlord a copy of the  
3 results of any such review within thirty (30) days following its completion or receipt by Tenant and will  
4 maintain in strict confidence any and all information obtained in connection with the review and will not  
5 disclose the fact of the review or any results of it to any person or entity. Pending the determination of any such  
6 dispute Tenant shall pay amounts billed with respect to such Expense Statement as additional rent, without  
7 prejudice to Tenant's position, and subject to rebate of any amounts subsequently found to have been charged to  
8 Tenant in error. If the audit and the resolution of any dispute between Landlord and Tenant concerning same  
9 shall be determined in Tenant's favor then Landlord shall promptly pay to Tenant the amount of Tenant's  
10 overpayment resulting from compliance with the Expense Statement.

11  
12 **8. RESTRICTED, PROHIBITED, AND EXCLUSIVE USES.**

13 **8.A. General Restrictions.** Tenant shall not do or permit anything to be done in or about the Premises  
14 nor bring or keep anything therein which is not within the Use of the Premises or which will in any way  
15 increase the existing rate of or affect any fire or other insurance upon the Building, or any of the contents  
16 thereof, or cause a cancellation of any insurance policy covering the Building or any part thereof or any of its  
17 contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way  
18 obstruct or interfere with the rights of other tenants or occupants of the Shopping Center or injure or annoy them  
19 or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose; nor shall  
20 Tenant cause, maintain or permit any nuisance in, on or about the Premises.

21  
22 **8.B. Prohibited Uses.** Tenant shall not use or permit the use of any portion of the Premises for the  
23 prohibited uses described in **Exhibit D** attached hereto, nor shall Tenant use or permit the use of any portion of  
24 the Premises for the conduct therein of what is commonly known in the retail trade as an outlet store or second-  
25 hand store, or Army, Navy, or government surplus store. Tenant shall not advertise any distress, fire,  
26 bankruptcy, liquidation, relocation or closing, or going out of business sale unless such representations are true  
27 and unless Landlord gives its prior written consent, which shall not be unreasonably withheld. Tenant agrees  
28 that it will during the entire term hereof, keep the Premises and every part thereof in a neat, clean, orderly and  
29 wholesome condition, free of any objectionable noises, odors and nuisances.

30  
31 **8.C. Waste and Hazardous Substances.** Tenant shall not commit, nor allow to be committed, any  
32 waste in or upon the Premises, nor shall Tenant dispose of, or allow to be disposed of, any toxic or  
33 contaminated or potentially contaminated material, waste and/or substance whatsoever in any manner on or  
34 around said Premises (and/or Building and Shopping Center).

35  
36 **8.D. Tenant Covenants.** Tenant covenants that Tenant shall:

37 **I.** Remove or take remedial action, at Tenant's sole cost and expense and under the sole  
38 responsibility of Tenant, any materials released into the environment at, on or near the Premises by Tenant, its  
39 employees, agents, contractors, licensees, and/or invitees for which any removal or remedial action is required  
40 pursuant to law, ordinance, order, rule, regulation or governmental action, provided that (i) no such removal or  
41 remedial action shall be taken except after reasonable advance written notice to Landlord, (ii) any such removal  
42 or remedial action shall be undertaken in a manner so as to minimize any impact on the business conducted by  
43 other tenants in the Shopping Center, and (iii) Tenant shall indemnify Landlord for any action taken by  
44 Landlord under this paragraph, in accordance with the provisions contained herein.

45  
46 **II.** Tenant shall at its own expense procure, maintain in effect and comply with all conditions  
47 of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the  
48 Premises. Subject to Paragraph 8.D.I. and Paragraph 8.D.IV., Tenant shall cause any and all hazardous,  
49 infectious, radioactive (or radiological or medical waste), toxic, ignitable or flammable, corrosive, persistent or  
50 bioaccumulative, reactive, or otherwise dangerous materials, wastes, pollutants or contaminants (hereinafter  
51 collectively referred to as "Hazardous Substances") removed from the Premises to be removed and transported  
52 solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Tenant  
53 shall in all respects handle, treat, deal with and manage any and all Hazardous Substances in, on, under or about  
54 the Premises or the facilities in which the Premises are located, in strict and completed conformity with all  
55 applicable federal, state, county or local statutes, laws, regulations, rules, ordinances or codes relating to  
56 environmental, health, industrial hygiene or safety matters (hereinafter collectively referred to as  
57 "Environmental Health and Safety Requirements") and reasonably prudent industry practices regarding  
58 management of such Hazardous Substances. Upon the expiration or earlier termination of the term of the Lease,  
59 Tenant shall cause all Hazardous Substances released into the environment within or about the Premises by  
60 Tenant, its employees, agents, contractors, licensees, and/or invitees to be removed from the Premises and  
61 transported for use, storage or disposal in accordance and compliance with all applicable Environmental Health  
62 and Safety Requirements. Tenant shall not take any remedial action in response to the presence of any  
63 Hazardous Substances in or about the Premises or the Building, or enter into any settlement agreement, consent  
64 decree or other compromise with respect to any claims relating to any Hazardous Substances in any way  
65 connected with the Premises or the surrounding facilities, without first notifying Landlord of Tenant's intention  
66 to do so and affording Landlord reasonable opportunity to appear, intervene or otherwise appropriately assert

1 and protect Landlord's interest with respect thereto.

2  
3 III. Tenant shall promptly notify Landlord in writing of: (i) any enforcement, cleanup, removal  
4 or other governmental or regulatory action instituted, completed or threatened (of which Tenant is on notice)  
5 pursuant to any Environmental, Health and Safety Requirements; (ii) any claim made or threatened by any  
6 person against Tenant or the Premises relating to damage, contribution, cost recovery compensation, loss or  
7 injury resulting from or claimed to result from any Hazardous Substances; and (iii) any reports made to any  
8 environmental agency arising out of or in connection with any Hazardous Substances in or removed from the  
9 Premises or Tenant's loading area, if any, including any complaints, notices, warnings or asserted violations in  
10 connection therewith. Tenant shall also supply to Landlord as reasonably as possible, and in any event within  
11 five (5) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints,  
12 notices, warnings or asserted violations relating in any way to the Premises, the surrounding facilities or  
13 Tenant's use thereof. Tenant shall promptly deliver to Landlord copies of hazardous waste manifests reflecting  
14 the legal and proper disposal of all Hazardous Substances removed from the Premises.

15  
16 IV. ANY AND ALL LIABILITIES ARISING FROM THE MANUFACTURING,  
17 GENERATION, HANDLING, USE, STORAGE, TREATMENT, TRANSPORTATION OR DISPOSAL OF  
18 HAZARDOUS SUBSTANCES BY TENANT OR BY TENANT'S EMPLOYEES, AGENTS,  
19 REPRESENTATIVES, CONTRACTORS, LICENSEES, OR INVITEES SHALL AT ALL TIMES REMAIN  
20 THE SOLE RESPONSIBILITY OF TENANT AND TENANT SHALL RETAIN ANY AND ALL  
21 LIABILITIES ARISING THEREFROM.

22  
23 V. Each year throughout the term of this Lease, as extended, within thirty (30) days of  
24 Landlord's written request, Tenant shall deliver to Landlord a letter stating that during the preceding year  
25 Tenant complied with all applicable Environmental Health and Safety Requirements.

26  
27 VI. Upon the expiration or earlier termination of the term of the Lease, Tenant shall, promptly,  
28 upon written demand by Landlord, remove all equipment, containers, chemicals or Hazardous Substances  
29 released into the environment in or about the Premises by Tenant, its employees, agents, contractors, licensees,  
30 and/or invitees and Tenant shall conduct cleanup activities in compliance with all applicable Environmental  
31 Health and Safety Requirements and under the supervision of Landlord. HOWEVER, TENANT SHALL  
32 RETAIN FULL RESPONSIBILITY FOR ITS COMPLIANCE WITH ENVIRONMENTAL HEALTH AND  
33 SAFETY REQUIREMENTS IN OR ABOUT THE PREMISES DURING THE TERM, SHALL REMAIN  
34 FULLY LIABLE FOR ITS NONCOMPLIANCE THEREWITH AND SHALL INDEMNIFY, DEFEND  
35 AND HOLD LANDLORD HARMLESS FOR ANY COST OR DAMAGES INCURRED BY LANDLORD  
36 DUE TO ANY SUCH NONCOMPLIANCE BY TENANT.

37  
38 VII. Tenant's obligation to pay Minimum Rent and additional rent shall continue until cleanup  
39 has been effected.

40  
41 VIII. Tenant hereby authorizes Landlord to communicate, verbally or in writing, with any  
42 governmental authority on any matter relating to environmental, health or safety issues pertaining to, arising out  
43 of or in any way related to Tenant's operations. Tenant hereby consents to and does hereby grant Landlord the  
44 right to obtain copies of any and all regulatory agency notices, inspection reports or any other document or  
45 report pertaining to environmental, health or safety issues arising from, or in anyway related to, Tenant's  
46 operations.

47  
48 IX. Tenant agrees to submit copies to Landlord of any and all permits relating to  
49 environmental, health or safety issues arising from Tenant's operations, together with copies of all reports,  
50 planning documents and manifests pertaining to such activities. HOWEVER, NOTHING CONTAINED  
51 HEREIN, NOR ANY ORAL OR WRITTEN STATEMENTS OR COMMENTS BY LANDLORD OR  
52 LANDLORD'S AGENTS OR EMPLOYEES, SHALL OPERATE TO EFFECT AN ASSUMPTION OF  
53 RESPONSIBILITY OR LIABILITY BY LANDLORD FOR COMPLIANCE WITH ENVIRONMENTAL  
54 HEALTH AND SAFETY REQUIREMENTS.

55  
56 8.E. Restricted Uses and Restrictions in REA. Tenant shall not use the Premises or permit the  
57 Premises to be used for (i) any specific exclusive uses then existing for, or previously granted to, other  
58 tenants operating within the Shopping Center, (ii) any of the "Restricted Uses" or "Prohibited Uses"  
59 described in Exhibit D, and (iii) those uses expressly prohibited under any documents of record, including,  
60 without limitation, the REA, which Tenant hereby acknowledges is applicable to the Premises, Building,  
61 and Shopping Center.

62  
63 9. COMPLIANCE WITH LAW.

64 Tenant shall not use the Premises, or permit anything to be done in or about the Premises, which will in  
65 any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may  
66 hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws,



1 statutes, ordinances and governmental rules, regulations or requirements of law in force or which may hereafter  
2 be in force and with the requirements of any board of fire underwriters or other similar bodies now or hereafter  
3 constituted relating to or affecting the condition, use, or occupancy of the Premises (including, without  
4 limitation, ensuring that all fixtures, equipment, furniture, and restroom(s), and any and all handling, storing,  
5 removal and disposal of trash, waste, or Hazardous Substances (as described under Article 8 above), are  
6 compliant with the applicable laws, statutes, ordinances and governmental rules, regulations or requirements of  
7 law in force or which may hereafter be in force and with the requirements of any board of fire underwriters or  
8 other similar bodies), excluding structural changes, which shall be performed by Landlord as set forth in this  
9 Lease. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against  
10 Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or  
11 governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.  
12

13 10. ALTERATIONS AND ADDITIONS.

14 10.A. Landlord's Consent Generally Required. Tenant shall not make or allow to be made (i) any  
15 alterations, additions or improvements to or of the Premises or any part thereof that are structural in nature or  
16 which impact the structural components of the Premises or the Building, including, without limitation,  
17 installation of any equipment on the roof of the Premises or Building, without Landlord's advance written  
18 consent, which may be withheld in Landlord's sole discretion, (ii) any non-structural alterations, additions or  
19 improvements to the interior of the Premises or any part thereof, to the extent that the aggregate cost of such  
20 alterations, additions or improvements exceeds Ten Thousand Dollars (\$10,000.00), without Landlord's  
21 advance written consent, which shall not be unreasonably withheld, or (iii) any alterations, additions or  
22 improvements to the exterior of the building in which the Premises is a part, without obtaining the prior written  
23 consent of Landlord, which may be withheld in Landlord's sole discretion. Regardless of whether Landlord's  
24 consent is required or given with respect to any alterations, additions, or improvements by Tenant, such  
25 alterations, additions, or improvements made by Tenant pursuant to this Article 10 shall (i) conform to every  
26 applicable requirement of law or duly constituted authority, including, without limitation, the requirements set  
27 forth under the ADA and the applicable requirements of all carriers of insurance on the Premises and any Board  
28 of Underwriters, Rating Bureau, or similar organization, (ii) require the use of Landlord's roofer, to the extent  
29 that said alterations, additions, and/or improvements made by Tenant require penetrations to the roof of the  
30 Building, and (iii) be compatible with the general architectural design and style of the Shopping Center. Tenant  
31 hereby warrants to Landlord that all materials used in the construction of Tenant's work shall not contain  
32 asbestos, lead, radon, or any other Hazardous Substances. Tenant further warrants that all of Tenant's work  
33 shall be undertaken and completed by skilled laborers in a workmanlike manner.  
34

35 10.B. Required Submissions and Notices. Prior to Tenant's commencement of any respective  
36 alteration, addition, or improvement to the Premises that requires Landlord's prior written consent, Tenant shall  
37 submit to Landlord, two (2) sets of detailed drawings and specifications prepared to scale, which said drawings  
38 and specifications shall show the specific design and layout of Tenant's store and of the interior of the Premises  
39 and shall indicate the equipment and materials to be used and incorporated into the improvements to be  
40 provided by Tenant for the operation of its business, indicating in detail (without limiting the generality of the  
41 foregoing) Tenant's proposed storefront plan with exterior and interior elevations, interior layout, trade fixture  
42 locations, lighting fixtures and requirements, utility outlets, wall finishes, ceiling construction and materials,  
43 floor coverings, and rough and finished plumbing installation and materials. In the event that Tenant elects to  
44 install blinds, shades, and/or security gates on or upon the storefront, Tenant shall obtain Landlord's prior  
45 written consent with respect to the installation of any of the foregoing items, including, without limitation, the  
46 style, design and color thereof. In all events, any security gates shall be limited to the folding type, installed on  
47 the inside of the Premises, and remain completely open and not visible to the public during business hours. Prior  
48 to commencement of any work in the Premises, and regardless of whether or not such work requires Landlord's  
49 prior written consent, Tenant shall give Landlord not less than ten (10) days' prior written notice of the work to  
50 be performed so that Landlord may post notices of non-responsibility upon the Premises with respect to such  
51 work (any and all costs of said notices to be reimbursed by Tenant to Landlord).  
52

53 10.C. Improvements Become Part of the Premises. Any alterations, additions or improvements to or  
54 of the Premises, including, but not limited to, wall covering and paneling, but excepting movable furniture,  
55 built-in cabinetry, equipment and trade fixtures, shall become a part of the realty and belong to the Landlord  
56 upon surrender of the Premises. In the event Landlord consents (where such consent is required herein) to the  
57 making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made at  
58 Tenant's sole cost and expense. Upon the expiration or sooner termination of the term hereof, Tenant shall,  
59 upon written demand by Landlord, given at least thirty (30) days prior to the end of the Term, at Tenant's sole  
60 cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements  
61 made by Tenant, reasonably designated by Landlord to be removed, and Tenant shall, forthwith and with all due  
62 diligence, at its sole cost and expense, repair any damage to the Premises caused by such removal (including,  
63 without limitation, appropriately stubbing out any plumbing, sewer, and/or vent lines that may exist within any  
64 built-in cabinetry so removed by Tenant, in accordance herewith, and repairing any walls or flooring damaged  
65 by said removal).  
66

11. REPAIRS.

11.A. Tenant's Duty to Maintain and Repair. By accepting possession of the Premises, Tenant shall be deemed to have accepted the Premises (including, without limitation, the existing equipment, fixtures, furniture, walls, floor, storefront, ceiling, lighting, plumbing, electrical, restroom(s), and the HVAC unit(s) and system(s)) in good, sanitary order, condition and repair. All repairs and maintenance of the Premises are to be done at the sole cost of Tenant, subject to Paragraph 11.B.

I. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair (except as hereinafter provided with respect to Landlord's obligations) including, without limitation, the maintenance, repair, and, if necessary, replacement of existing equipment, fixtures, furniture, storefront, doors, window casements, glazing, interior plumbing (specifically, the plumbing lines inside the Premises, from the point of entry into the interior of the Premises at the interior surface of the exterior walls, and the sewer lines from inside the Premises to the point outside the Premises where the sewer laterals for the Premises connect to the main sewer line in the Landlord's Parcel, Landlord's Center or the Shopping Center (whichever applicable)), pipes, electrical wiring and conduits, and, subject to Paragraph 11.B. below, the heating, ventilation, and air conditioning ("HVAC") unit(s) and/or system(s); and, Tenant shall periodically sweep and clean the sidewalks and paved areas immediately adjacent to the Premises, as needed. Tenant shall obtain a service contract for the quarterly (or, if necessary, monthly) preventative maintenance of the HVAC unit(s) and/or system(s) serving the Premises, with such maintenance contract to conform to the requirements under the warranty, if any, on the HVAC unit(s) and/or system(s), and Tenant shall provide Landlord with proof thereof throughout the Lease Term, as extended. In the event Tenant fails to obtain and, at all times throughout the Term, keep in force such service contract, Landlord may (but shall not be obligated to) enter into such a service contract for the HVAC unit(s) and/or system(s), with a contractor reasonably selected by Landlord. In such event, Tenant shall reimburse Landlord for all sums paid by Landlord in connection therewith, such reimbursement to be at the same time as the monthly payment of Tenant's estimated Adjustments in the manner set forth in Paragraph 7.B. above. Tenant shall, upon the expiration or sooner termination of this Lease hereof, surrender the Premises to the Landlord in good condition, broom clean, ordinary wear and tear excepted, with all mechanical, electrical, plumbing systems, and the HVAC unit(s) and/or system(s), in good working order. Any damage to adjacent premises solely caused by Tenant's use of the Premises shall be repaired at the sole cost and expense of Tenant.

II. Tenant shall be responsible for the maintenance of all plate glass in the Premises, and shall, at its own expense, procure, maintain and keep in force plate glass insurance coverage on all exterior plate glass in the Premises. Tenant shall be responsible to replace any broken, cracked, scratched, edged or damaged plate glass at Tenant's sole cost during the Term of the lease. In the event Tenant fails to do the same, Landlord may replace at Tenant's cost.

III. Should Tenant fail to fulfill any of its obligations set forth in Paragraph 11.A above, after notice and opportunity to cure, then upon notice from Landlord that Landlord will do so, Landlord shall have the right to cause such repairs and/or maintenance to be done at the sole cost and expense of Tenant (said cost to include any administrative or management fee so assessed by Landlord or Landlord's property manager).

11.B. Landlord's Duty to Maintain and Repair.

I. Notwithstanding the provisions of Paragraph 11.A. above, Landlord shall repair and maintain the structural portions of the Premises and the Building, including the exterior walls (excluding graffiti removal and exterior touchup painting, which shall be administered as a cost under Article 7.B.), structural walls (provided that the repair or maintenance thereof is not caused by, resulting from, or in connection with Tenant's Work, improvements, alterations, or repairs), concrete slab, and roof (exclusive of repairs to or replacements of the roof membrane, which shall be performed by Landlord and administered as a cost under Article 7.B.), unless such maintenance and repairs are caused in whole or in part by the negligence or willful misconduct of Tenant, its agents, servants, employees, contractors, licensees, or invites, in which case Tenant shall pay to Landlord the actual, reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Tenant waives the right to make repairs at Landlord's expense under any law, statute, or ordinance now or hereinafter in effect.

II. Notwithstanding anything to the contrary set forth under Article 11 of this Lease, Landlord shall be responsible for the repair and/or replacement of major parts or components of the existing HVAC unit (e.g. the compressor or motor) for only the first twenty four (24) months of the Lease Term, and, during said time, Tenant, at Tenant's sole cost, will remain responsible for the regular quarterly or, if necessary, monthly maintenance thereof (as set forth above) and shall provide Landlord with proof thereof. After said twenty four (24) month period, Tenant, at Tenant's sole cost, will be responsible for all maintenance, repair(s), and/or replacement(s) of the HVAC unit and system. In the event the existing HVAC unit is beyond repair during the first twenty four (24) months of the Lease Term, Landlord shall deliver a new HVAC unit, the tonnage of which



1 shall be solely determined by Landlord, and, thereafter, Tenant, at Tenant's sole cost, will be responsible for the  
2 maintenance, repair, and replacement thereof. In no event will Landlord be responsible for any new HVAC  
3 ducting, rerouting any existing ducting, or upgrading the tonnage or components of the HVAC unit and/or  
4 system (whether existing or new), including, without limitation, installing, what is referred to in the trade as, an  
5 "economizer".  
6

7 12. LIENS.

8 Tenant shall keep the Premises and Landlord's Parcel free from any liens arising out of any work  
9 performed, materials furnished or obligations incurred by or on behalf of Tenant.  
10

11 13. ASSIGNMENT AND SUBLETTING.

12 Neither Tenant nor any sublessee or assignee of Tenant shall, directly or indirectly, voluntarily or by  
13 operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of the  
14 Premises or Tenant's leasehold estate hereunder (each such act is referred to herein as an "Assignment"), or  
15 sublet the Premises or any portion thereof or permit the Premises to be used or occupied by anyone other than  
16 Tenant (each such act is referred to herein as a "Sublease") (Assignment and Sublease are sometimes  
17 collectively referred to herein as a "Transfer") without Landlord's prior written consent in each instance, which  
18 consent shall not be unreasonably withheld. Any Assignment or Sublease that is not in compliance with this  
19 Article 13 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this  
20 Lease. The acceptance of Minimum Rent or additional rent by Landlord from a proposed assignee, sublessee or  
21 occupant of the Premises shall not constitute consent to such Assignment or Sublease by Landlord. Upon any  
22 Transfer, the assigning or subleasing Tenant and, if applicable, the Guarantor shall remain liable for, and shall  
23 acknowledge to Landlord, in writing, their continued liability for the full and timely performance of all the  
24 terms and conditions of this Lease, including, but not limited to, the prompt and full payment of all Minimum  
25 Rent, Adjustments, and other payments required under this Lease for the entirety of the Term, as the same may  
26 be extended pursuant to Article 36, and notwithstanding any rejection of this Lease by any sublessee, assignee,  
27 or transferee in any bankruptcy proceeding. Landlord shall not unreasonably withhold its consent to an  
28 Assignment or Sublease provided that (a) Tenant is in possession of the Premises at the time of the Assignment  
29 or Sublease and is open for business, (b) the assignees or sub-tenant's use is the same as the permitted use (as  
30 set forth in Paragraph H of the Basic Lease Provisions and Article 3 of this Lease), and (c) the proposed  
31 assignees or sub-tenant's creditworthiness and net worth is at least equal to the greater of that of the (i) Tenant's  
32 or (ii) Guarantor's.  
33

34 Any request by Tenant for Landlord's consent to a specific Assignment or Sublease shall include (a) the  
35 name of the proposed assignee, sublessee or occupant, (b) the nature of the proposed assignee's, sublessee's or  
36 occupant's business to be carried on in the Premises, (c) a copy of the proposed Assignment or Sublease, (d)  
37 such financial information as Landlord may reasonably request concerning the proposed assignee, sublessee, or  
38 occupant or its business, and (e) payment of Two Thousand Five Hundred Dollars 00/100 (\$2,500.00).  
39 Notwithstanding the foregoing, any consent by Landlord to any Transfer shall be predicated upon Landlord's  
40 assurance that the Premises so sublet or assigned shall be used for the same type of business (as set forth in  
41 Paragraph H of the Basic Lease Provisions and Article 3 of this Lease).  
42

43 In all events, any Assignment or Sublease by Tenant shall not relieve Tenant or, if applicable, the  
44 Guarantor of any obligation to be performed by Tenant or Guarantor under this Lease or the Guaranty whether  
45 arising before or after the Assignment or Sublease; and, in each instance of an Assignment or Sublease, Tenant  
46 and, if applicable, the Guarantor shall remain liable for, and shall acknowledge to Landlord, in writing, their  
47 continued liability for the full and timely performance of all terms and conditions of this Lease (including,  
48 without limitation, the prompt and full payment of all rent and other payments required under this Lease). The  
49 consent by Landlord to any Assignment or Sublease shall not relieve Tenant or any successor of Tenant or any  
50 Guarantor from the obligation to obtain Landlord's express written consent to any other Assignment or  
51 Sublease.  
52

53 Without limiting the circumstances under which it may be reasonable for Landlord to withhold its  
54 consent to an Assignment or Sublease, it is expressly agreed that it shall be reasonable for Landlord to consider  
55 the following factors in its determination of consent to the Assignment or Sublease: (i) the quality of the  
56 merchandising operation in the Premises; (ii) the financial condition of the proposed new tenant or sublessee at  
57 the time of the proposed Assignment or Sublease; (iii) the nature, type, quality, retail price structure and volume  
58 of merchandise sold or offered for sale, and prestige, reputation and financial condition of ownership and  
59 management of Tenant in comparison with the sublessee or assignee; (iv) whether or not the proposed sublessee  
60 or assignee is a franchisee or licensee and the terms of such sublessee's or assignee's franchise or license  
61 agreement; (v) the amount of stores then being operated by the proposed transferee are fewer than the greater of  
62 (a) 3 stores, or (b) the amount of stores operated by Tenant under the trade name as of the Rent Commencement  
63 Date of this Lease.  
64

65 Each assignee, sublessee or other transferee of all or a portion of Tenant's interest hereunder, other than  
66 Landlord, shall assume, as provided in this Article 13, all obligations of Tenant accruing on or after the effective



1 date of the Assignment, Sublease or other transfer under this Lease and shall be and remain liable jointly and  
2 severally with Tenant for the prompt and full payment of Minimum Rent, Adjustments, and additional rent, and  
3 for the performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to  
4 be performed during the Lease Term, as the same may be extended pursuant to Article 36. No Assignment shall  
5 be valid or effective unless the assignee or Tenant shall deliver to Landlord a fully-executed counterpart of the  
6 Assignment and an instrument in recordable form that contains a covenant of assumption by the assignee  
7 reasonably satisfactory in substance and form to Landlord, consistent with the requirements of this Article 13.  
8 The failure or refusal of the assignee to execute such instrument of assumption shall not release or discharge the  
9 assignee from its liability as set forth above.

10  
11 If Tenant is a corporation which, under the current laws, rules or guidelines promulgated by the  
12 governmental body or agency having jurisdiction and authority to promulgate the same, is not deemed a public  
13 corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation, in the  
14 aggregate of more than twenty-five percent (25%) of the total outstanding stock or interest in such corporation,  
15 association or partnership, shall be deemed a transfer within the meaning and provisions of this Article and shall  
16 require Landlord's prior written consent. The involvement of Tenant or its assets in any transaction, or series of  
17 transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or  
18 otherwise), whether or not a formal assignment or hypothecation of this Lease or Tenant's assets is involved,  
19 which results in a depletion or reduction of the combined net worth of Tenant and any other parties liable to  
20 Landlord for the performance of Tenant's obligations hereunder by an amount equal to or greater than 20% of  
21 such combined net worth (as such net worth was represented to Landlord at the time of the execution of this  
22 Lease or at the time of the most recent Transfer to which Landlord has consented, or as such net worth is  
23 immediately prior to said transaction or transactions constituting such depletion or reduction, at whichever time  
24 said combined net worth was or is greater) shall be considered an Assignment of this Lease by Tenant requiring  
25 Landlord's consent. Net worth for purposes of this Article shall be established under generally accepted  
26 accounting principals consistently applied. Furthermore, the conversion of a general or limited partnership  
27 tenant into an LLC, LLP, or any other entity with the characteristic of limited liability is deemed to be an  
28 Assignment of this Lease requiring the Landlord's consent and entitling the Landlord to withhold that consent  
29 absent appropriate personal guarantees from the members or partners (past and future) of the LLC or LLP,  
30 respectively.

31  
32 It is understood and agreed that with respect to any Assignment or Sublease approved by Landlord, any  
33 increase in rental to be paid by the assignee or subtenant, other than by Beverly Care (as defined below), in  
34 excess of the rental reserved herein shall be the property of Landlord, and Tenant shall deliver such excess to  
35 Landlord promptly after receipt from the assignee or subtenant each month. Notwithstanding the foregoing, if  
36 Tenant sells its business, with Landlord's advance written approval, Tenant shall be entitled to all proceeds of  
37 the sale.

38  
39 Tenant shall not place or allow to be placed in, on or about the Premises any sign or other notice  
40 indicating Tenant's desire to assign this Lease or sublet the Premises. In no event may Tenant assign this Lease  
41 or sublet all or any portion of the Premises to an existing tenant of the Shopping Center or its subtenant or  
42 assignee. In no event shall the proposed subtenant or assignee be a person or entity with whom Landlord or its  
43 agent is negotiating and to or from whom Landlord, or its agent, has given or received any written or oral  
44 proposal within the past six months regarding a lease of space in the Shopping Center.

45  
46 Landlord's Consent to Tenant's Sublease to "Beverly Care". Notwithstanding anything to the  
47 contrary set forth under this Article 13, and without requiring the further consent of Landlord (or the payment of  
48 the fee described in the second paragraph of this Article 13), Landlord hereby agrees and acknowledges that, as  
49 of the Effective Date, Tenant shall Sublease the Premises to BeverlyCare, a California nonprofit public benefit  
50 corporation doing business as "Beverly Care" (herein "Beverly Care"), subject to the following terms and  
51 conditions: (i) Tenant shall provide Beverly Care's identification documents, to Landlord's reasonable  
52 satisfaction; (ii) Tenant shall remain fully liable for the performance of all of the terms required to be performed  
53 by Tenant hereunder during the unexpired Term of the Lease, including any Option Term pursuant to an  
54 exercise of an Option (as described under Article 36 below); (iii) the Sublease shall be subject to all of the terms  
55 of the Lease, including, without limitation, the Use clause, and in the event said Sublease is memorialized by  
56 way of a written document or instrument and signed by the Tenant and Beverly Care, all of the terms and  
57 conditions of said Sublease shall be subject to all of the terms and conditions of this Lease (it being the  
58 Landlord's and Tenant's understanding and agreement that the Sublease document or instrument shall in no  
59 event or instance waive, modify, or supersede any of the terms and conditions under this Lease, which shall  
60 remain in full force and effect). Notwithstanding anything to the contrary set forth in this paragraph, in no event  
61 shall Landlord's consent, so contemplated in this paragraph, serve as a consent to any subsequent Assignment,  
62 Sublease or Transfer and shall not constitute a waiver of the necessity for Tenant to obtain Landlord's advance  
63 written consent to any subsequent Assignment, Sublease or Transfer; and, further, in no event shall Tenant (nor  
64 any of its successors or assigns) be released from any liability under this Lease without Landlord's express  
65 written agreement to release any such person or entity from liability, which Landlord may grant or withhold in  
66 its sole discretion and such refusal to grant a release shall not be deemed to be an unreasonable condition upon

any Assignment, Sublease or Transfer.

**14. HOLD HARMLESS.**

14.A. Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from the existing condition of the Premises and/or Tenant's use of the Premises, the existing equipment, fixtures, and furniture in or about the Premises, or from the conduct of its business or from any activity, work, or other things done, permitted or suffered by the Tenant within the Premises and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any intentional act or negligence of the Tenant, or any officer, agent, employee, contractor, licensee, or invitee of Tenant in or about the Premises, and from all costs, reasonable attorneys' fees, and liabilities incurred in or about the defense of any such claim or any action or proceeding brought thereon and in case any action or proceeding be brought against Landlord by reason of such claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons within the Premises from any cause other than the negligence, contributory negligence or intentional act of Landlord, or its agents, servants or employees; and, Tenant hereby waives all claims in respect thereof against Landlord. Tenant shall give prompt written notice to Landlord in case of casualty or accidents in the Premises. Landlord or its agents shall not be liable for any loss or damage to persons or property resulting from fire, explosion, failing plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other place resulting from dampness or any other cause whatsoever, unless caused by or due to the negligence or intentional act of Landlord, its agents, servants or employees. Landlord or its agents shall not be liable for interference with the light or air in the Shopping Center.

14.B. Tenant hereby waives, releases, acquits and forever discharges the personal liability of Landlord's directors, officers, partners, members, managers, employees, agents, attorneys, successors and assigns, and any other person acting on behalf of Landlord, of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant now has or which may arise in the future on account of or in anyway growing out of or in connection with the use of the Premises by Tenant, or the failure of Tenant to keep the Premises in good condition and repair, and the physical characteristics or existing condition of the Premises, including, without limitation, the environmental, safety and health considerations pertaining to the manufacture, generation, handling, use, storage, treatment, transportation, shipment or disposal of hazardous, infectious, radioactive, toxic, ignitable or inflammable, corrosive, persisted or bioaccumulative, reactive, or otherwise dangerous materials, wastes, pollutants or contaminants.

14.C. Tenant agrees to defend, indemnify, and hold harmless Landlord, any parent, subsidiary or other affiliate of Landlord, and any director, officer, member, manager, employee, agent, attorney or partner of any of the foregoing, against all damages (including consequential damages), claims, liabilities, penalties, forfeitures, losses, or expenses, including, without limitation, any reasonable attorneys' and professional fees and litigation costs, in connection with or arising out of (i) any misrepresentation or breach of warranty, covenant, or undertaking by Tenant hereunder; (ii) any contaminants, pollutants, or other Hazardous Substances, wherever located, which were generated, transported, stored, treated, disposed of, or otherwise handled by Tenant or Tenant's employees, agents, contractors, licensees, or invitees.

14.D. All representations, warranties, covenants, agreements and indemnities of Landlord and Tenant contained herein shall survive the expiration or other termination of this Lease for one (1) year and shall not be affected by any investigation, or any information obtained as a result of such investigation, by or on behalf of any person or entity including, but not limited to, the Landlord, any prospective lender to Landlord, any prospective purchaser of all or any portion of Landlord's Parcel or any prospective tenant of any portion of Landlord's Parcel.

**15. SUBROGATION.**

As long as their respective insurers so permit, Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall apply to their insurers to obtain said waivers. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.

**16. PROPERTY AND LIABILITY INSURANCE.**

16.A. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall name Landlord as additional insured and be in the amount of not less than \$1,000,000.00 for injury or death of one person in any one accident or occurrence and in the amount of not less than \$2,000,000.00 for



injury or death of more than one person in any one accident or occurrence. Such insurance shall further insure Tenant (and shall name Landlord as an additional insured) against liability for property damage of at least \$1,000,000.00. The limit of any such insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may provide this insurance under a blanket policy, provided that said insurance shall have a Landlord's protective liability endorsement attached thereto, in which case, Tenant shall provide to Landlord a certificate of insurance with minimum \$2,000,000.00 combined single limit coverage naming Landlord and its manager (Gaska, Inc.) as additional insureds. The maximum deductible allowed on Tenant's insurance shall not exceed the amount of \$1,000.00. If Tenant shall fail to procure and maintain the insurance required pursuant to this paragraph, Landlord may, but shall not be required to, procure and maintain the same, but at the expense of Tenant. Insurance required hereunder shall be in companies reasonably acceptable to Landlord or rated A:XII or better in "Best's Key Rating Guide". Tenant shall deliver to Landlord, prior to right of entry, copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance. No policy shall be cancelable or subject to reduction of coverage. All such policies shall be written as primary policies within the Premises and not contributing with and not in excess of coverage which Landlord may carry.

16.B. Tenant shall not do or permit the doing of any act in or about the Premises which constitutes an extra-hazardous act or which will violate, suspend or cause a cancellation of any policy of insurance covering any portion of Landlord's Parcel, Landlord's Center, or the Shopping Center. If Tenant stocks, keeps, uses or sells any article or product, or carries on any activity, or omits to do any act, or fails to provide or install any safeguard reasonably prudent to Tenant's type of occupancy, any one or more of which results in higher premiums for the property insurance (including, without limitation, fire and extended coverage insurance) and/or rental insurance carried by Landlord on the Premises and/or on the Building or on all or any other portion of Landlord's Parcel or Landlord's Center, than the premiums for the least hazardous type of mercantile occupancy for which reasonably prudent safeguards have been provided, then Tenant shall pay to Landlord on demand the amount equal to such additional premiums. If in the considered opinion of Landlord's insurance advisor, based on a substantial increase in recovered liability claims, the aforesaid amounts of coverage are no longer adequate, then said coverages shall be proportionately increased.

16.C. Tenant shall maintain in effect policies of insurance covering (i) its leasehold improvements (including any alterations, additions or improvements as may be made by Tenant pursuant to the provisions of this Lease), trade fixtures, merchandise and other personal property on the Premises, in an amount not less than eighty percent (80%) of their actual replacement cost providing protection against any peril included within the classification of "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism and malicious mischief and (ii) all plate glass on the Premises. The proceeds of the insurance, so long as this Lease remains in effect, shall be used for the repair or replacement of the property so insured, excluding Tenant's furniture, trade fixtures, equipment and other movable personal property. Upon termination of this Lease, the proceeds under (i) above shall be paid to Tenant and the proceeds under (ii) above shall be paid to Landlord.

#### 17. UTILITIES.

Commencing upon Tenant's possession of the Premises, Tenant shall pay for all utilities serving the Premises, including, but not limited to, water, gas, heat, light, power, sewer charges, telephone service, fire sprinklers and all other services and utilities supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, Tenant shall pay, as additional rent, its pro-rata share (to be reasonably determined by Landlord) of all charges jointly metered with other premises (considering both the relative floor areas and the types of uses of the Premises and other premises jointly metered). Tenant shall be solely responsible for confirming that the existing utilities provided to the Premises are adequate for its permitted use hereunder (including water, sewer, gas, electricity, which includes electricity for lighting, the HVAC system(s), telephone, and/or fire equipment). Subject to Articles 8.C. and 8.D., Tenant shall use the existing trash enclosure provided in the Shopping Center and so designated by Landlord. Landlord is not responsible for providing any additional trash enclosures or bins for Tenant. Notwithstanding anything to the contrary contained in this Lease, Tenant shall pay all water connection fees, sewer fees, tap fees, hook-up fees, development fees, use fees, impact fees, utility connection fees, traffic impact fees, seat taxes and any other extraordinary fees associated with the Premises.

Notwithstanding any of the foregoing, if Tenant causes additional and/or excessive utility costs, including trash removal (subject to Articles 8.C. and 8.D.), by reason of its operation, Landlord may in its discretion charge such additional costs directly to Tenant. At Tenant's option, Tenant may, at Tenant's sole expense, install sub-meters on the Premises to monitor Tenant's consumption of utilities.

#### 18. PERSONAL PROPERTY TAXES.

Tenant shall pay, or cause to be paid, before delinquency any and all taxes levied or assessed and which become payable during the Term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property of Tenant located in the Premises. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after

1 delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to  
2 Tenant's property.

3  
4 19. RULES AND REGULATIONS.

5 Tenant shall faithfully observe and comply with the reasonable and non-discriminatory rules and  
6 regulations that Landlord shall from time to time promulgate and/or modify, provided that such rules and  
7 regulations are applicable to all tenants in Landlord's Parcel (other than any tenant who leases in excess of  
8 15,000 square feet of floor area), and further provided that Landlord provides Tenant written notice thereof.  
9 The rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant. Although  
10 Landlord shall use its good faith reasonable efforts to enforce such rules and regulations fairly and uniformly as  
11 to all tenants subject to such rules and regulations, Landlord shall not be responsible to Tenant for the  
12 nonperformance of any said rules and regulations by any other tenants or occupants of the Shopping Center.

13  
14 20. HOLDING OVER.

15 If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term,  
16 regardless of whether or not such holding over is with Landlord's consent, unless Landlord otherwise then  
17 agrees in writing, such occupancy shall be a tenancy from month to month at a rental in the amount of one  
18 hundred fifty percent (150%) of the Minimum Rent in effect immediately prior to the expiration of the Term,  
19 plus all other charges payable hereunder, and upon all the terms hereof applicable to a month to month tenancy.

20  
21 21. ENTRY BY LANDLORD.

22 21.A.Landlord reserves, and shall at any and all times have, upon reasonable notice, the right to enter the  
23 Premises to inspect the same, to submit the Premises to prospective purchasers, lenders or tenants, to post  
24 notices of non-responsibility, to repair the Premises and any portion of the Building that Landlord may  
25 reasonably deem necessary or desirable, without abatement of rent, and may for that purpose erect scaffolding  
26 and other necessary structures where reasonably required by the character of the work to be performed,  
27 provided that the entrance to the Premises shall not be unreasonably blocked thereby, and further provided that  
28 the business of the Tenant shall not be interfered with unreasonably. For each of the aforesaid purposes,  
29 Landlord shall have the right to use any and all means which Landlord may reasonably deem proper to open the  
30 Premises doors in an emergency to obtain entry to the Premises without liability to Tenant, except for any  
31 failure to exercise due care for Tenant's property, and any entry to the Premises obtained by Landlord by said  
32 means shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a  
33 detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

34  
35 21.B.Landlord and its representatives shall have the right, at any reasonable time and from time to time,  
36 and upon reasonable notice, to enter (the Premises) and perform monitoring and other analyses and to review  
37 any documents, materials, inventories, financial data, or notices or correspondence to or from private parties or  
38 governmental authorities in connection with Environmental Health or Safety Requirements. All costs and  
39 expenses reasonably incurred by Landlord in connection with such inspections shall become due and payable by  
40 Tenant. SUCH INSPECTION SHALL NOT CONSTITUTE AN ASSUMPTION BY LANDLORD OF ANY  
41 OBLIGATIONS, DUTIES, RESPONSIBILITIES OR LIABILITIES PERTAINING TO TENANT'S  
42 COMPLIANCE WITH ENVIRONMENTAL HEALTH AND SAFETY REQUIREMENTS, AND TENANT  
43 SHALL RETAIN RESPONSIBILITY FOR ITS COMPLIANCE WITH SUCH REQUIREMENTS WITHIN  
44 THE PREMISES.

45  
46 22. TENANT'S DEFAULT.

47 The occurrence of any one or more of the following events shall constitute a default and breach of this  
48 Lease by Tenant.

49  
50 a. The vacating or abandonment of the Premises by Tenant, or "Going Dark" (timely  
51 payment of rent, but failure to comply with the express provisions of Article 31 hereof relating to hours of  
52 operation). If Tenant "Goes Dark", and upon written notice thereof from Landlord, Tenant must cure the  
53 default or Landlord may exercise the default remedies at its disposal and discretion, as set forth in Article 23  
54 hereof.

55  
56 b. The failure by Tenant to make any payment of rent, as defined herein, or any other  
57 payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a  
58 period of five (5) days after written notice thereof by Landlord to Tenant.

59  
60 c. The failure by Tenant to observe or perform any of the covenants, conditions or provisions  
61 of this Lease to be observed or performed by Tenant, other than described in clause b. of this Article 22, above,  
62 where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to  
63 Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are  
64 reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant diligently  
65 commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to  
66 completion.

d. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

e. The material falsity of any financial statements of Tenant or any Guarantor(s) of this Lease given to Landlord as an inducement to enter into this Lease.

### 23. REMEDIES IN DEFAULT.

23.A. In the event of any such default or breach by Tenant, Landlord may at any time thereafter, in Landlord's sole discretion, with or without written notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach, elect:

I. To terminate this Lease and thereupon reenter and take possession of the Premises by any means provided by law;

II. From time to time, without terminating this Lease, to reenter (by any means provided by law) and relet the Premises for the account of Tenant, upon such terms and conditions as Landlord may reasonably deem advisable or satisfactory, in which event rents received for such reletting shall be applied: first, to the expense of such reletting (including brokerage fees, legal fees and necessary renovations to return the Premises to a condition equivalent to that of its original condition or such other condition as reasonably may be required to render the Premises leaseable under then prevailing market conditions); second, to the payment of any indebtedness of Tenant to Landlord under this Lease other than the payment of rent; third to the payment of rent due and unpaid hereunder to become due to Landlord hereunder. Should that portion of such rents received by Landlord from any such reletting during any month applied to the payment of rent due from Tenant hereunder be less than such rent due hereunder, Tenant shall pay such deficiency to Landlord (and any such deficiency shall be calculated and paid monthly). Landlord shall not in any event be required to pay to Tenant any surplus of any sums received by Landlord on a reletting of the Premises in excess of the amounts due from Tenant as provided in this Lease, but all such excess shall be held by Landlord and applied in payment of future amounts as the same may become due and payable hereunder. If any such excess remains at the expiration or earlier termination of this Lease, after the application of such rents to all sums due hereunder from Tenant, Landlord shall pay any such excess to Tenant within thirty (30) days after the final Expense Statement is prepared for the last Lease Year of the Term;

III. To exercise the right provided in California Civil Code Section 1951.4 (continue this Lease in full force and effect after Tenant's breach and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations, and Tenant agrees that the limitations thereon provided in this Lease are reasonable); and/or

IV. To pursue any other remedy now or hereafter available to Landlord under applicable California law.

23.B. If Landlord elects to terminate this Lease pursuant to Paragraph 23.A.I. above, Landlord may recover from Tenant:

I. The worth at the time of award of the unpaid rent which had been earned at the time of termination;

II. The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

III. The worth at the time of award of the amount by which the unpaid rent for the balance of the term then in effect after the time of award exceeds the amount of such rental loss that Tenant proved could be reasonably avoided;

IV. Any other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom;

V. A late fee as provided for in Paragraph 33.I of this Lease; and,



VI. Interest on any indebtedness of Tenant to Landlord under this Lease other than rent then outstanding at the maximum legal rate as permitted by law.

23.C. The "worth at the time of award" of the amounts referred to in Paragraph 23.B.II and 23.B.III above shall be computed by discounting such amounts at a rate equal to the discount rate then in effect at the Federal Reserve Bank of San Francisco plus one percent (1%). The "worth at the time of the award" of the amount referred to in Paragraph 23.B.I shall be computed by including interest thereon at the rate of ten percent (10%) per annum.

23.D. As used in this Lease, the term "rent" means the Minimum Rent described in Paragraph 4.B above and all Adjustments as described in Paragraph 7.B above (including both the estimated monthly installments of such Adjustments and the amounts then due from Tenant, if any, following delivery of an Expense Statement to Tenant).

#### 24. DEFAULT BY LANDLORD.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord 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 Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or an injunction. Notwithstanding anything to the contrary contained in this Lease, in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed, honored or performed by Landlord, Tenant shall look solely to the interest and property of Landlord in the Landlord's Parcel for the collection of any judgment, order or other judicial or quasi-judicial procedure requiring the payment of money by Landlord, and no other property or assets of Landlord shall be subject to levy, execution or other procedures for satisfaction of any of Tenant's remedies and Tenant hereby waives any right or interest which otherwise may be available to Tenant to proceed against or seek any payment or other recovery therefrom.

#### 25. RECONSTRUCTION.

25.A. In the event the Premises is damaged by fire or other perils covered by extended coverage insurance, Landlord agrees to forthwith repair the same, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the Minimum Rent due hereunder from the date of damage and while such repairs are being made, such proportionate reduction to be based upon the extent to which the damage and making of such repairs shall reasonably interfere with the business carried on by the Tenant in the Premises, in Landlord's determination. If the damage is due to the negligence or intentional acts of Tenant or its employees, agents, contractors, licensees or invitees there shall be no abatement of rent.

25.B. In the event the Premises is damaged as a result of any cause other than the perils covered by fire and extended coverage insurance, then Landlord shall forthwith repair the same, provided the extent of the destruction is less than ten percent (10%) of the then full replacement cost of the Premises. In the event such destruction of the Premises is to an extent of ten percent (10%) or more of the full replacement cost then Landlord shall have the option: (1) to repair or restore such damage, this Lease continuing in full force and effect, but the Minimum Rent to be proportionately reduced as hereinabove in this Article provided; or, (2) give notice to Tenant at any time within sixty (60) days after such damage, terminating this Lease as of the date specified in such notice, which date shall be no more than thirty (30) days after the giving of such notice. In the event of giving such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and the Minimum Rent, reduced by a proportionate reduction, based upon the extent, if any, to which such damage interfered with the business carried on by the Tenant in the Premises, shall be paid up to the date of termination set forth in said notice.

25.C. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Article occurs during the last twenty four (24) months of the Term or any extension thereof.

26.D. Except as otherwise expressly provided in this Lease, Landlord shall not be required to repair any injury or damage by fire or other cause to, or to make any repairs or replacements of, any leasehold improvements, fixtures or other personal property of Tenant.

#### 26. EMINENT DOMAIN.

If more than twenty-five percent (25%) of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its

option, within sixty (60) days after said taking, to terminate this Lease upon thirty (30) days written notice. If either less than or more than twenty five percent (25%) of the Premises are taken (and neither party elects to terminate as herein provided), the Minimum Rent thereafter to be paid shall be equitably reduced. If any part of the Shopping Center or Landlord's Parcel other than the Premises may be so taken or appropriated, Landlord shall within sixty (60) days of said taking have the right at its option to terminate this Lease upon written notice to Tenant. In the event of any taking or appropriation whatsoever, Landlord shall be entitled to any and all awards and/or settlements which may be given and Tenant shall have no claim against Landlord for the value of the unexpired Term of the this Lease, the "bonus value" of this Lease, or any other award which would reduce Landlord's entitlements or recovery.

## 27. PARKING AND COMMON AREAS.

27.A. Landlord covenants an area approximately equal to the common and parking areas as shown on the site plan attached hereto as **Exhibit A** shall be at all times available for the non-exclusive use of Tenant during the Term or any extension of the Term (referred to herein as the "Common Areas" or "common areas"), provided that each of the following shall not constitute a violation of this covenant by Landlord: (a) the condemnation or other taking by any public authority, or sale in lieu of condemnation, of any or all of such common and parking areas; (b) the temporary unavailability of any of the parking areas by reason of and related to repairs, maintenance, and/or replacements of the parking areas and/or infrastructure underneath the parking areas, or any reconfiguration thereof as permitted herein; (c) the temporary unavailability of any portion of the parking areas used as staging areas (including, but not limited to, storage of materials) for the construction or repair, maintenance and/or replacement of buildings within the Shopping Center; (d) the permanent or temporary seasonal use of the parking areas as previously or hereafter granted by Landlord to one or more other tenants (or seasonal/temporary tenants) in the Shopping Center; (e) the removal of parking spaces to create shopping cart corrals for one or more other tenants' use, provided that the remaining Shopping Center parking spaces are sufficient to meet statutory parking requirements; (f) the future removal of parking spaces to create, and the designation of adjacent spaces for, electrical (or clean-air) vehicle charging stations, provided that the remaining Shopping Center parking spaces are sufficient to meet the statutory parking requirements; (g) the present and any future designation of areas behind the Shopping Center buildings as reserved for loading and unloading of delivery vehicles, access for delivery vehicles, and/or special rubbish storage areas and/or box and/or trash compaction; (h) the future designation of specific spaces for handicapped parking, maternity parking or short-term parking (including, without limitation, zones for the drop-off and/or pick-up of passengers, food, or merchandise); and, (i) Landlord's imposition of reasonable rules and regulations governing the use of the Shopping Center's parking areas. Landlord reserves the right to change the entrances, exits, traffic lanes and the boundaries and locations of such parking area or areas, provided, however, that anything to the contrary notwithstanding contained in this Article 27, said parking area or areas shall at all times be substantially equal or equivalent to that shown on the attached **Exhibit A**. The Landlord shall keep said automobile parking and common areas in a neat, clean and orderly condition and shall repair any damage to the facilities thereof, but all expenses in connection with said automobile parking and common areas shall be charged and prorated in the manner as set forth in Article 7 hereof. Tenant, for the use and benefit of Tenant, its agents, employees, customers, licensees and sub-tenants, shall have the non-exclusive right in common with Landlord, and other present and future owners, tenants and their agents, employees, customers, licensees and sub-tenants, to use said common and parking areas during the Lease Term, or any extension thereof, for ingress and egress, and automobile parking in compliance with the rules and regulations reasonably promulgated by Landlord governing the use thereof. The Tenant shall comply with and shall use its diligent and good faith best efforts to cause its employees, customers, and invitees to comply with such reasonable rules, regulations and charges for parking as the Landlord may adopt from time to time for the orderly and proper operation of said common and parking areas. Such rules may include, but shall not be limited to, the following: (1) the restricting of employee parking to a limited, designated area or areas, and/or prohibiting employees, customers and/or invitees from parking in areas designated for loading and unloading of merchandise and/or for access to such loading and unloading areas; and, (2) the regulation of the removal, storage and disposal of Tenant's refuse and other rubbish at the sole cost and expense of Tenant. Notwithstanding the foregoing, Landlord agrees not to erect buildings, signage, kiosks or other structures immediately in front of the Premises so as to obstruct access to the Premises or to materially impair the visibility of Tenant's storefront and/or storefront sign, nor shall any changes deprive Tenant, its employees and invitees from reasonable means of ingress to and egress from the Premises.

27.B. Notwithstanding anything to the contrary set forth in Article 27.A., Tenant hereby agrees that Tenant shall at all times during the Term, as extended, cause its employees, agents, and contractors to park only in that area, as designated (whether now or in the future) by the Landlord on **Exhibit A**.

27.C. Subject to Paragraph 7.B.I hereof, Landlord shall keep the Common Areas in a neat, clean and orderly condition and shall repair any damage to the facilities thereof, but all expenses in connection with said Common Areas shall be a part of the Adjustments charged and prorated in the manner as set forth in Article 7 hereof.

27.D. Tenant, for the use and benefit of Tenant, its agents, employees, customers, licensees and sub-

tenants, shall have the non-exclusive right in common with Landlord, and other present and future owners, tenants and their agents, employees, customers, licensees and sub-tenants, to use said Common Areas, on a first-come first-serve basis, during the entire Term, or any extension thereof, for ingress and egress and automobile parking.

27.E. Intentionally omitted.

## 28. SIGNS.

28.A. Tenant may affix and maintain upon the exterior of the storefront of the Premises only such signs, advertising placards, names, insignia, trademarks and descriptive material as shall have first received the written approval of the Landlord and the applicable or respective city as to type, size, color, location, copy nature and display qualities, all of which shall comply with Landlord's Sign Criteria (as outlined under Paragraph 28.E, below, and Exhibit F). Anything to the contrary in the Lease notwithstanding, Tenant shall not affix any type of sign (including pole sign) on the roof.

28.B. Tenant shall promptly remove any sign or device which is placed or maintained in violation of the foregoing provisions, and if Tenant fails to remove the same promptly upon receipt of written request from Landlord, then Landlord shall have the right to enter the Premises and cause such sign or device to be removed, and Tenant shall immediately reimburse Landlord for the cost of such removal.

28.C. In the event Tenant desires any additional signage or to change the initial signage approved by Landlord, Tenant shall submit to the Landlord for written approval, three (3) copies of the detail shop drawings of Tenant's proposed sign. Landlord shall not unreasonably withhold its approval of signage that conforms to Landlord's Sign Criteria then in effect for Landlord's Parcel (see Paragraph 28.E, below, and Exhibit F). In no event shall Tenant install any additional signage or change its initially approved signage before receiving Landlord's written approval thereof (not to be unreasonably withheld) and before receiving any required city or other governmental approvals thereof. Proposed additional signage or modifications of signage must be submitted to Landlord before submission to the applicable or respective city for approval.

28.D. Tenant shall pay for all costs associated with Premises and storefront signs, including, without limitation, permitting and license renewal fees relating thereto, and installation (including final connection, transformers and all other labor and materials) and maintenance thereof. It is the responsibility of the Tenant's sign company to verify all conduit and transformer locations and service within the Premises and storefront prior to fabrication.

28.E. As of the execution of this Lease, Landlord's Sign Criteria are as set forth in this Paragraph 28.E. and Exhibit F. Landlord reserves the right, from time to time, to (a) waive the Sign Criteria, upon Landlord's sole determination, for any one or more tenants in Landlord's Parcel, as to temporary or permanent signage, and (b) to change the Sign Criteria, but no such change in the Sign Criteria shall require Tenant to modify or change its signage unless such change in the Sign Criteria arises out of any change in applicable governmental regulations upon signs or signage that does not "grandfather" existing signs and signage.

I. All signs to be used in Landlord's Parcel shall be ILLUMINATED INDIVIDUAL CHANNELIZED LETTERS ONLY.

II. No crossovers, conduits, conductors, transformers, etc., shall be permitted.

III. No projections above or below the "permitted area" for signage will be permitted (except as otherwise approved in writing).

IV. All signs and their installation must comply with all local building and electrical codes.

V. Typical Internally Illuminated, Individual-Letter Specifications:

(a) Shop signs shall be attached in designated areas only and may not exceed 60% (sixty percent) of the leasehold width.

(b) The face of the individual letters and logos shall be constructed of acrylic plastic, and fastened to the channelized metal can in an approved manner. Letters shall have black acrylic edge welded to plastic face.

(c) The "copy" (letter type), logos, and their respective colors shall be submitted to the Landlord for written approval prior to the fabrication thereof.

(d) The store logos may be located anywhere within the designated storefront



1 sign area, provided their height does not exceed the height of the said area.

2  
3 (e) No more than one (1) row of letters is permitted and its total height shall  
4 not exceed the height of the designated storefront area.

5  
6 (f) Tenant shall display only their established trade name(s) (excluding any  
7 individual name(s)) or their basic product name.

8  
9 (g) Sign cabinet shall have service access to lamps, ballasts, and wiring.

10  
11 (h) The color of the exposed portions of the sign frame shall be black.

12  
13 (i) Any defect in the color of the acrylic plastic storefront sign caused by  
14 either defected material, or age of the sign shall be replaced by the Tenant at its own cost, upon notification by  
15 the Landlord.

16  
17 VI. The following signs are prohibited:

18  
19 (a) Signs constituting a traffic hazard. No person shall install or maintain or  
20 cause to be installed or maintained any sign which simulates or imitates in size, color, lettering or design any  
21 traffic sign or signal, or which makes use of the words "Stop", "Look", "Danger" or any other words, phrases,  
22 symbols, or characters in such a manner to interfere with, mislead or confuse traffic.

23  
24 (b) Immoral or unlawful advertising. No person shall exhibit, post or display  
25 cause to be exhibited, posted or displayed upon any sign, anything of an obscene, indecent or immoral nature or  
26 unlawful activity.

27  
28 (c) Signs on doors, windows or fire escapes, except as expressly permitted  
29 herein. No sign shall be installed, relocated or maintained so as to prevent free ingress to or egress from any  
30 door. No sign of any kind shall be attached to a stand pipe except those signs as required by code or ordinance.

31  
32 (d) Animated, audible or moving signs. Signs consisting of any moving,  
33 swinging, rotating, flashing, blinking, scintillating, fluctuating or otherwise animated light are prohibited, except  
34 for time and temperature display.

35  
36 (e) Off-premises signs. Any sign, other than a directional sign, installed for  
37 the purpose of advertising a project, event, person or subject not related to the premises upon which said sign is  
38 located, is prohibited, except that Landlord may maintain monument and/or pylon signs with respect to  
39 Landlord's Parcel and with respect to one or more tenants of the Shopping Center.

40  
41 (f) Vehicle signs. Signs on or affixed to trucks, automobiles, trailers or other  
42 vehicles, which advertise, identify, or provide direction to a use or activity not related to its lawful making of  
43 deliveries of sales of merchandise or rendering of services from such vehicles, are prohibited.

44  
45 (g) Light bulb strings and exposed tubing. External displays, other than  
46 temporary decorative holiday lighting, which consist of unshielded light bulbs, and open, exposed neon or  
47 gaseous light tubing, are prohibited. An exception hereto may be granted by the Landlord when the display is  
48 an integral part of the design character of the activity to which it relates.

49  
50 (h) Banners, flags, pennants and balloons used for advertising purposes,  
51 unless approved by Landlord. The foregoing notwithstanding, flags, banners or pennants, or a combination of  
52 same, constituting an architectural feature which is an integral part of the design character of a project may be  
53 permitted subject to Landlord and City approval.

54  
55 (i) Signs in proximity to utility lines. Signs which have less horizontal or  
56 vertical clearance from authorized communication or energized electrical power lines than that prescribed by the  
57 laws of the State of California or the City of Pico Rivera are prohibited.

58  
59 (j) Signs in languages other than English. All the signs either storefront or  
60 installed on Premises visible from outside shall be in English alphabet. In the event Tenant elects to install signs  
61 upon the interior walls of the Premises (said signs not being visible from outside of the Premises), Tenant may  
62 install signs baring more than one (1) language, provided that the English alphabet appears on each of said  
63 signs.

64  
65 (k) Outdoor displays. No tenant or person shall display or sell merchandise  
66 or allow grocery carts or other similar devises within the control of a tenant to be stored or to remain outside the

1 defined exterior walls and permanent doorways of the Premises, except from an approved outdoor sales area.

2  
3 28.F. Tenant further agrees not to install any awning, umbrellas, exterior lighting, amplifiers or similar  
4 devices or use in or about the Premises; any advertising medium which may be heard or seen outside the  
5 Premises, such as flashing lights, searchlights, loudspeakers, or phonograph, compact discs, tape or radio  
6 broadcasts; or, any type of displays or advertising in the common areas of the Shopping Center (including,  
7 without limitation, planters), such as, without limitation, banners, balloons, or directional signs.  
8 Notwithstanding the foregoing, Tenant shall be permitted to display signs and temporary promotional items on  
9 the interior of the windows of the Premises, provided that said signs are professionally made and approved in  
10 advance by Landlord in writing. Unless approved by Landlord in advance and in writing, Tenant shall not place  
11 any monitor, screen or television on or near the interior side of the storefront windows (nor shall any monitor,  
12 screen or television be visible from outside of the Premises) or clutter the storefront windows with excessive  
13 signs and/or advertising.

14  
15 28.G. At the expiration of the Term and prior to Tenant surrendering possession of the Premises to  
16 Landlord, Tenant shall have removed all signs from the Premises and all of Tenant's signs attached to the  
17 exterior of the Premises, at Tenant's sole cost, and Tenant shall have fully repaired any damage caused by such  
18 removal.

19  
20 29. POLE SIGN.

21 Tenant may utilize only one (1) double-sided sign panel on the existing monument sign (at the Shopping  
22 Center) situated near the cross section of Whittier Blvd. and Rosemead Blvd. (adjacent to the building currently  
23 occupied by "Chipotle"), as depicted on Exhibits A and G, provided that Tenant shall pay (i) a one-time non-  
24 refundable fee of Three Thousand Dollars and 00/100 (\$3,000.00) (for the right to install Tenant's sign panel on  
25 said monument sign) and (ii) its pro rata share of the operating, repair, maintenance, replacement, and utility  
26 costs associated with such monument sign, which shall be in addition to, and not a part of, the Adjustments set  
27 forth under Article 7. Tenant's sign panel on such monument sign will be fabricated and installed by Tenant, at  
28 Tenant's sole expense, upon Tenant obtaining Landlord's (and, if required, the respective city's or local  
29 jurisdiction's) advance written approval as to the size, style and color thereof; and, furthermore, the  
30 maintenance, repair, and, if necessary, replacement of Tenant's sign panel shall be Tenant's responsibility (and  
31 at Tenant's sole expense).

32  
33 30. AUCTIONS.

34 Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises  
35 whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or  
36 pursuant to any bankruptcy or other insolvency proceeding.

37  
38 31. HOURS OF BUSINESS.

39 Tenant shall continuously during the entire Term hereof conduct and carry on Tenant's business in the  
40 Premises and shall keep the Premises open for business and cause Tenant's business to be conducted therein  
41 during the usual business hours of each and every business day as is customary for businesses of like character  
42 in the city in which the Premises are located to be open for business; provided, however, that this provision shall  
43 not apply if the Premises should be closed and the business of Tenant temporarily discontinued therein on  
44 account of strikes, lockouts or similar causes beyond the reasonable control of Tenant. Tenant shall keep the  
45 Premises adequately stocked with merchandise, and with sufficient sales personnel to care for the patronage,  
46 and to conduct said business in accordance with sound business practices. In the event of breach by Tenant of  
47 any of the conditions contained in this Article, the Landlord shall have, in addition to any and all remedies  
48 herein provided, the right at its option to collect not only the Minimum Rent herein provided, but additional or  
49 bonus rent at the rate of one-thirtieth (1/30) of the Minimum Rent herein provided for each and every day that  
50 the Tenant shall fail to conduct its business as herein provided.

51  
52 32. MERCHANTS' ASSOCIATION. Intentionally omitted.

53  
54 33. GENERAL PROVISIONS.

55 33.A. Plats, Riders and Addenda. Clauses, plats, riders, exhibits and addenda, if any, affixed to this Lease  
56 are a part hereof.

57  
58 33.B. Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be  
59 deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other  
60 term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall  
61 not be deemed to be a waiver of any preceding default by Tenant of any term, covenant or condition of this  
62 Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's  
63 knowledge of such preceding default at the time of the acceptance of such rent.

64  
65 33.C. Joint and Several Liability. If there be more than one Tenant the obligations hereunder imposed  
66 shall be joint and several.

1       33.D. Titles and Headings. The article titles and paragraph titles or heading of this Lease are not a part of  
2 the Lease and shall have no effect upon the construction or interpretation of any part hereof.

3  
4       33.E. Time of the Essence. Time is of the essence of this Lease and each and all of its provisions in  
5 which performance is a factor.

6  
7       33.F. Binding on Successors. Subject to the limitations on Tenant's rights to assign this Lease or sublet  
8 the Premises, as set forth in Article 13 above, the covenants and conditions herein contained apply to and bind  
9 the heirs, successors, executors, administrators and assigns of the parties hereto.

10  
11       33.G. Recordation. Neither Landlord nor Tenant shall record this Lease, but a short form memorandum  
12 hereof may be recorded at the request of Landlord.

13  
14       33.H. Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing  
15 all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant  
16 shall have quiet possession of the Premises for the entire Term hereof, subject to all the provisions of this Lease.

17  
18       33.I. Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or any  
19 other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount  
20 of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and  
21 accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust  
22 deed covering the Premises. Accordingly, if any installment of rent or any sum due from Tenant shall not be  
23 received by Landlord or Landlord's designee within five (5) days after such amount shall be due, then without  
24 any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to the greater of ten  
25 percent (10%) or the maximum amount permitted by law plus any reasonable attorneys' fees incurred by  
26 Landlord by reason of Tenant's failure to pay rent and/or other charges when due hereunder. The parties hereby  
27 agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by  
28 reason of the late payment by Tenant. Acceptance of such late charges by the Landlord shall in no event  
29 constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from  
30 exercising any of the other rights and remedies granted hereunder.

31  
32       33.J. Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to  
33 any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such  
34 matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an  
35 agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not  
36 be effective or binding on any party until fully executed by both parties hereto.

37  
38       33.K. Inability to Perform. This Lease and the respective obligations of the parties hereunder shall not be  
39 affected or impaired because the party is unable to fulfill any of its obligations hereunder or is delayed in doing  
40 so, unless such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause  
41 beyond the reasonable control of such party (financial inability excepted).

42  
43       33.L. Partial Invalidity. Any provision of this Lease which shall prove to be invalid, void, or illegal shall  
44 in no way affect, impair or invalidate any other provision hereof and such other provision shall remain in full  
45 force and effect.

46  
47       33.M. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall,  
48 whenever possible, be cumulative with all other remedies at law or in equity.

49  
50       33.N. Governing Law. This Lease shall be governed by the laws of the State of California.

51  
52       33.O. Attorneys' Fees. In the event of any action or proceeding (including, but not limited to, any lawsuit,  
53 arbitration or mediation) brought by either party against the other to enforce or interpret the provisions of this  
54 Lease, the prevailing party in such action or proceeding shall be entitled to recover for the reasonable fees of its  
55 attorneys in such action or proceeding, including costs of appeal, if any, in such amount as the court may  
56 adjudge reasonable as attorneys' fees. In addition, should it be necessary for Landlord to employ legal counsel  
57 in connection with the enforcement of any of the provisions herein contained, whether or not legal proceedings  
58 are commenced by Landlord or Tenant, Tenant agrees to pay all attorneys' fees and court costs related thereto  
59 and reasonably incurred as part of Tenant's cure of any default.

60  
61       33.P. Sale of Premises by Landlord. In the event of any sale of the Premises by Landlord, Landlord shall  
62 be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations  
63 contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the  
64 consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises, shall be  
65 deemed, without any further agreement between the parties or their successors in interest or between the parties  
66 and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of



the Landlord under this Lease.

**33.Q. Subordination and Attornment.**

I. This Lease is, and shall at all times be, junior and subordinate to the lien of any mortgage or deed of trust, to any bank, insurance company, mortgage company, financing company, pension plan or other lender now or hereafter encumbering the real property of which the Premises are a part and to all advances made or hereafter to be made upon the security thereof. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed or trust made by the Landlord covering the Premises, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

II. Within ten (10) business days following the written request of the Landlord, Tenant will execute such further documents evidencing and confirming the subordination described in Paragraph 33.Q.I. above, provided that the holder of any such mortgage or deed of trust recorded after the date of this Lease then agrees, as part of such subordination and attornment, that provided Tenant is not in default of its obligations under its Lease and continues to perform all of its obligations under this Lease, such holder, and its successors in interest, will not disturb Tenant's tenancy of the Premises. Tenant agrees that the form of such acknowledgment of subordination and attornment, and agreement not to disturb, shall be in the form reasonably required by such holder.

**33.R. Notices.** All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by overnight courier (e.g. Federal Express) or United States Mail, postage prepaid, addressed to the Tenant at the address set forth below and/or in the Basic Lease Provisions, above. All notices and demands by the Tenant to the Landlord shall be sent by overnight courier (e.g. Federal Express) or United States Mail, postage prepaid, addressed to the Landlord at the address set forth below and/or in the Basic Lease Provisions. Either party may change its address or addresses for notice by giving the other not less than seven (7) days written notice of such change of address in accordance with the provisions of this Paragraph 33.R. Tenant specifically waives any rights to service as provided in Section 1161 and 1162 of the California Code of Civil Procedure and agrees that notice given in accordance with this Paragraph 33.R shall constitute valid and sufficient notice for all purposes.

To Landlord at: GGF Pico Rivera, LLC  
c/o Gaska, Inc.  
100 West Broadway, Suite 950  
Glendale, California 91210

To Tenant at: 8862 East Whittier Blvd.  
Pico Rivera, California, 90660

and

309 West Beverly Blvd.  
Montebello, California 90640

**33.S. Tenant's Statement.** Tenant shall at any time and from time to time, upon not less than ten (10) days prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing (1) 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 rental and other charges are paid in advance, if any; and (2) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder, or specifying such defaults if any are claimed; and (3) setting forth the date of commencement of rents and expiration of the term hereof. Any such statement may be relied upon for informational purposes by Landlord, any prospective purchaser and/or any prospective lender of all or any portion of the real property of which the Premises are a part. In the event Tenant does not execute, acknowledge and deliver to Landlord such statement within fourteen (14) business days of Tenant's receipt of the same, it shall be construed by Landlord that Tenant shall have accepted such statement as being correct.

**33.T. Authority of Tenant.** If Tenant is a corporation, partnership, limited liability company or trust, each individual executing this Lease on behalf of such entity represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of such entity, with all necessary corporate/partnership/company action having been taken, and that this Lease is binding upon said entity.

**33.U. Interest.** Except as otherwise expressly provided herein, any sum accruing to Landlord under the provisions of this Lease which shall not be paid when due shall bear interest at the rate of ten percent (10%) per annum from the date written notice specifying such non-payment is served upon the defaulting party.

33.V. Certificate of Occupancy. In no event shall Tenant open for business unless and until Tenant shall have obtained a Certificate of Occupancy and all other licenses and permits required for its operations, from all appropriate governmental authorities. Tenant shall provide Landlord with a copy of said Certificate of Occupancy and copies of all such licenses and permits within ten (10) days of receipt thereof by Tenant. The parties acknowledge any operation without a Certificate of Occupancy or without all requisite permits and licenses shall and is deemed to be a substantial and material breach of Tenant's obligations under this Lease.

33.W. Covenants and Easements. Tenant's consent shall not be required for the creation of any covenants, easements or rights of way which are created by or reasonably required by the action of any governmental authority. This Lease is subordinate and subject to the REA and/or any Reciprocal Easement Agreement or Covenant, Conditions & Restrictions Agreement heretofore or hereafter executed by Landlord with respect to Landlord's Parcel (or, if applicable, Landlord's Center and/or the Shopping Center), as well as other covenants, conditions, restrictions, easements, ground leases, mortgages or deeds of trust, zoning laws and regulations applicable to Landlord's Parcel (or, if applicable, Landlord's Center and/or the Shopping Center), as the same may be amended from time to time. Tenant agrees it will conform to and will not violate the terms of any such matters; provided, however, Landlord represents that (i) to Landlord's actual knowledge, as of the date of this Lease, none of the foregoing prevent Tenant from using the Premises for the purpose set forth in this Lease, and (ii) Landlord will not consent to any restriction preventing Tenant from using the Premises for the purpose set forth in this Lease that will become effective during the Term of this Lease (as the Term may be extended pursuant to Article 36, below).

33.X. Letter of Credit. Intentionally omitted.

34. COMPETITION.  
Intentionally omitted.

35. BROKERS.

Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiation of this Lease and Tenant knows of no real estate broker or agent who otherwise is entitled to a commission or fee in connection with this Lease. Landlord shall not be responsible for paying any brokerage commission(s) and/or fee(s) with respect to this Lease.

36. OPTIONS TO EXTEND TERM OF LEASE.

36.A. Grant of Options. Tenant is hereby granted two (2) options to extend the term of this Lease (the "Option"), each for five (5) additional years (such period is referred to herein as an "Option Term"), subject to all of the terms and conditions of this Lease, except only that the Minimum Rent during the first year of each Option Term shall be at the then Prevailing Market Rent (defined below) and shall increase annually thereafter by two and one-half percent (2.50%). Notwithstanding the foregoing, in no event shall the Minimum Rent during the first year of the Option Term be less than 100% of the Minimum Rent in effect during the twelve month period immediately preceding the commencement of the respective Option Term.

The term "Prevailing Market Rent", as used in this Article, is defined to mean the fair market rent of the Premises according to comparable properties in the general area (said properties being comparable in size, layout, tenant mix, and class to the Shopping Center) with premises comparable in size, location, and visibility (e.g. "end-cap" versus "in-line" premises, street frontage, etc.) to the Premises. In determining fair market rent it shall be assumed that:

(a) The Premises is in excellent condition and repair and there shall be no deduction for depreciation, obsolescence or deferred maintenance;

(b) The Premises would be leased for the period of the option being exercised by a tenant with the credit standing of Tenant and/or, if applicable, the Guarantor existing at the Rent Commencement Date of the original Lease Term of this Lease or at the exercise of the Option by Tenant, whichever is higher;

(c) The Premises would be leased on the same terms of this Lease insofar as the obligations for repair, maintenance, insurance and real estate taxes existed as of the expiration of the prior Lease Term;

(d) No deduction shall be given nor consideration given to allowances for real estate brokerage commissions, improvement allowance, free rent, cash payment, other inducement payment or abatement provision hereunder; and,

(e) The Premises will be used for its highest and best use.

1 Using the above assumptions, the Prevailing Market Rent shall be determined by Landlord and  
2 submitted to Tenant within the twenty (20) day period following commencement of the last one hundred  
3 twenty (120) days of the prior Lease Term, as extended. If Tenant disagrees with the Prevailing Market Rent  
4 in Landlord's submission, Tenant shall, within twenty (20) days after receipt of Landlord's submission,  
5 submit to Landlord in writing Tenant's judgment as to the Prevailing Market Rent. Within ten (10) days  
6 following Tenant's submission, Landlord and Tenant shall, in good faith, endeavor to mutually agree upon  
7 the amount of the Prevailing Market Rent.

8 36.B. Method of Exercise. Tenant's failure to give Landlord written notice of its irrevocable election  
9 to exercise the Option at least one hundred eighty (180) days prior to expiration of the initial Term of the  
10 Lease and any extensions thereof shall constitute Tenant's election not to exercise said Option. Time is  
11 expressly of the essence and if such written notice exercising the Option is not properly given to Landlord  
12 within the stated time period, said Option shall automatically terminate and be of no further force or effect.  
13

14 36.C. Terms and Provisions of the Lease During Option Term. Except as otherwise expressly  
15 provided in this Article 36, all of the terms and conditions of this Lease shall continue in full force and  
16 effect during the Option Term.  
17

18 36.D. Effect of Default on Right to Exercise. Tenant shall have no right to exercise the Option,  
19 notwithstanding any provision in this Lease to the contrary: (1) during the period commencing with the  
20 giving of any notice of the occurrence of any default, pursuant to Paragraph 22, by Tenant of its obligations  
21 under this Lease and continuing until the noticed default is fully cured; (2) during the period of time any  
22 monetary obligation due from Tenant to Landlord is unpaid (without regard to whether notice thereof is  
23 given to Tenant); (3) in the event that Landlord has given to Tenant three (3) or more notices of separate  
24 defaults under Paragraph 22 during the twelve (12) month period immediately preceding the purported  
25 exercise of the Option, whether or not the defaults or breaches are cured; or, (4) upon Tenant not operating  
26 its permitted use (as set forth in Paragraph H of the Basic Lease Provisions and Article 3 of this Lease) from  
27 the Premises. The period of time within which the Option may be exercised shall not be extended or  
28 enlarged by reason of Tenant's inability to exercise the Option because of the provisions of this paragraph.  
29

30 36.E. As-Is Condition. It is hereby understood and agreed that in the event Tenant exercises the  
31 Option hereunder, the Premises will be accepted by Tenant on an "as-is" basis and Landlord shall have no  
32 obligation to perform any work therein, subject to Article 11.B.  
33

### 34 37. POSSIBLE RENOVATION.

35 Landlord and/or Landlord's Affiliate shall have the right, at its sole option, to undertake a renovation of  
36 the exterior of the Building (or other buildings, improvements or structures), Landlord's Parcel, Landlord's  
37 Center or the Shopping Center during the Term of this Lease, as extended. The purpose of this renovation is to  
38 improve the appearance of the Shopping Center and, thereby, also increase the appeal of the Shopping Center to  
39 patrons and customers of the Shopping Center's tenants. Said renovation may or may not include by example,  
40 but not necessarily be limited to: a new facade and/or canopy on all or certain stores, new lighting for the  
41 parking lot, additional landscaping, seal coating and restriping of the parking surface, new pylon sign and  
42 monument sign, repainting of the exterior building surfaces, relocating the ingress to and egress from the  
43 Shopping Center, and other modifications and/or upgrading of the structures and common areas as Landlord  
44 and/or Landlord's Affiliate may deem appropriate. Said renovation is not anticipated to significantly increase,  
45 decrease or alter the area or shape of Tenant's Premises; nor to affect in any way the improvements constructed  
46 within Tenant's Premises.  
47

48 Tenant agrees to continue the operation of its business during any renovation and shall continue to pay  
49 all rent and other charges as due under the terms of this Lease. However, Tenant hereby acknowledges that said  
50 renovation by Landlord and/or Landlord's Affiliate may temporarily interfere to some degree with Tenant's  
51 ability to conduct business from the Premises. Such interference, by example, may involve the temporary  
52 removal of Tenant's store sign, partial obstruction of the driveways leading to the parking lot and/or the  
53 sidewalk in front of the Premises, and use of a portion of the parking lot as a staging area for construction  
54 materials and equipment. Landlord and/or Landlord's Affiliate shall make a good faith effort to minimize any  
55 interference with Tenant's business, but should said interference become substantial, the Minimum Rent due  
56 from Tenant under the terms of this Lease shall be abated proportionately during such period of substantial  
57 interference. For purposes of this provision, substantial interference is defined as: (i) the lack of utility service  
58 for a continuous period exceeding four (4) hours at a time during Tenant's normal daily operating business  
59 hours; (ii) the total obstruction of Tenant's main customer entrance for a continuous period exceeding four (4)  
60 hours at a time during the Tenant's normal daily operating business hours; or (iii) the inability of Tenant to  
61 maintain security for its merchandise, fixtures or improvements at times when the Premises are usually closed  
62 and unattended. Excepting the aforementioned proportionate Minimum Rent abatement, Tenant shall have no  
63 recourse against Landlord and/or Landlord's Affiliate and hereby agrees to release Landlord and/or Landlord's  
64 Affiliate from liability for any loss occurring during Landlords and/or Landlords Affiliate's renovation of the  
65 Shopping Center.



Subject to the provisions of this Article 37, Landlord and Landlord's Affiliate shall be permitted (yet not obligated), (A) to make the changes to the Shopping Center as shown on **Exhibit A-1**, (B) to make changes substantially similar to those shown on **Exhibit A-1** and/or (C) to renovate the common areas or the exterior of the buildings in the Landlord's Center and/or Shopping Center (the permitted changes referenced in subsection (A), (B), and (C) are collectively referred to herein as the "Renovations").

38. TERMINATION RIGHT. None.
39. CO-TENANCY RIGHT. None.

CONSULT YOUR ATTORNEY

If this Lease has been filled in it has been prepared for submission to your attorney for his or her approval. No representation or recommendation is made by Landlord, or its agents or employees, or by the Broker identified in Paragraph 35 above, or its agents or employees, as to the legal sufficiency, legal effect, or tax consequences of the Lease.

Landlord and Tenant have carefully read and reviewed this Lease and each term and provision contained herein and, by execution of this Lease, demonstrate their informed and voluntary consent hereto.

**LANDLORD**  
GGF Pico Rivera, LLC,  
a California limited liability company

By: GGF, LLC,  
a California limited liability company  
Its manager

By:   
Aida Norhadian, a Manager

By:   
Seda Aghaian, a Manager

Date: May 14, 2018

**TENANT**  
Montebello Community Health Services, Inc.,  
a California corporation

By: 

Name: Alice Cheng

Its: CEO

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

IF TENANT SHALL BE A CORPORATION, THE AUTHORIZED OFFICERS MUST SIGN ON BEHALF OF THE CORPORATION. THE LEASE AGREEMENT MUST BE EXECUTED BY THE PRESIDENT OR VICE PRESIDENT AND THE SECRETARY OR ASSISTANT SECRETARY UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT THE BY-LAWS OR A CERTIFIED COPY OF THE RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED. ALSO, THE APPROPRIATE CORPORATE SEAL MUST BE AFFIXED.



## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

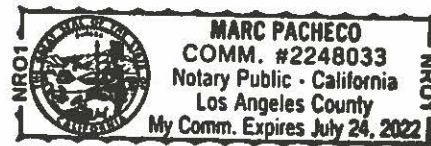
State of California }  
County of Los Angeles }

On May 07, 2019, before me, MARC PACHECO – NOTARY PUBLIC personally appeared Alice Cheng,

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

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

WITNESS my hand and official seal.



Signature [Handwritten Signature]

(Seal)

Optional:

Type of Document: Lease Agreement: In Re: The Pico Rivera Plaza

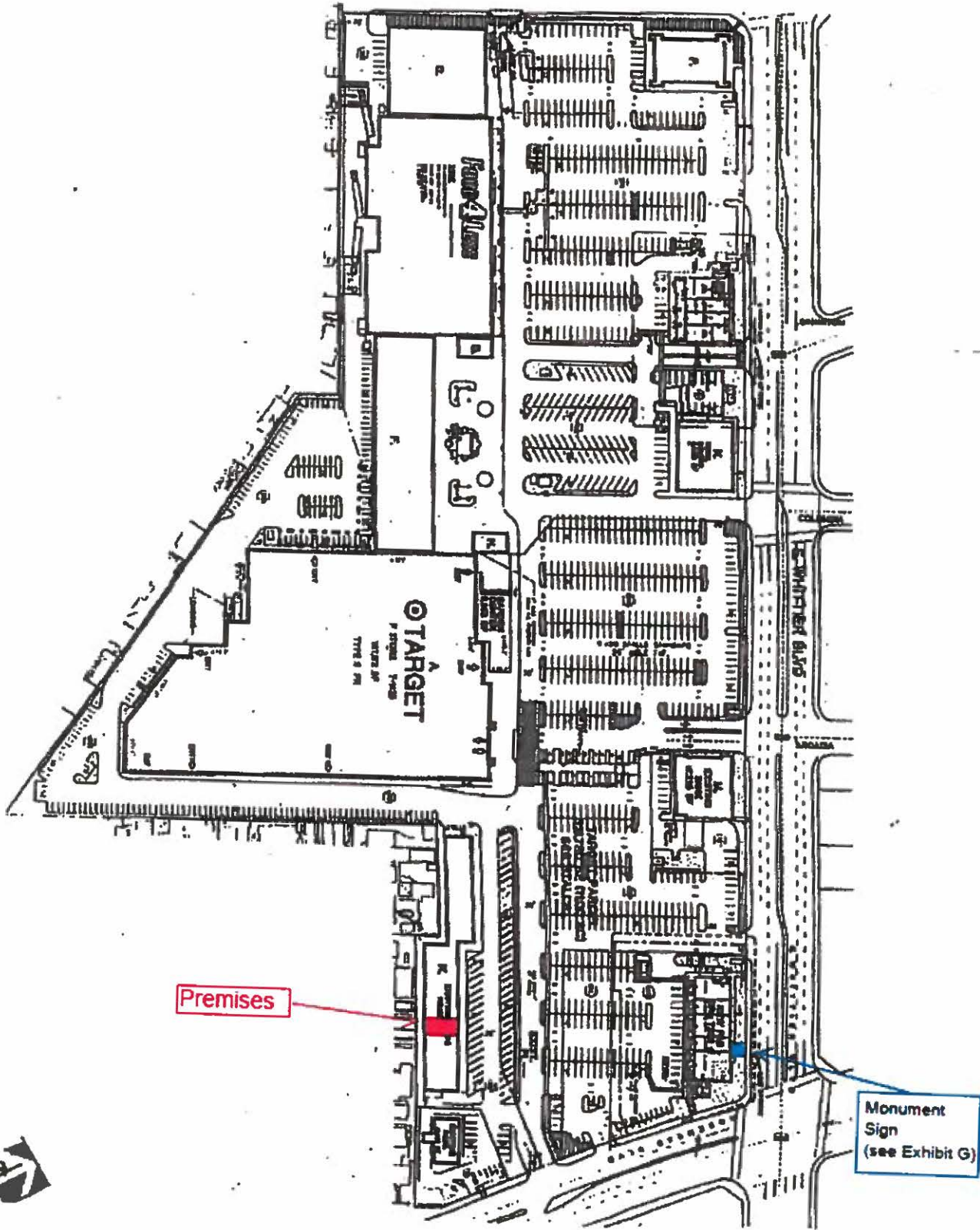
Reference No: N/A

MARC PACHECO  
NOTARY PUBLIC FOR THE STATE OF CALIFORNIA  
[Commission # 2248033]  
1453 W. Beverly Blvd.  
Montebello, CA 90640  
(323)726-1082 F, (323)721-2563



EXHIBIT A  
SITE PLAN OF SHOPPING CENTER

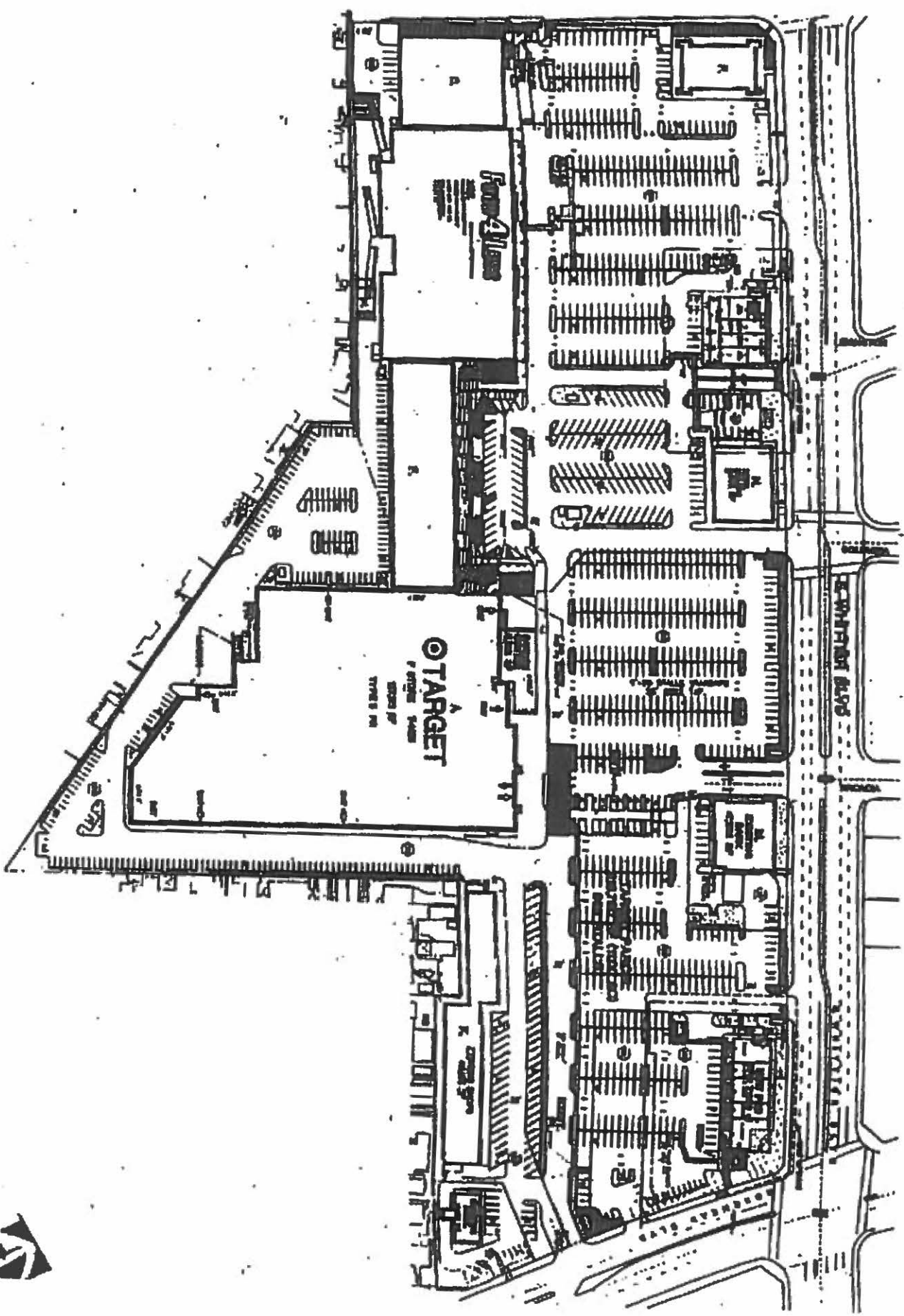
EXHIBIT "A"  
SITE PLAN FOR  
PICO RIVERA PLAZA SHOPPING CENTER



1  
2  
3  
4

EXHIBIT A-1  
PROPOSED SITE PLAN

5  
6  
7  
8  
9



2

**EXHIBIT B**  
**RENT AND TERM COMMENCEMENT DATE AGREEMENT**

Location: 8862 East Whittier Blvd.  
Pico Rivera, California 90660

Pursuant to the Lease, dated \_\_\_\_\_, \_\_\_\_\_, by and between Landlord and Tenant, the Term  
Commencement Date of this Lease is \_\_\_\_\_, \_\_\_\_\_, and said term expires on \_\_\_\_\_, \_\_\_\_\_.  
The Rent Commencement Date is \_\_\_\_\_, \_\_\_\_\_.

**LANDLORD**  
GGF Pico Rivera, LLC,  
a California limited liability company

**TENANT**  
Montebello Community Health Services, Inc.,  
a California corporation

By: GGF, LLC,  
a California limited liability company  
Its manager

By: \_\_\_\_\_

By: \_\_\_\_\_  
Aida Norhadian, a Manager

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_  
Seda Aghaian, a Manager

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

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**EXHIBIT C**  
**DESCRIPTION OF LANDLORD'S WORK AND TENANT'S WORK**

**LANDLORD'S WORK:**

Landlord shall deliver the Premises to Tenant in its "as-is" condition subject to the following work (herein referred to as "Landlord's Work"), which shall be performed by Landlord at Landlord's cost.

**GENERALLY:** All items specific and referenced to in this exhibit are to be substantially completed by Landlord prior to delivering the Premises to Tenant, unless otherwise agreed to in writing by Landlord and Tenant. Tenant may not delay acceptance of the Premises to the extent that Landlord's Work cannot be completed due to Tenant's Work.

**STRUCTURAL/SERVICES:** Landlord warrants to Tenant that the existing mechanical, electrical (including electrical panel), plumbing, roof and physical structure(s) of the Premises are in good working order at the time that Tenant takes possession of the Premises.

**HVAC:** Landlord will deliver the existing HVAC unit and thermostat in its "as-is" good working condition, subject to the terms and conditions set forth in Article 11 of the Lease.

**UTILITIES:** Landlord will deliver the existing utilities serving the Premises in its "as-is" good working condition.

**ELECTRICAL:** Landlord will deliver the existing electrical panel in its "as-is" and "where-is" good working condition.

**STOREFRONT & EXTERIOR:** Landlord will deliver the existing storefront (of the Premises) and the entry and rear door(s) in its "as-is" good working condition, and repair or, if necessary, replace any scratched glazing on any window pane.

**WALLS:** Landlord will deliver the existing walls (including partition or demising walls) in its "as-is" paint-ready condition. Landlord will not remove or modify any existing partition or demising walls and will not be responsible for erecting any new partition or demising walls.

**FLOOR:** Landlord will deliver the existing floor (and/or floor covering) in its "as-is" condition. Landlord will neither be responsible for removing any existing flooring or floor covering, nor purchasing, delivering or installing any new flooring, floor covering or flooring material.

**CEILING/LIGHTING:** Landlord will deliver, within the Premises, the existing drop ceiling (i.e. T-bar), recessed ceiling lights, and ceiling tiles standard to the Shopping Center in good condition. Landlord will replace any missing, stained, or broken ceiling tiles.

**RESTROOMS:** Landlord will deliver one (1) existing ADA compliant restroom, along with all existing fixtures and plumbing, in good working condition. Landlord will not provide or install any hot water heater.

**PARKING:** As-is, subject to Article 27 of the Lease.

**OTHER:**

Landlord is not responsible to prepare any architectural drawings or tenant improvement floor plans; Landlord shall not be responsible for any water/sewer/impact fees, or any building permit fees or business license fees, if required by the governmental authorities; Landlord will deliver an existing phone outlet to the Premises; however, it is Tenant's responsibility to upgrade the same at Tenant's cost; Landlord will remove the prior tenants' personal property, equipment or fixtures, if any; Landlord will provide a junction box for Tenant's storefront sign; and, Landlord will not provide any water fountain or water heater.

**TENANT SHALL BE RESPONSIBLE FOR THE COST OF ALL IMPROVEMENTS BEYOND THOSE SET FORTH ABOVE AS LANDLORD'S WORK.** Subject to **Exhibit H**, Landlord shall not be responsible to pay Tenant any improvement allowance related to Tenant's Work as set forth herein.

**TENANT'S WORK:**

Tenant hereby acknowledges that Tenant accepts the Premises in its "as-is" condition and that Tenant shall be responsible for any and all improvement work relating to the Premises (unless otherwise set forth above). Tenant shall submit to Landlord for approval (which approval shall not be unreasonably withheld or delayed) Tenant's building drawings for the tenant improvement work prior to submitting the same to the City of Pico



Rivera (or the respective local jurisdiction or governmental agency) and prior to commencing any work within the Premises, and no later than thirty (30) days from the Effective Date. Tenant is responsible to apply for any variance (or conditional use permit(s)) and to prepare and pay for all the cost(s) related to the tenant improvement plans, which are subject to the Landlord's and City of Pico Rivera's advance written approval, and to obtain the appropriate building permits. Tenant shall obtain its business license and certificate of occupancy at Tenant's cost and Tenant shall pay all design fees and city fees, including, but not limited to, plan check fee(s), permits, impact and sewer hook-up fee(s), and Title 24, relating to Tenant's operation of its business.

If necessary, Tenant, at Tenant's sole cost, shall install such finishes to the Premises as:

- a. Telephone/computer hookups, installed according to Tenant's plans;
- b. Upgrading any lighting;
- c. Upgrading any plumbing;
- d. Installing, relocating or rerouting any HVAC ducting (whether new or existing);
- e. Installing any floor covering, including inside the restroom;
- f. Painting all the interior walls;
- g. Installing any partition or demising walls;
- h. Installing any hot water heater;
- i. Installing any fixtures;
- j. Installing any drinking fountain; and,
- k. Installing the storefront sign on the sign band.

Tenant hereby acknowledges and agrees that any damage(s) to the ceiling and electrical (including, without limitation, the ceiling grid, ceiling tiles and/or lighting), HVAC unit or system, plumbing, bathroom, or any other components within the Premises as a direct or indirect result of Tenant's improvement work shall be repaired by Tenant at Tenant's sole cost and that Landlord shall not be responsible or liable for the condition, repair, and/or replacement of the same.

*The Remainder of this Page Intentionally Left Blank*

**EXHIBIT D  
RESTRICTED AND PROHIBITED USES**

**RESTRICTED USES**

Tenant shall not use or permit the use of any portion of the Premises for the following uses (herein called "Restricted Uses") without Landlord's prior written consent (which consent may be withheld or conditioned by Landlord in Landlord's sole and absolute discretion):

(a) a family restaurant that serves breakfast, lunch and dinner, provides table services, and offers moderately priced food items, such as, but not limited to, Bob's Big Boy, Denny's, Baker's Square, Coco's, JB's, or Marie Callender's;

(b) any other food service operation that sells pancakes, other than "fast food" restaurants;

(c) a business maintaining a fast food operation whose principal menu item is hamburgers such as, but not limited to, Burger King;

(d) a food operation that prepares and sells sandwiches such as, but not limited to, Togo's, Subway Sandwich, and Firehouse Sub's;

(e) any food operator that sells frozen soft-serve yogurt, ice milk, and sherbets as their primary items like Menchie's, Yogurtland, Pinkberry, or Dairy Queen;

(f) any pharmacy or drugstore;

(g) any grocery store, produce and meat market;

(h) retail sale of automotive parts, supplies and accessories, such as, but not limited to, O'Reilly Auto Parts;

(i) offering membership or fee-based fitness services, similar to, without limitation, Fitness 19;

(j) a vitamin or health food store;

(k) a Chinese Restaurant or a food operator with primary use of selling Chinese and Asian Food, such as, but not limited to, Panda Express;

(l) a Mexican Restaurant or a food operator with primary use of selling burritos, wraps, fajitas and tacos, such as, but not limited to, Chipotle;

(m) a business engaging in the retail sales of wireless and wire-line communication services, devices, and equipment such as MetroPCS, Sprint, or a cell phone store;

(n) a business preparing income tax returns, such as, but not limited to, H & R Block or Liberty Tax;

(o) a food operator selling juices and blended drinks, such as, but not limited to, Jamba Juice;

(p) intentionally omitted; or,

(q) a business (or medical office) offering general dental, orthodontic, specialty dental, or oral surgery services, such as, but not limited to, Playhouse Dental or Western Dental.

**PROHIBITED USES**

Tenant shall not use or permit the use of any portion of the Premises for any of the following uses (herein called "Prohibited Uses"):

(i) the conduct therein of what is commonly known in the retail trade as an outlet store or second-hand store, or Army, Navy or government surplus store;

(ii) adult bookstore or pornographic shop;

(iii) video arcade or other game arcade (except in connection with a sit-down restaurant);

(iv) amusement center (including, but not limited to, bowling alley, skating rink, dance hall and movie theater);



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2 (v) flea market;  
3  
4 (vi) second-hand goods store (except for a used book store or an antique store);  
5  
6 (vii) meeting hall;  
7  
8 (viii) church;  
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10 (ix) banquet hall;  
11  
12 (x) professional office (other than as may be permitted under this Lease);  
13  
14 (xi) storage operation;  
15  
16 (xii) class room;  
17  
18 (xiii) auto, truck or boat sales or repair facility;  
19  
20 (xiv) billiard room or pool hall;  
21  
22 (xv) hard liquor bar (which is not part of a restaurant) or tavern;  
23  
24 (xvi) health spa or aerobic studio;  
25  
26 (xvii) massage parlor; or,  
27  
28 (xviii) any other non-retail use except for office or storage facilities incidental to primary retail  
29 operations.  
30  
31 (xix) Moreover, Tenant acknowledges that the Premises and Shopping Center are subject to the  
32 REA, as defined herein.  
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**EXHIBIT E**  
**CALIFORNIA DISABILITY ACCESS DISCLOSURE**

This California Disability Access Disclosure (this "Certificate") is given by GGF Pico Rivera, LLC ("Landlord") under that certain lease agreement, dated May 14, 2019, (the "Lease") with Montebello Community Health Services, Inc., a California corporation ("Tenant") pursuant to which Tenant leases from Landlord that certain premises (the "Premises") consisting of approximately 1,000 rentable square feet with an address of 8862 East Whittier Blvd., Pico Rivera, California 90660.

In accordance with California Civil Code Section 1938, Landlord hereby discloses that the Building, as defined in the Lease, has undergone inspection by a Certified Access Specialist.

Date: May 14, 2019

**LANDLORD**  
GGF Pico Rivera, LLC  
a California Limited Liability Company

By: GGF, LLC,  
a California limited liability company  
Its manager

By:

  
Aida Norhadian, a Manager

By:

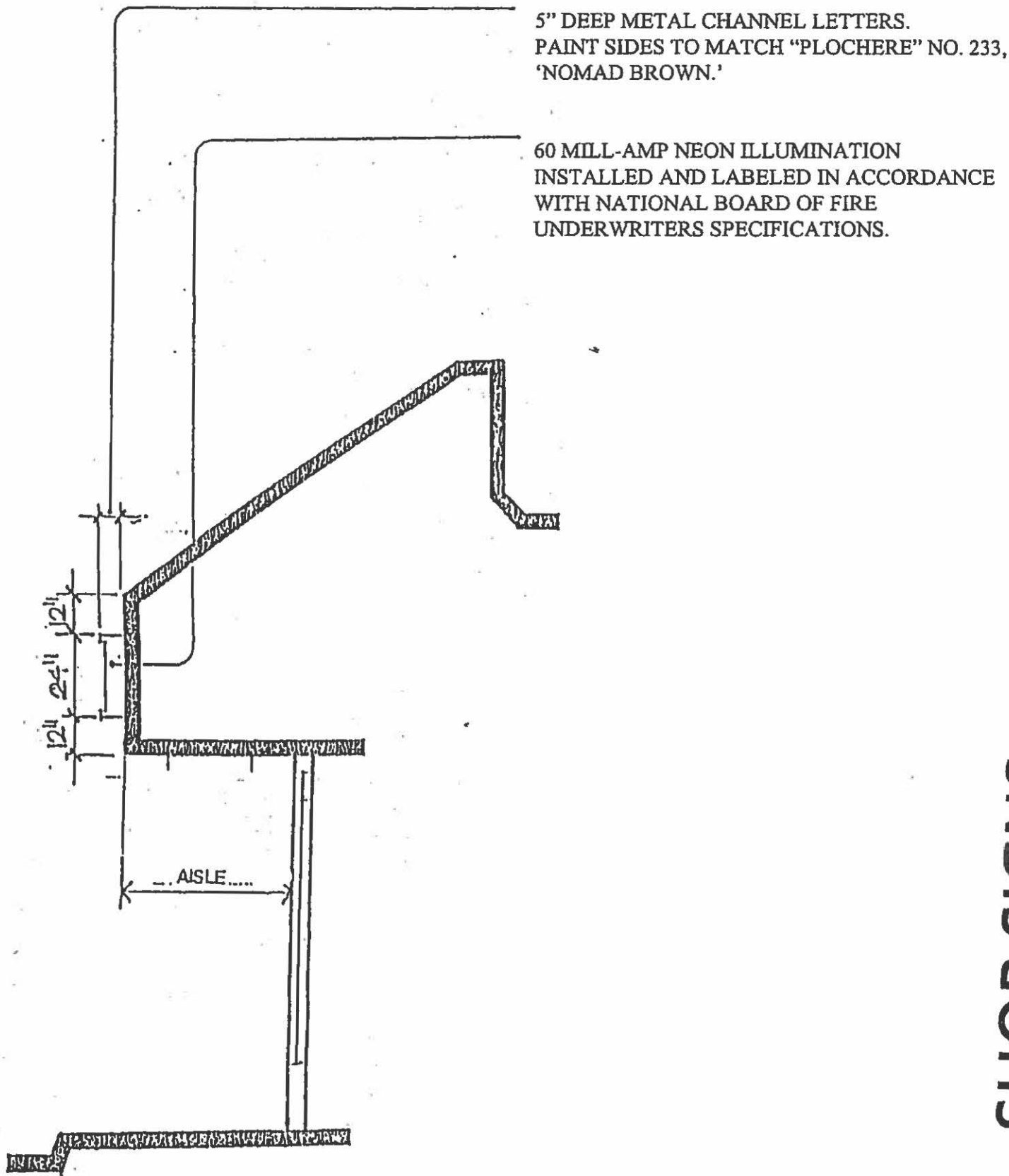
  
Seda Aghaian, a Manager

Date: 5-14-2019

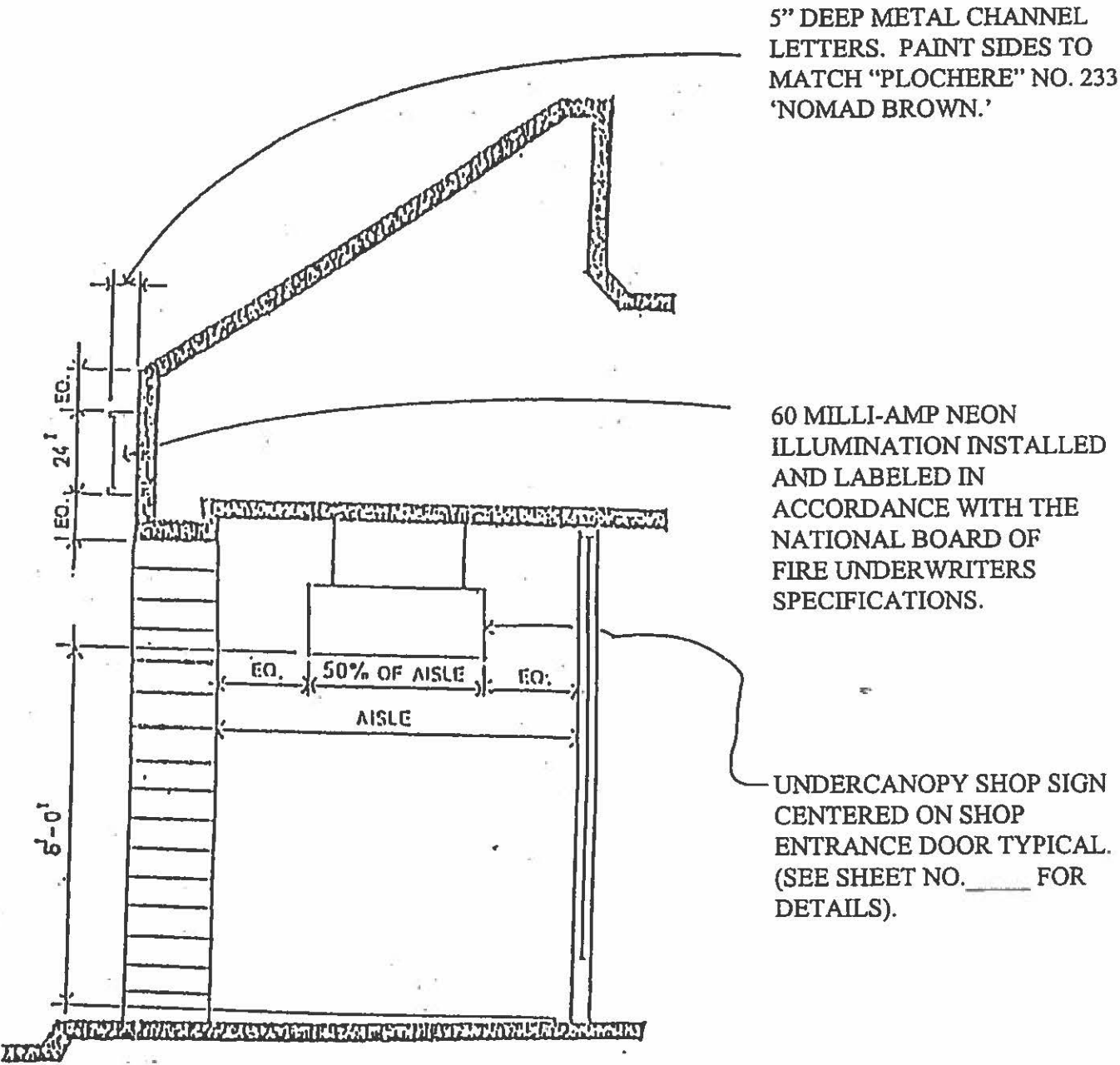
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**EXHIBIT F**  
**LANDLORD’S SIGN CRITERIA**

*See attached.*

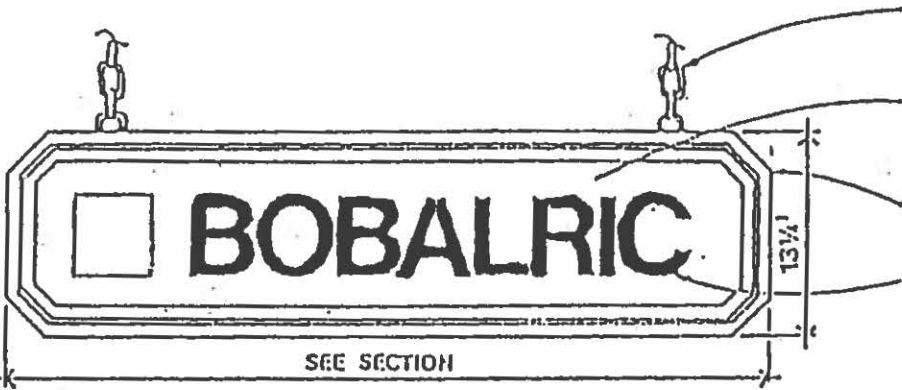


Canopy Section at Shops F, G, H

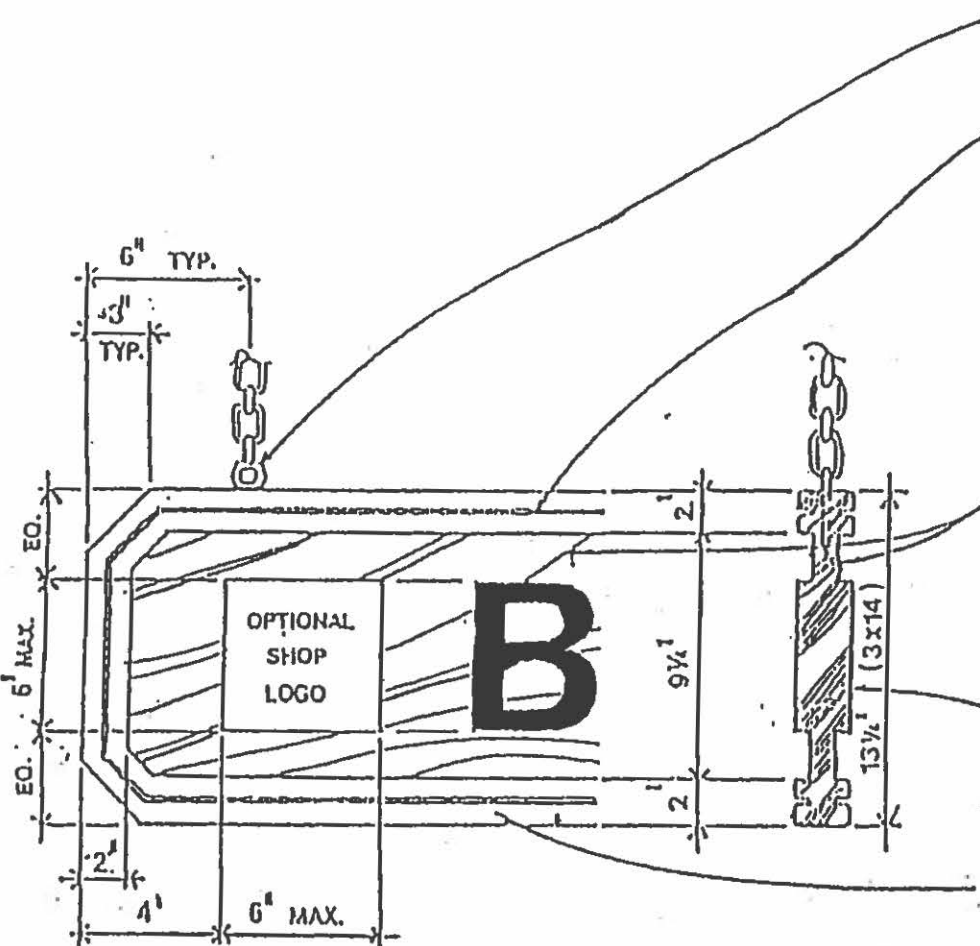


Canopy Section at Shops K

SHOP SIGNS



1/4" PROOF COIL CHAIN.  
PAINT "PLOCHERE" NO. 233,  
'NOMAD BROWN.'  
TYPICAL SHOP SIGN FROM  
3 X 14 CLEAR REDWOOD.  
  
EASE ALL EDGES TYPICAL.  
  
TENANT TYPE FACE AND  
OPTIONAL LOGO (SUBJECT  
TO REVIEW AND APPROVAL  
BY ARCHITECT).

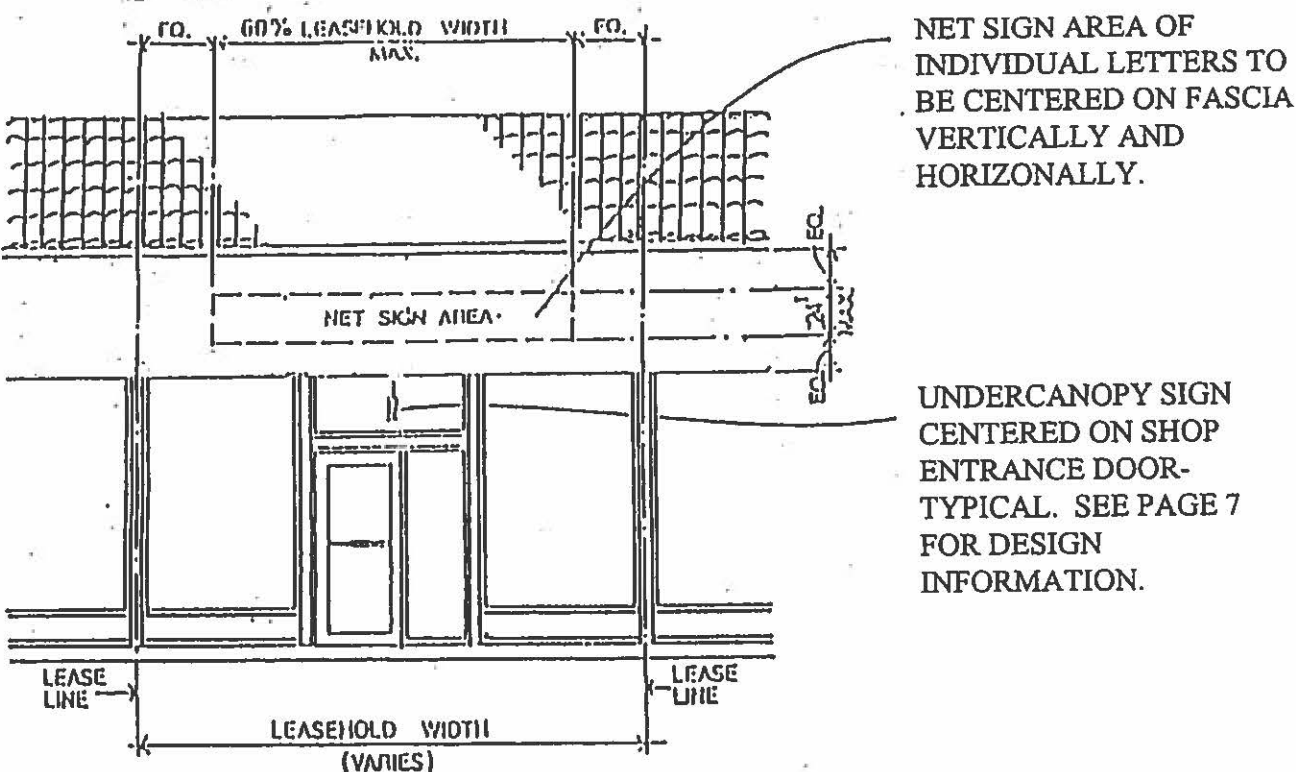


3/8" X 4" EYE. LAG TO  
3 X 14 PAINT "PLOCHERE"  
NO. 233, 'NOMAD BROWN.'  
1/4" X 1/4" ROUTED BORDER  
AS SHOWN TO BE PAINTED  
SUBJECT TO ARCHITECTS  
APPROVAL.  
  
SANDBLASTED BACKGROUND  
DEPTH VARIABLE FROM 1/4"  
TO 1/2" DEPENDING ON GRAIN  
CHARACTERISTICS. STAIN  
BACKGROUND "OLYMPIC"  
NO. 718.  
  
RAISED LOGO AND LETTERS  
OFF SANDBLASTED BACK-  
GROUND TO BE PAINTED PER  
ARCHITECTS APPROVAL.  
TYPICAL BOTH SIDES.  
  
2" WIDE BORDER TO BE  
STAINED "OLYMPIC" NO. 713.  
(NOTE: ROUTED BORDER AT  
CENTERLINE AS PER ABOVE).

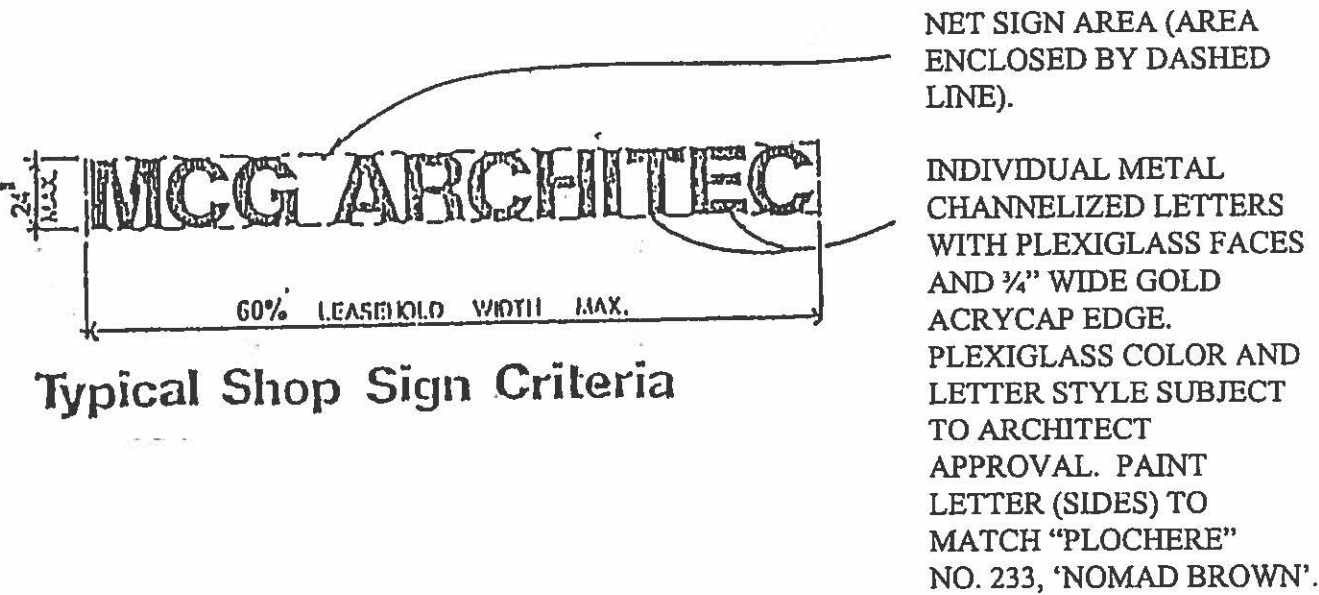
Detail

Section





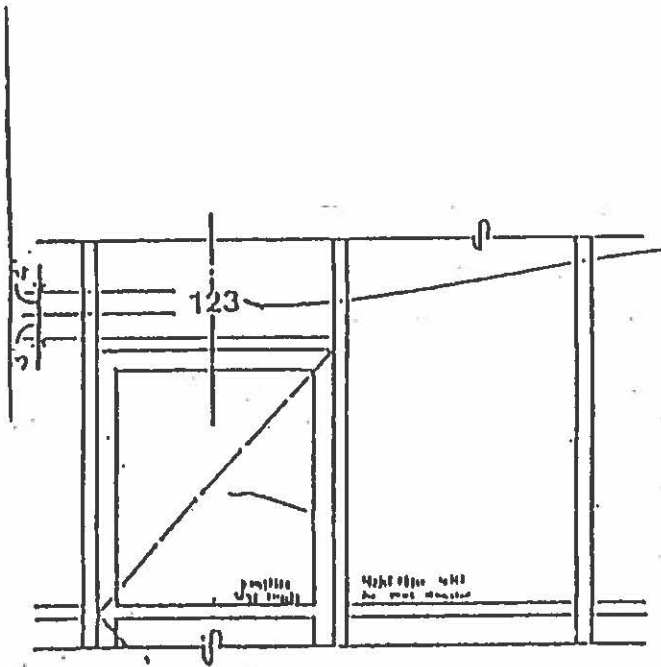
Typical Shop Elevation



Typical Shop Sign Criteria

NOTE: INDIVIDUAL METAL CHANNELIZED LETTERS TO BE INTERNALLY ILLUMINATED WITH 60 MILLI-AMP NEON AND INSTALLED IN ACCORDANCE WITH THE NATIONAL BOARD OF FIRE UNDERWRITERS SPECIFICATIONS.

SHOP SIGNS



TENANT ADDRESS NUMBER (CENTERED)  
SIGN COMPANY SHALL VERIFY ADDRESS  
WITH OWNER PRIOR TO INSTALLATION.

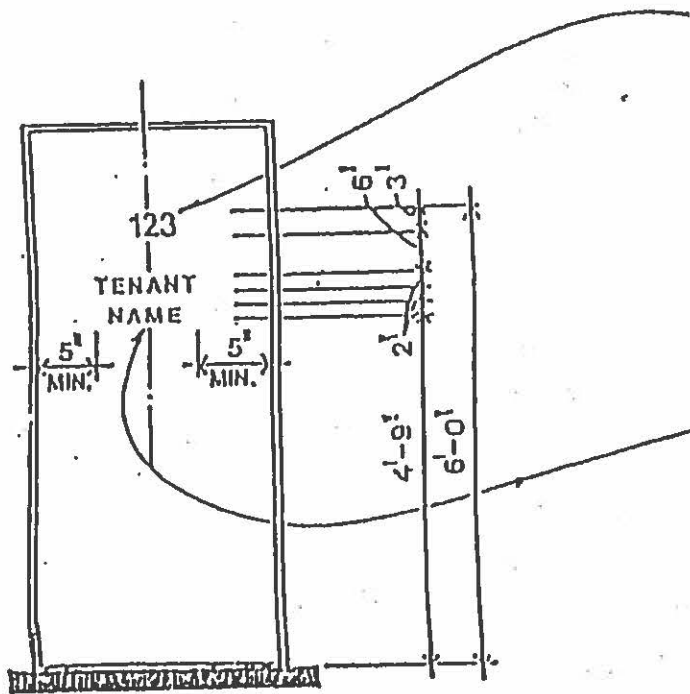
STOREFRONT DOOR.

FIXED GLASS (IN STOREFRONT).

LOCATION OF TENANT INFORMATION  
(SEE NOTE NO. C-5 ON SHEET NO. 2)

Storefront Elevation

STOREFRONT SECTION +3'-6" HIGH



TENANT ADDRESS NUMBER (CENTERED)  
SIGN COMPANY SHALL VERIFY ADDRESS  
WITH OWNER PRIOR TO INSTALLATION.

DOOR SHOWN IS TYPICAL FOR NON-  
CUSTOMER TYPE DOOR FOR RECEIVING  
MERCHANDISE, ETC. OCCURS  
GENERALLY AT REAR OF CENTER.  
(VERIFY WITH LEASE PLAN EXACT  
LOCATIONS FOR INDIVIDUAL TENANTS).

TYPICAL TENANT NAME ONLY. (TWO  
LINES PERMITTED, IF REQUIRED).  
CENTERED ON DOOR.

NOTE: ALL LETTERING AND NUMERALS  
SHALL BE PAINTED AS SHOWN IN ELEVATION  
ABOVE. TYPE FACE SHALL BE SUBJECT  
TO OWNER'S APPROVAL. TYPICAL COLOR  
SHALL BE WHITE ON DARK DOORS -  
BLACK ON LIGHT DOORS.

Rear Door Elevation

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**EXHIBIT G**  
**MONUMENT SIGN**



4

**EXHIBIT H**  
**TENANT IMPROVEMENT ALLOWANCE**

Landlord shall pay Tenant an improvement allowance of Ten Dollars 00/100 (\$10.00) per square foot (of the Premises) (the "Tenant Improvement Allowance") to be used towards Tenant's interior improvements. The Tenant Improvement Allowance shall be paid within thirty (30) days of the date Tenant opens for business to the public from the Premises, subject to the terms and conditions set forth below.

Notwithstanding the foregoing, the Tenant Improvement Allowance shall not be paid until:

- (i) Tenant provides Landlord with satisfactory evidence that all of Tenant's improvements to the Premises have been (a) completed and (b) approved by the applicable governmental agencies (to the extent such improvements are subject to governmental approval, including a signed-off inspection card from the City's inspector(s) and a Certificate of Occupancy);
- (ii) Tenant delivers to Landlord a copy (a physical "hard copy" and electronic copy) of as-built plans and specifications with respect to all of Tenant's Work; and,
- (iii) Tenant provides Landlord with satisfactory evidence that Tenant's Work has been fully paid for (said evidence to include, without limitation, unconditional final lien releases from all contractors, subcontractors, and/or vendors (including releases for any preliminary notices filed in connection with Tenant's Work)) and that the Premises, Building, and Shopping Center are free of any liens with respect to Tenant's Work (and that the period in which such liens may be filed has lapsed).

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**Exhibit 2**

**Sublease**



## OFFICE BUILDING SUBLEASE

**THIS SUBLEASE AGREEMENT** (the "Agreement") is entered into by and between Montebello Community Health Services, Inc., a California non-profit Corporation ("Sublessor") and BeverlyCare ("Sublessee").

### RECITALS:

A. On May 14, 2019, Sublessor, as Lessee, entered into a Master Lease ("Master Lease") with GGF Pico Rivera, LLC, a California limited liability company, ("Master Lessor"), for the rental of the building and premises located at 8862 East Whittier Blvd. ("demised premises"), in the city of Pico Rivera, County of Los Angeles, State of California (the "State"). The Master Lease is attached hereto as Exhibit A and incorporated herein by this reference.

B. Sublessor now desires to sublease the demised premises to Sublessee and Sublessee desires to sublease from Sublessor said premises, subject to the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises, it is hereby agreed by and between the parties hereto as follows:

#### 1. SUBLEASED PREMISES.

a. Sublessor hereby subleases to Sublessee and Sublessee hereby subleases from Sublessor for the term, at the rental, and upon all of the conditions set forth herein, the demised premises consisting of approximately **1,000 square feet** of office space located in Pico Rivera Plaza Shopping Center, Pico Rivera, California at 8862 East Whittier Boulevard (the "Subleased Premises").

b. Sublessee shall use the Subleased Premises solely for professional medical office purposes.

c. Sublessor hereby leases to Sublessee and Sublessee hereby leases from Sublessor for the term, at the rental, and upon all of the conditions set forth herein.

#### 2. TERM.

a. The initial term of this Agreement shall be for a period of Five (5) years commencing on **September 1, 2019** (hereinafter referred to as the "Commencement Date"), and terminating **August 31, 2024** (hereinafter referred to as the "Termination Date"), unless sooner terminated pursuant to any provision hereof.

b. Provided Sublessor, in its sole and absolute discretion, exercises its option to extend the Master Lease, this Agreement may be extended upon the mutual agreement of the parties.

c. Provided Sublessor, in its sole and absolute discretion, exercises its option to extend the Master Lease, Sublessee shall be granted an option to renew this Agreement for an

additional **Five (5) year**, upon thirty days (30) days written notice to Sublessor, subject to the terms, covenants, and conditions of this Agreement, and provided that the new base rent shall be subject to an increase based on the National Consumer Price Index ("CPI") for the previous year as further defined in Subparagraph 4.b.

3. **DELAY IN COMMENCEMENT.** If for any reason Sublessor cannot deliver possession of the Subleased Premises to Sublessee within thirty (30) days after the Commencement Date, Sublessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Agreement or the obligations of Sublessee hereunder or extend the term hereof; provided however, Sublessee shall not be obligated to pay rent until possession of the Subleased Premises is tendered to Sublessee. If Sublessor has not delivered possession of the Subleased Premises within one hundred twenty (120) days from the Commencement Date, Sublessee may, at its sole option, by notice in writing to Sublessor within ten (10) days thereafter cancel this Agreement, in which event the parties will be discharged from all obligations hereunder.

4. **RENT.**

a. Sublessee shall pay to Sublessor as base rent for the Subleased Premises monthly payments of Two Thousand Six Hundred Fifty Dollars and 00/100 (**\$2,650.00**). Said rental amounts shall be payable on the 1st day of each month of the term hereof. Notwithstanding the foregoing, if the Commencement Date occurs other than on the first day of the calendar month, the base rent for the fraction of the month in which the Commencement Date falls shall be paid on the Commencement Date prorated on the basis of the actual number of days in that month. Thereafter each year of the Agreement shall commence on the first day of the first full month following the Commencement Date. Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or at such other place as Sublessor may designate in writing.

b. The base rent as set forth above shall be increased annually, commencing with the date twelve months after the Commencement Date of the term (the "adjustment date"), by the increase, if any, of the Consumer Price Index for U.S. Cities – "Urban Wage Earners and Clerical Workers," "All Items" ("Index"), as published by the United States Department of Labor Bureau of Labor Statistics, over the "Base Period Index." The "Base Period Index" shall be the index for the calendar month immediately preceding the Commencement Date. The Base Period Index shall be compared with the Index for the same calendar month for the subsequent year ("Comparison Index"). If the Comparison Index is higher than the Base Period Index, then the base rent shall be increased by the identical percentage commencing on the adjustment date. Notwithstanding the foregoing, in no event shall the adjusted rent be less than the rent in effect immediately prior to the adjustment. When the adjusted rent for the adjustment date has been determined, Sublessor shall give Sublessee written notice of such adjusted rent, and upon adjustment of the rent, any underpayment of rent from the adjustment date to the date Sublessee is notified of the adjustment, shall be immediately due and payable by Sublessee. Sublessor's failure or delay to notify Sublessee of said rent adjustment shall not constitute a waiver of the right to any adjustment provided for in this Agreement. In the event that the Index shall be discontinued, then Sublessor shall use an index substantially similar to the Index to calculate future adjustments.

c. In addition to any amount of rent to be paid by Sublessee pursuant to Section 4a above, Sublessee shall pay to Sublessor as additional rent for the Tenant Improvement Rent described in Exhibit B monthly payments of One Thousand Four Hundred Sixty Dollars and Forty-one Cents (**\$1460.41**) (the "Tenant Improvement Rent"). Said additional rent shall be payable on the same terms and conditions as the rent set forth in Subparagraph 4a; provided, however, that Equipment Rent shall be fixed throughout the term of this Agreement and shall not be subject to increase as set forth in Subparagraph 4b.

d. All payments under this Agreement to be made by Sublessee to Sublessor shall be made payable to, and mailed or personally delivered to, Sublessor at the following address, or such other place as may be designated in writing by Sublessor:

Montebello Community Health Services, Inc.  
309 W. Beverly Boulevard  
Montebello, California, CA 90640

e. If any rent or other payment under this Agreement is not paid when due, it shall bear interest at the rate of ten percent (10%) per annum until paid, and in addition the rental payment shall be subject to a twenty-five dollar (\$25.00) late service charge per month if not paid on or before the tenth (10th) day of each month. However, this provision shall not relieve Sublessee from any default.

5. **RISK OF LOSS.** Except where due to the willful neglect of Sublessor, all risk of loss to personal property or loss to business resulting from any cause whatsoever shall be borne exclusively by Sublessee.

6. **COMPLIANCE WITH LAW.**

a. Sublessor warrants to Sublessee that the Subleased Premises, in its existing state, but without regard to the use for which Sublessee will use the Subleased Premises, do not violate any applicable building code regulation or ordinance at the time that this Agreement is executed. If it is determined that this warranty has been violated, then it shall be the obligation of Sublessor, after written notice from Sublessee, to rectify promptly, at Sublessor's sole cost and expense, any such violation. In the event that Sublessee does not give to Sublessor written notice of the violation of this warranty within sixty (60) days from the Commencement Date, it shall be conclusively deemed that such violation did not exist and the correction of the same shall be the obligation of Sublessee.

b. Sublessee shall, at its sole expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, restrictions of record, and requirements in effect during the term or any part of the term hereof regulating the use by Sublessee of the Subleased Premises. Sublessee shall not use or permit the use of the Subleased Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Subleased Premises, which shall tend to disturb such other tenants.

7. **CONDITION OF PREMISES.** Sublessee has inspected and hereby accepts the Subleased Premises in their condition existing as of the Commencement Date subject to all applicable zoning,

municipal, county and state laws, ordinances, and regulations governing and regulating the use of the Subleased Premises. Sublessee accepts this Agreement subject thereto and to all matters disclosed thereby and by any exhibits attached hereto.

**8. MASTER LEASE.**

- a. This Agreement is and shall be subject and subordinate to the Master Lease.
- b. The terms, conditions and respective obligations of Sublessee and Sublessor to each other under the Agreement shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Agreement in which event the terms of this Agreement shall control over the Master Lease.
- c. During the term of this Agreement and for all periods subsequent for obligations which have arisen prior to the termination of this Agreement, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease.
- d. The obligations that Sublessee has assumed under Subparagraph (c) hereof are hereinafter referred to as the "Sublessee's Assumed Obligations."
- e. Sublessee shall hold Sublessor free and harmless of and from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.
- f. In the event of a breach of any of such terms, conditions or covenants of the Master Lease by Sublessee, or upon the failure of the Sublessee to pay rent or comply with any of the provisions of this Agreement, Sublessor may exercise any and all rights and remedies granted to Master Lessor by the Master Lease, as well as any and all rights and remedies granted to Sublessor by this Agreement.
- g. Sublessor represents to Sublessee that the Master Lease is in full force and that no default exists on the part of any party to the Master Lease.

**9. INDEMNIFICATION.** Sublessee shall indemnify and hold harmless Sublessor from and against any and all claims, liabilities, damages, and expenses, including without limitation reasonable attorney's fees, incurred by Sublessor in defending or compromising actions brought against it, its officers, directors, employees, or agents, arising out of or related to the acts or omissions of Sublessee, its employees, agents, and contractors in connection with the performance of duties by Sublessee pursuant to this Agreement.

**10. INSURANCE.**

- a. Sublessee shall secure and maintain at all times during the term of this Agreement, at Sublessee's sole expense, general liability insurance and professional liability insurance in a minimum amount of one million Dollars (\$1,000,000) per occurrence, and three million Dollars (\$3,000,000) aggregate. Said insurance shall be maintained with a reputable

insurance carrier licensed to do business in the State, naming Sublessor as an additional insured. Said insurance shall not be cancelable except upon thirty (30) days written notice to Sublessor. Sublessee shall provide Sublessor with a certificate evidencing such insurance coverage within five (5) days after obtaining such coverage. Sublessee agrees to notify Sublessor immediately of any material change in any insurance policy required to be maintained by Sublessee hereunder.

b. Sublessee shall secure and maintain renters' insurance covering all of Sublessee's personal property used on the Subleased Premises.

11. **ASSIGNMENT AND SUBLETTING.** Sublessee shall not voluntarily or involuntarily, assign its interest in this Agreement, nor sublet all or part of the premises nor grant concessions or licenses upon the premises without the prior written consent of Sublessor and Master Lessor in each instance, and such consent shall not constitute a waiver of the necessity for consent of Sublessor and Master Lessor for subsequent assignments and subletting. Assignment or subletting without the prior consent of Sublessor and Master Lessor, including assignment by operation of the law, shall constitute an event of default. In no event, whether with or without consent of Sublessor and Master Lessor, shall an assignment or sublease relieve Sublessee of liability under the terms, conditions, and provisions of this Agreement.

12. **TERMINATION.**

a. Either party may terminate this Agreement upon the occurrence of any of the following events: (1) violation by the other party of any material provision of this Agreement, provided such violation continues for fifteen (15) days after receipt by the violating party of written notice from the non-violating party, specifying such violation with particularity; and (2) adjudication of the other party as bankrupt, liquidation of the other party for any purpose, or appointment of a receiver to take charge of the other party's affairs, provided each appointment remains undischarged for sixty (60) days.

b. This Agreement shall automatically terminate and be of no further force and effect immediately upon termination of the Master Lease.

13. **IMMEDIATE TERMINATION BY SUBLESSOR.** Sublessor may terminate this Agreement immediately by written notice to Sublessee upon the occurrence of any of the following events:

a. Sublessee's breach of any term of the Master Lease;

b. Failure by Sublessee to maintain the insurance required under this Agreement; and

c. Sublessee's conviction of a criminal offense related to health care or Sublessee's listing by a federal agency as being debarred, excluded, or otherwise ineligible for federal program participation.

14. **NO WAIVER.** Any failure of a party to enforce that party's rights under any provision of this Agreement shall not be construed or act as a waiver of said party's subsequent right to enforce any of the provisions contained herein.



15. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State.

16. **SEVERABILITY.** If any provision of this Agreement is held to be invalid or unenforceable for any reason, this Agreement shall remain in full force and effect in accordance with its terms disregarding such unenforceable or invalid provision.

17. **NOTICES.** All notices required or permitted to be given hereunder shall be in writing and delivered by certified mail, return receipt requested, and shall be deemed effective upon receipt if addressed to Sublessee or Sublessor at the following addresses:

If to Sublessor: Montebello Community Health Services, Inc.  
309 West Beverly Boulevard  
Montebello, CA 90640  
Attn: Administration

If to Sublessee: BeverlyCare  
1920 West Whittier Boulevard  
Montebello, CA 90640  
Attn: Administrative Director

18. **PARKING AND COMMON AREAS.** At no additional cost, Sublessee shall have the nonexclusive right to use the parking areas at the demised premises and shall comply with all rules and regulations with respect to their use from time to time promulgated by Sublessor.

19. **CHANGES IN LAW.**

a. **Legal Event; Consequences.** Notwithstanding any other provision of this Agreement, if the governmental agencies that administer the Medicare, Medicaid, or other federally funded programs (or their representatives or agents), or any other federal, state or local governmental or nongovernmental agency, or any court or administrative tribunal passes, issues or promulgates any law, rule, regulation, standard, interpretation, order, decision or judgment, including but not limited to those relating to any regulations pursuant to state or federal anti-kickback or self-referral statutes (collectively or individually, "Legal Event"), which, in the good faith judgment of one party (the "Noticing Party"), materially and adversely affects either party's licensure, accreditation, certification, or ability to refer, to accept any referral, to bill, to claim, to present a bill or claim, or to receive payment or reimbursement from any federal, state or local governmental or non-governmental payor, or which subjects the Noticing Party to a risk of prosecution or civil monetary penalty, or which, in the good faith judgment of the Noticing Party, indicates a rule or regulation with which the Noticing Party desires further compliance, or if in the good faith opinion of counsel to either party any term or provision of this Agreement could trigger a Legal Event, then the Noticing Party may give the other party notice of intent to amend or terminate this Agreement in accordance with the next Subparagraph.

b. **Notice Requirements.** The Noticing Party shall give notice to the other party together with an opinion of counsel setting forth the following information:

- (1) The Legal Event(s) giving rise to the notice;
- (2) The consequences of the Legal Event(s) as to the Noticing Party;
- (3) The Noticing Party's intention to either:
  - (a) Terminate this Agreement due to unacceptable risk of prosecution or civil monetary penalty; or
  - (b) Amend this Agreement, together with a statement that the purpose thereof is one or more of the following:
    - (i) to further comply with any anti-kickback or Stark II statutory provisions or rules or regulations created or affected by the Legal Event(s); and/or
    - (ii) to satisfy any licensure, accreditation or certification requirements created or affected by the Legal Event(s); and/or
    - (iii) to eliminate or minimize the risk of prosecution or civil monetary penalty;
- (4) The Noticing Party's proposed amendment(s); and
- (5) The Noticing Party's request for commencement of the Renegotiation Period (as defined below).

c. **Renegotiation Period; Termination.** In the event of notice under either Subparagraph b.(3)(a) or b.(3)(b) above, the parties shall have ten (10) days from the giving of such notice ("Renegotiation Period") within which to attempt to amend this Agreement in accordance with the Noticing Party's proposal (if any) or otherwise as the parties may agree. If this Agreement is not so amended within the Renegotiation Period, this Agreement shall terminate as of midnight on the 10th day after said notice was given. Except as otherwise required by applicable law, any amounts owing to either party hereunder shall be paid, on a pro rata basis, up to the date of such termination, and any obligation hereunder that is to continue beyond expiration or termination shall so continue pursuant to its terms. All opinions of counsel presented by the Noticing Party hereunder, and any corresponding opinions given by the other party in response, shall be deemed confidential and given solely for purposes of renegotiation and settlement of a potential dispute, and shall not be deemed disclosed so as to waive any privileges otherwise applicable to said opinions.

20. **SUBLESSEE REPRESENTATIONS.** Sublessee represents and warrants to Sublessor that (i) Sublessee has full legal power and authority to enter into and deliver this Agreement and perform the transactions contemplated herein; (ii) when fully signed and delivered, this Agreement shall be a legal, valid and binding agreement of Sublessee, enforceable against Sublessee in accordance with its terms, and will not violate or create a default under any law, rule, regulation, judgment, order, or charter document binding on Sublessee or its property; (iii) no consent or approval of, notice to, or filing with any government authority is required for Sublessee to sign, deliver or perform this

Agreement; (iv) there are no pending or threatened actions or proceedings before any court or administrative agency that could have a material adverse effect on Sublessee, nor is Sublessee in default under any material loan, lease or purchase obligation; and (v) any information furnished by Sublessee to Sublessor as part of this Agreement or the negotiation hereof is true and correct.

**SUBLESSOR:**

**Montebello Community Health Services, Inc.**

By: 

Name: Alice Cheng, FACHE

Title: President and CEO

Date: 05-06-19

**SUBLESSEE:**

**BEVERLYCARE**

By: 

Name: Corali Nakamatsu

Title: Executive Director

Date: 05/06/19

### **CONSENT TO SUBLEASE BY MASTER LESSOR**

**CONSENT OF MASTER LESSOR.** TSL Development, Inc., Master Lessor hereby consents to this Agreement of the Subleased Premises and acknowledges the right of the Sublessee to all of the benefits and services due the Master Lessee under the Master Lease during the term of this Agreement. Master Lessor does hereby represent and warrant to Sublessee that the Master Lease is unmodified and in full force and effect and to the best of its knowledge there are no uncured defaults on the part of the Master Lessee.

**MASTER LESSOR** (for purposes of foregoing paragraph only)

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

**EXHIBIT A TO SUBLEASE**

**[MASTER LEASE]**



**EXHIBIT B TO SUBLEASE**

**Tenant Improvement Rent**

**SCHEDULE 1**

**EQUIPMENT**

**DECLARATION OF CORALI NAKAMATSU IN SUPPORT OF MOTION**

**DECLARATION OF CORALI NAKAMATSU**

I, Corali Nakamatsu, declare as follows:

1. I am the Executive Director of BeverlyCare, a California nonprofit corporation.

2. In my capacity as BeverlyCare's Executive Director, I am generally familiar with BeverlyCare's day-to-day operations, business and financial affairs, and books and records. I submit this declaration in support of *Debtor Montebello Community Health Services, Inc.'s Notice of Motion and Motion for Order Authorizing Debtor Montebello Community Health Services, Inc. to Reject Unexpired Real Property Lease and Sublease as of April 26, 2023* (the "Motion"). Capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Motion.

3. On or about August 6, 2019, Montebello Health entered into the Sublease with BeverlyCare to operate and run an outpatient OBGYN clinic on the Premises. Pursuant to the Sublease, BeverlyCare agreed to pay Montebello Health rent in the amount of \$2,650.00 per month, with such price to increase annually, as further described in the Sublease.


4. Under the Sublease, in addition to the base rental payments, BeverlyCare is also required to pay approximately \$1,460.00 per month to repay the Montebello Health for certain Tenant Improvements (as Defined in the Sublease).

5. With respect to operating an OBGYN clinic on the Premises, BeverlyCare sought out to retain obstetrics and gynecology physicians with an existing practice and book of patients to run a women's health clinic. Beginning in February 2020, BeverlyCare began running a women's healthcare facility on the Premises. Due to various factors, the clinic did not attract the anticipated business and reimbursement for services to patients were significantly lower than expected. As such, BeverlyCare wishes to terminate the Sublease and will not seek to occupy the Premises post-rejection.

6. As of today, April 26, 2023, BeverlyCare has moved out of the Premises and will promptly return the keys to the Premises to Montebello Health.

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

3 Executed on this 26th day of April 2023, at Los Angeles, California.

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6 Corali Nakamatsu

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## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
222 N Pacific Coast Highway, 3rd Floor, El Segundo, CA 90245.

A true and correct copy of the foregoing document entitled (*specify*): Debtor Montebello Community Health Services, Inc.'s Notice of Motion and Motion for Order Authorizing Debtor Montebello Community Health Services, Inc. to Reject Unexpired Real Property Lease and Sublease as of April 26, 2023

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 04/26/2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

See Exhibit A.

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) 04/27/2023, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

See Exhibit B - First Class Mail.

☒ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) 04/27/2023, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

See below and Exhibit C - Overnight Mail (Served 04/27/2023)      See Exhibit D - Electronic Mail (Served 04/26/2023).  
United States Bankruptcy Court Attn: Hon. Sandra R. Klein  
Edward R. Roybal Federal Building and U.S. Courthouse  
255 East Temple Street, Los Angeles, CA 90012

☒ Service information continued on attached page

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

04/26/2023      Patrick M. Leathem  
*Date*                      *Printed Name*

/s/ Patrick M. Leathem  
*Signature*

## **Exhibit A**

CreditorName	Email
Megan M Adeyemo	madeyemo@grsm.com, asoto@grsm.com
Joseph P Buchman	jbuchman@bwslaw.com, gmittchell@bwslaw.com
Evelina Gentry	evelina.gentry@akerman.com, rob.diwa@akerman.com
Evan Gershbein	ECFpleadings@kccllc.com
Michael Jones	michael.jones4@usdoj.gov
Alexandria Lattner	alattner@sheppardmullin.com, ehwalters@sheppardmullin.com
Marc A Levinson	MALevinson@orrick.com, borozco@orrick.com
Ron Maroko	ron.maroko@usdoj.gov
Kelly L Morrison	kelly.l.morrison@usdoj.gov
Jennifer L Nassiri	JNassiri@sheppardmullin.com
Mary H Rose	mrose@buchalter.com
Nathan A Schultz	nschultzesq@gmail.com
Howard Steinberg	steinbergh@gtlaw.com, pearsallt@gtlaw.com; howard-steinberg-6096@ecf.pacerpro.com
United States Trustee (LA)	ustpreion16.la.ecf@usdoj.gov
Sharon Z. Weiss	sharon.weiss@bclplaw.com, raul.morales@bclplaw.com, REC_KM_ECF_SMO@bclplaw.com
Sharon Z. Weiss	sharon.weiss@bclplaw.com, raul.morales@bclplaw.com, REC_KM_ECF_SMO@bclplaw.com
Roye Zur	rzur@elkinskalt.com, cavila@elkinskalt.com; lwageman@elkinskalt.com; 1648609420@filings.docketbird.com

## **Exhibit B**

Description	CreditorName	CreditorNoticeName	Address1	Address2	Address3	City	State	Zip
TOP 30	Abbott Laboratories Inc	Nathan Scott	100 Abbot Park Road			Abbot Park	IL	60064
TOP 30	Advantis Medical Staffing	Elayne Goldmane	13155 Noel Road Suite 300			Dallas	TX	75240
Counsel for Advantis Medical Staffing	Akerman LLP	Evelina Gentry and Anthony D. Sbardellati	601 West Fifth Street, Suite 300			Los Angeles	CA	90071
TOP 30	Alhambra Hospital Medical Center	Terry Chu	4619 N. Rosemead Blvd.			Rosemead	CA	91770
Attorneys for California Statewide Communities Development Authority	Allen Matkins Leck Gamble Mallory & Natsis LLP	Debra A. Riley, Esq.	One America Plaza	600 West Broadway, 27th Floor		San Diego	CA	92101-0903
TOP 30	Allied Universal Security Services	Moises Rodriguez	161 Washington St Suite 600			Conshohocken	PA	19428
TOP 30	Arthrex, Inc	Carla Pitcher	2825 Airview Boulevard			Kalamazoo	MI	49002
Attorney General of California	Attorney General of California	Attn Bankruptcy Department	California Department of Justice	1300 "I" Street		Sacramento	CA	95814
Office of the Attorney General of the United States	Attorney General of the United States	U.S. Department of Justice	950 Pennsylvania Avenue, NW			Washington	DC	20530-0001
TOP 30	Axis Spine Llc	DD Mate	1812 W Burbank Blvd #5384			Burbank	CA	91506
TOP 30	Baxter Healthcare Corp	Yolieth Bazan Matamoros	17511 Armstrong Ave			Irvine	CA	92614
TOP 30	Boston Scientific Corp	Kathleen Homsab	300 Boston Scientific Way			Marlborough	MA	01752-1234
Counsel for Sodexo	Brown McGarry Nimeroff LLC	Jami B. Nimeroff	Two Penn Center, Suite 610	1500 John F. Kennedy Boulevard		Philadelphia	PA	19102
Counsel to Proposed DIP Lender	Bryan Cave Leighton Paisner LLP	Eric S. Prezant	161 North Clark Street, Suite 4300			Chicago	IL	60612
Counsel to Proposed DIP Lender	Bryan Cave Leighton Paisner LLP	Vanessa Sunshine and Sharon Weiss	120 Broadway, Suite 300			Santa Monica	CA	90401-2386
TOP 30	California Department Of Health Care Services	Tomas J. Aragon	1501 Capitol Avenue, Suite 4510			Sacramento	CA	95814
California Department of Health Care Services	California Department of Health Care Services	Jennifer Kent, Director	1501 Capitol Avenue, Suite 4510			Sacramento	CA	95814
California Department of Public Health	California Department of Public Health	Stephanie Spich	PO Box 997377 MS 0500			Sacramento	CA	95899-7377
California Secretary of State	California Secretary of State		1500 11th Street			Sacramento	CA	95814
California State Board of Pharmacy	California State Board of Pharmacy		1625 North Market Boulevard			Sacramento	CA	95834
California Statewide Communities Development Authority	California Statewide Communities Development Authority	Chair	1100 K Street, Suite 101			Sacramento	CA	95814
Center for Medicare and Medicaid Services	Center for Medicare and Medicaid Services	Steven Chickering, the Associate Regional Administrator	90 – 7th Street, Suite 5-300			San Francisco	CA	94103-6706
TOP 30	Cepheid Inc.	Susan Jose	904 E Caribbean Dr			Sunnyvale	CA	94089
TOP 30	Cloudwave	Loraine Sarno	100 Crowley Dr.			Marlborough	MA	01752
TOP 30	Constellation New Energy-Gas	Zachary Keczykecy	9400 Bunsen Parkway Suite 100			Louisville	KY	40220
Department of Health Care Services	Department of Health Care Services	Tanya Homman, Chief of Provider Enrollment Division	MS 4704, P.O. Box 997412			Sacramento	CA	95899-7412
Employment Development Dept.	Employment Development Dept.		722 Capitol Mall, MIC 92E			Sacramento	CA	95814
TOP 30	First Financial Holdings Llc	Ricardo Oseguera	750 The City Drive South, Suite 300			Orange	CA	92868
Counsel to Indenture Trustee	Greenberg Traurig, LLP	Colleen Murphy, Kevin Walsh	One International Place, Suite 2000			Boston	MA	02110
Hanmi Bank	Hanmi Bank	Specialty Lending	2010 Main St. Suite 590			Irvine	CA	92614
Hanmi Bank	Hanmi Bank	Specialty Lending	1920 Main St. Suite 1140	Attn Ben Sottile		Irvine	CA	92614
Hanmi Bank	Hanmi Bank		10180 Reseda Blvd			Northridge	CA	91324
Proposed DIP Lender	Hilco Real Estate	Attn Gary C. Epstein, Ryan Lawlor, Neil Aaronson and Robert Lubin	5 Revere Drive, Suite 206			Northbrook	IL	60062
TOP 30	Huntington Technology Finance	Brent McQueen	2285 Franklin Road			Bloomfield Hills	MI	48302
IRS	Internal Revenue Service	Attn Susanne Larson	31 Hopkins Plz Rm 1150			Baltimore	MD	21201



Description	CreditorName	CreditorNoticeName	Address1	Address2	Address3	City	State	Zip
IRS	Internal Revenue Service	Centralized Insolvency Operation	P.O. Box 7346			Philadelphia	PA	19101-7346
IRS	Internal Revenue Service	Centralized Insolvency Operation	2970 Market St			Philadelphia	PA	19104
IRS	Internal Revenue Service		300 North Los Angeles Street			Los Angeles	CA	90012
IRS	Internal Revenue Service		600 Arch Street			Philadelphia	PA	19101
TOP 30	Keenan and Associates	Raquel Wallace	2355 Crenshaw Blvd., Suite 200			Torrance	CA	90501
Counsel for Hanmi Bank	Law Office of Nathan A. Schultz, P.C.	Nathan A. Schultz, Esq.	10621 Craig Road			Traverse City	MI	49686
TOP 30	Medical Information Technology, Inc	Goretti Medeiros	7 Blue Hill River Road			Canton	MA	02021
TOP 30	Medical Solutions LLC	Ruben Ramirez	1010 N 102Nd St Suite 300			Omaha	NE	68114
TOP 30	Medline Industries Inc	Brent Fogel	Three Lakes Drive			Northfield	IL	60093
TOP 30	Medstar Anesthesia Services Inc	Robert Resnick	9251 Wedgewood St			Temple City	CA	91780
National Association of Attorneys General	National Association of Attorneys General		1850 M Street NW, 12th Floor			Washington	DC	20036
TOP 30	Nixon Peabody LLP	Jennifer O'Neal	1300 Clinton Square			Rochester	NY	14604
TOP 30	Noridian Healthcare Solutions, LLC	Theresa Pachel	900 42nd Street S			Fargo	ND	58103
TOP 30	Office of Inspector General (OIG)	Nicole Caucci	405 South Main Street Suite 350			Salt Lake City	UT	84111
Office of the Attorney General of California	Office of the Attorney General of California	Consumer Law Section	Attn Bankruptcy Notices	455 Golden Gate Ave., Suite 11000		San Francisco	CA	94102
Deputy General Counsel to California Department of Health Care Services	Office of the California Attorney General	Department of Justice	Kenneth K. Wang	300 South Spring Street, Suite 1702		Los Angeles	CA	90013
Office of the CA Attorney General	Office of the California Attorney General	Department of Justice	Jennifer Kim	300 South Spring Street, Floor 9		Los Angeles	CA	90013
Counsel to Hanmi Bank	Orrick, Herrington & Sutcliffe LLP	Brendan LaFountain	400 Capitol Hall			Sacramento	CA	95814-4497
TOP 30	Outset Medical Inc	Andy Rabon	3052 Orchard Drive			San Jose	CA	95134
TOP 30	Philips Healthcare	Jose Rivera	222 Jacobs Street			Cambridge	MA	02141
TOP 30	Private Attorney General Act (PAGA)	Jarrold Salinas	1411 North Batavia Street #105			Orange	CA	92867
Counsel for California Statewide Communities Development Corporation dba CSDA	Richards, Watson & Gershon	Stephen D. Lee	350 South Grand Avenue, 37th Floor			Los Angeles	CA	90071
TOP 30	Shiftwise	Jennifer Folds	200 SW Market Street Suite 700			Portland	OR	97201
Counsel to Hanmi Bank	Shulman Hodges & Bastian LLP	Michael J. Petersen	100 Spectrum Center Drive, Suite 600			Irvine	CA	92614
TOP 30	Sodexo Inc & Affiliates	Luis Lunalluna	9801 Washingtonian Boulevard			Gaithersburg	MD	20878
State of California Employment Development Department	State of California Employment Development Department	Bankruptcy Group MIC 92E	P. O. Box 826880			Sacramento	CA	94280-0001
TOP 30	Stryker Endoscopy	Joe Gallinatti	5900 Optical Ct			San Jose	CA	95138
TOP 30	Stryker Instruments	Donovan Reiley	4100 E. Milham Road			Kalamazoo	MI	49001
TOP 30	Stryker Orthopedics	Trent Zaks	325 Corporate Drive			Mahwah	NJ	07430
U.S. Department of Health & Human Services	U.S. Department of Health & Human Services	Alex M. Azar II, Secretary	200 Independence Avenue, S.W.			Washington	DC	20201
U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	Angela M. Belgrove, Assistant Regional Counsel	Office of the General Counsel, Region IX	90 7th Street, Suite 4-500		San Francisco	CA	94103-6705
United States Attorney Civil Process Clerk	United States Attorney's Office		Federal Building	Room 7516	300 North Los Angeles Street	Los Angeles	CA	90012
United States Attorney's Office	United States Attorneys Office	Central District of California	312 North Spring Street	Suite 1200		Los Angeles	CA	90012
United States Attorney's Office	United States Attorneys Office	Northern District of California	150 Almaden Boulevard	Suite 900		San Jose	CA	95113
United States Attorney General	United States Department of Justice	Ben Franklin Station	P. O. Box 683			Washington	DC	20044
Office of the United States Trustee	United States Trustee	Peter C. Anderson	Office of the UST/DOJ	915 Wilshire Blvd., Suite 1850		Los Angeles	CA	90017

Exhibit B  
Parties Served via  
First Class Mail

Description	CreditorName	CreditorNoticeName	Address1	Address2	Address3	City	State	Zip
Indenture Trustee	US Bank NA	Christopher H. Gehman Vice President, Global Corporate Trust Services	James Center Three	1051 East Cary Street, 6th Floor		Richmond	VA	23219
Indenture Trustee	US Bank NA		Po Box 70870			St Paul	MN	55170-9690

## **Exhibit C**

**Parties Served via****Overnight Mail**

<b>CreditorName</b>	<b>CreditorNoticeName</b>	<b>Address1</b>	<b>Address2</b>	<b>City</b>	<b>State</b>	<b>Zip</b>
BeverlyCare	Attn: Administrative Director	1920 West Whittier Boulevard		Montebello	CA	90640
GGF Pico Rivera, LLC	c/o Gaska, Inc.	Attn: Aida	Norhadian100 West Broadway, Suite 950	Glendale	CA	91210

## **Exhibit D**



Description	CreditorName	Email
TOP 30	Abbott Laboratories Inc	nathan.scott@abbott.com
TOP 30	Advantis Medical Staffing	goldman@advantismed.com
Counsel for Advantis Medical Staffing	Akerman LLP	evelina.gentry@akerman.com
TOP 30	Alhambra Hospital Medical Center	terrychu@alhambrahospital.com
Attorneys for California Statewide Communities Development Authority	Allen Matkins Leck Gamble Mallory & Natsis LLP	driley@allenmatkins.com
TOP 30	Allied Universal Security Services	moises.rodriguez@aus.com
TOP 30	Arthrex, Inc	Carla.Pitcher@arthrex.com
TOP 30	Axis Spine Llc	dmate@axispineco.com
TOP 30	Baxter Healthcare Corp	yolieth_bazan@baxter.com
TOP 30	Boston Scientific Corp	Kathleen.homsab@bsci.com
Counsel for Sodexo	Brown McGarry Nimeroff LLC	jnimeroff@bmnlawyers.com
Counsel to Proposed DIP Lender	Bryan Cave Leighton Paisner LLP	eric.prezant@bclplaw.com
Counsel to Proposed DIP Lender	Bryan Cave Leighton Paisner LLP	vanessa.sunshine@bclplaw.com; sharon.weiss@bclplaw.com
California Department of Public Health	California Department of Public Health	stephanie.spich@cdph.ca.gov
TOP 30	Cepheid Inc.	susan.jose@cepheid.com
TOP 30	Cloudwave	lsarno@insightinvestments.com
TOP 30	Constellation New Energy-Gas	ZacharyKecyzkecy@spectrum-nrg.com
TOP 30	First Financial Holdings Llc	roseguera@ffequipmentleasing.com
Counsel to Indenture Trustee	Greenberg Traurig, LLP	Colleen.Murphy@gtlaw.com; Kevin.Walsh@gtlaw.com
Proposed DIP Lender	Hilco Real Estate	gepstein@hilcoglobal.com; rlawlor@hilcoglobal.com; NAaronson@hilcoglobal.com; RLubin@hilcoglobal.com
TOP 30	Huntington Technology Finance	brent.a.mcqueen@huntington.com
TOP 30	Keenan and Associates	rwallace@keenand.com
Counsel for Hanmi Bank	Law Office of Nathan A. Schultz, P.C.	nschultzesq@gmail.com
TOP 30	Medical Information Technology, Inc	gmedeiros@meditech.com
TOP 30	Medical Solutions LLC	info@medicalsolutions.com
TOP 30	Medline Industries Inc	bfogel@medline.com
TOP 30	Medstar Anesthesia Services Inc	robert.amedinc@gmail.com
National Association of Attorneys General	National Association of Attorneys General	support@naag.org
TOP 30	Nixon Peabody Llp	joneal@nixonpeabody.com
TOP 30	Noridian Healthcare Solutions, LLC	JE-ERS@noridian.com
Office of the Attorney General of California	Office of the Attorney General of California	Scott.Chan@doj.ca.gov
Deputy General Counsel to California Department of Health Care Services	Office of the California Attorney General	Kenneth.Wang@doj.ca.gov
TOP 30	Outset Medical Inc	arabon@outmedical.com
TOP 30	Philips Healthcare	jose.rivera@philips.com
TOP 30	Private Attorney General Act (PAGA)	jarrod@phoenixclassaction.com
Counsel for California Statewide Communities Development Corporation dba CSDA	Richards, Watson & Gershon	slee@rwglaw.com
TOP 30	Shiftwise	jennifer.folds@medefis.com
TOP 30	Sodexo Inc & Affiliates	LuisLunalluna@beverly.org
TOP 30	Stryker Endoscopy	joe.gallinati@stryker.com
TOP 30	Stryker Instruments	donovan.reiley@stryker.com
TOP 30	Stryker Orthopedics	TrentZaks@stryker.com

Description	CreditorName	Email
Office of the United States Trustee	United States Trustee	hatty.yip@usdoj.gov; Michael.Jones4@usdoj.gov
Indenture Trustee	US Bank NA	christopher.gehman@usbank.com