

ADDENDUM NO. 2 TO COMMERCIAL LEASE

Addendum to Section 3 – Term

The Term of that certain Commercial Lease dated as of December 18, 2006 by and between Genaro and Mabel A. Prats and the City of Lake Elsinore (the "Lease") shall be extended such that the new term of the Lease shall be five (5) years, commencing on the 1st day of January, 2013 and ending on the 31st day of December, 2017, unless terminated earlier as hereinafter provided. At the conclusion of the Lease (as extended as provided herein), the Lessor and the Lessee, at their option, can continue this agreement as a month to month Lease agreement, based upon the written agreement of the parties.

Addendum to Section 4 - Rent

Lessee shall pay monthly rent to Lessor in the amount of Two Thousand Dollars (\$2,000.00) calculated at the rate of \$1.40 per rentable square foot. Commencing January 1, 2014 and each January 1st thereafter during the Term, the monthly rent paid to Lessor shall be subject to an annual increase commencing on January 1 of each year during the Term, such annual increase to be based on the Consumer Price Index (CPI) percentage change as reported by the Bureau of Labor Statistics for the Los Angeles-Riverside-Orange County Area for the period of September to September each year.

Each rent payment shall be due in advance on the first day of each calendar month during the Term and shall be delinquent on the tenth of the month.

If any installment of rent due from Lessee is not received by Lessor within ten days of the due date, Lessee shall pay Lessor a One Hundred Dollars (\$100.00) late fee.

Rent payments shall be made to Lessor at _____ Murrieta, California 92562 or at such other place designated by written notice from Lessor.

Addendum to Section 8 – Assignment and Subletting

Lessee shall have the right without Lessor's consent, to assign this Lease to any subsidiary of Lessee. Except as set forth above, Lessee shall not sublease all or any part of the Premises, or assign this Lease in whole or in part without Lessor's consent, such consent not to be unreasonably withheld or delayed.

Lessor Initials: M.A.P.

Lessee Initials: GP



Addendum to Section 10 - Repairs and Maintenance

During the Term, Lessor shall maintain the roof, foundation, exterior walls and the major building systems, including heating, air conditioning, electrical, plumbing and water systems.

Lessee shall be responsible, at Lessee expense, for non-major repairs (less than \$1,000.00) necessary to maintain and repair non-major systems and interior improvements. In addition, Lessee will keep back gutter area of Premises clear of debris to avoid flooding into the building.

Lessee will assist and cooperate with Lessor, at no expense to Lessee, to process and approve the following improvements in accordance with the requirements of the Lake Elsinore Municipal Code: (i) fencing and gating of back lot area of the Premises, (ii) lowering of curb in back alley for access to the back of the Premises, and (iii) separate electrical meter between the garage and the Premises.

Addendum to Section 16 – Alterations and Additions

Lessee, at Lessee's expense, shall have the right following Lessor's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Premises from time to time as Lessee may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Lessee shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Lessee upon the Commencement date or placed or installed on the Premises by Lessee thereafter, shall remain Lessee's property free and clear of any claim by Lessor. Lessee shall have the right to remove the same at any time during the Term provided that all damage to the Premises caused by such removal shall be repaired by Lessee at Lessee's expense.

Addendum to Section 18(A) – Fire & Property Insurance

Lessor shall maintain fire and extended coverage insurance on the Premises in such amounts as Lessor shall deem appropriate. Lessee shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Premises.

Addendum to Section 18(B) – Liability Insurance

Lessee and Lessor shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each on the Premises with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Lessor, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Lessor shall not be required to maintain

Lessor Initials: M. A. P. G. A.

Lessee Initials: BPJ

insurance against thefts within the Premises. Lessee shall provide Lessor with current certificates of insurance evidencing Lessee's compliance with this paragraph. Lessee shall cause Lessor to be named as an additional insured on Lessee's policy

Addendum adding Section 18(E) – Hold Harmless (LESSOR)

LESSOR shall indemnify and hold LESSEE harmless from and against any and all claims arising from LESSOR'S use or occupancy of the parking area within the Premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by LESSOR in or about within the parking area within the Premises including all damage, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for LESSEE'S willful or grossly negligent conduct, LESSOR hereby assumes all risk of damage to property or injury to person in or about the parking area within the Premises used by LESSOR from any cause, and LESSOR hereby waives all claims in respect thereof against LESSEE.

Addendum to Section 26 - Parking

Lessee shall have the exclusive use of the automobile parking areas, driveways, and footways on the Premises (except for such fenced area as may be installed by Lessor).

Lessor may park his RV in the automobile parking area of the Premises when visiting the garage; provided, however, that such parking shall be permitted only during Lessor's visit to the garage on the Premises and no longer than permitted by applicable provisions of the Lake Elsinore Municipal Code.

Addendum to Section 29 - Notices

Notice to Lessor shall be at the addresses as set forth below:

Murrieta, CA 92562

With a copy to:

Lake Forest, CA 92630

Addendum No. 1

Lessor Initials: M.A.P. GP

Lessee Initials: BJ My

Beginning January 1, 2013, this Addendum No. 2 shall replace and supersede that certain Addendum No. 1 to that certain Commercial Lease dated as of December 18, 2006 by and between Genaro and Mabel A. Prats and the City of Lake Elsinore (the "Lease").

Lessor Initials: M.A.P. G.P.

Lessee Initials: GP

ADDENDUM NO. 1 TO COMMERCIAL LEASE

Addendum to Section 4 - Rent

Lessee shall pay monthly rent to Lessor in the amount of \$1,780.00 calculated at the rate of \$1.25 per rentable square foot during the first two (2) years of the Lease. Commencing in year 3 on the twenty-fifth (25th) month of the Term, Lessee shall pay monthly rent to Lessor in the amount of \$1,865.44 calculated at the rate of \$1.31 per rentable square foot and subject to an annual increase commencing in year 4 and continuing until the expiration of the Term equal to the Consumer Price Index (CPI) percentage change as reported by the Bureau of Labor Statistics for the Los Angeles-Riverside-Orange County Area for the period of September to September each year.

The first month's rent shall be prorated on a daily basis for the period commencing on December 18, 2006 through December 31, 2006. Thereafter each rent payment shall be due in advance on the first day of each calendar month during the Term and shall be delinquent on the tenth. The last month's rent for a partial calendar month shall also be prorated on a daily basis.

If any installment of rent due from Lessee is not received by landlord within ten days of the due date, Lessee shall pay Lessor a One Hundred Dollar (\$100) late fee.

Rent payments shall be made to Lessor at California 92630
or at such other place designated by written notice from Lessor.

Addendum to Section 8 - Assignment and Subletting

Lessee shall have the right without Lessor's consent, to assign this Lease to any subsidiary of Lessee. Except as set forth above, Lessee shall not sublease all or any part of the Premises, or assign this Lease in whole or in part without Lessor's consent, such consent not to be unreasonably withheld or delayed.

Addendum to Section 10 - Repairs and Maintenance

During the Term, Lessor shall maintain the roof, foundation, exterior walls and the major building systems, including heating, air conditioning, electrical, plumbing and water systems.

Lessee shall be responsible, at Lessee expense, for non-major repairs (less than \$1,000.00) necessary to maintain and repair non-major systems and interior improvements. In addition, Lessee will keep back gutter area of Premises clear of debris to avoid flooding into the building.

Lessee will assist and cooperate with Lessor, at no expense to Lessee, to process and approve the following improvements in accordance with the requirements of the Lake Elsinore Municipal Code: (i) fencing and gating of back lot area of the Premises, (ii) lowering of curb

LESSOR: CP M.A.P.
LESSEE: R.S.M.

in back alley for access to the back of the Premises, and (iii) separate electrical meter between the garage and the Premises.

Addendum to Section 16 – Alterations and Additions

Lessee, at Lessee's expense, shall have the right following Lessor's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Premises from time to time as Lessee may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Lessee shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Lessee upon the Commencement date or placed or installed on the Premises by Lessee thereafter, shall remain Lessee's property free and clear of any claim by Lessor. Lessee shall have the right to remove the same at any time during the Term provided that all damage to the Premises caused by such removal shall be repaired by Lessee at Lessee's expense.

Addendum to Section 18(A) – Fire & Property Insurance

Lessor shall maintain fire and extended coverage insurance on the Premises in such amounts as Lessor shall deem appropriate. Lessee shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Premises.

Addendum to Section 18(B) – Liability Insurance

Lessee and Lessor shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each on the Premises with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Lessor, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Lessor shall not be required to maintain insurance against thefts within the Premises. Lessee shall provided Lessor with current certificates of insurance evidencing Lessee's compliance with this paragraph. Lessee shall cause Lessor to be named as an additional insured on Lessee's policy.

Addendum adding Section 18(E) – Hold Harmless (LESSOR)

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

lessor: GP M.A.P.

lessee: R.S.M.

about the parking area within the Premises used by LESSOR from any cause, and LESSOR hereby waives all claims in respect thereof against LESSEE.

Addendum to Section 26 - Parking

Lessee shall have the exclusive use of the automobile parking areas, driveways, and footways on the Premises (except for such fenced area as may be installed by Lessor).

Lessor may park his RV in the automobile parking area of the Premises when visiting the garage; provided, however, that such parking shall be permitted only during Lessor's visit to the garage on the Premises and no longer than permitted by applicable provisions of the Lake Elsinore Municipal Code.

Lessor: GP M.A.F.

Lessee: J.G. Uy.

WOLCOTT'S FORMS, INC. WWW.WOLCOTTIFORMS.COM SINCE 1893

COMMERCIAL LEASE

1. PARTIES:

This Lease is made and entered into this 18th day of December, 2006
by and between Genaro and Mabel A. Prats (hereinafter referred to as LESSOR)
and City of Lake Elsinore (hereinafter referred to as LESSEE).

2. PREMISES:

LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR, with the terms and conditions hereinafter set forth, that certain real property and the building and other improvements located thereon situated in the City of Lake Elsinore, County of Riverside, State of California and described as follows: 114 South Main Street, Lake Elsinore, CA 92530;
APN 373-151-021

3. TERM:

The term of this Lease shall be ☐ month-to-month (or) for 5 (☐ months ~~xx~~ years), commencing on the 18th day of December, 2007 and ending on the 17th day of December, 2012, unless terminated earlier as hereinafter provided. At the conclusion of this Lease the LESSOR and LESSEE, at their option, can continue this agreement as a month to month Lease or enter into a new Lease agreement, based upon the written agreement of the parties.

4. RENT:

LESSEE shall pay to LESSOR rent in the amount of See Addendum No. 1
(\$) Dollars per year, payable in advance in monthly installments of
 (\$) Dollars, on the day in each calendar month. The first monthly payment, at the commencement of the lease term, shall be made up on LESSEE'S execution of this lease. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis. All payments shall be made to LESSOR or agent at

A late fee in the amount of (\$) dollars shall be assessed if payment is not postmarked or received by LESSOR on or before the day after the date the rent is due.

5. DEPOSITS:

- ☐ LESSEE shall supply to LESSOR a letter of credit.
- ☐ LESSEE shall open a Certificate of Deposit as a security deposit. A copy of which shall be given to LESSOR.
- ☐ LESSEE shall deposit with LESSOR upon the execution of this Lease the sum of One Thousand Eight Hundred
(\$ 1,800.00) dollars as a ~~ref~~refundable ☐ nonrefundable security deposit.
- ☐ LESSEE shall deposit with LESSOR upon the execution of this Lease the sum of
(\$) dollars as prepaid rent. LESSEE shall not be entitled to interest on this prepaid rent.

LESSOR shall have the right to commingle said prepaid rent with other funds in a separate account specifically designed for this specific use. LESSOR has to return this deposit to LESSEE within fourteen (14) days after the expiration of the term of this Lease, or after LESSEE has vacated the Premises, whichever is later. Unless LESSOR has bona fide reasons to deduct for repairs, in which case the balance has to be returned within thirty (30) days.



6. USE:

LESSEE shall use the premises primarily for City personnel and related City Hall business or for a business of similar characteristic and for no other purpose without LESSOR'S prior written consent.

Premises ☐ can ☒ can not be used as a residence. (If yes, please verify all relevant zoning, health and safety issues)

LESSEE hereby accepts the Premises in their condition existing as of the date that LESSEE possesses the Premise, subject to all applicable zoning, municipal, county, State, and Federal laws, ordinances, regulations governing or regulating the use of the Premises and accepts the Lease subject thereto and to all matters disclosed thereby. LESSEE hereby acknowledges that neither the LESSOR nor the LESSEE'S agent has made any representation or warranty to LESSEE as to the suitability of the Premises to conduct LESSEE'S business.

7. UTILITIES:

LESSEE shall make arrangements and pay for all water, gas, heat, light, power, telephone, and other utility services (except for _____) supplied to the Premises together with any taxes thereon and for all connection charges. If any such services are not separately metered to LESSEE, the LESSEE shall pay a reasonable proportion, to be determined by LESSOR, of all charges jointly metered with or otherwise provided to other Premises.

8. ASSIGNMENT AND SUBLETTING:

LESSEE shall not voluntarily or by operation of law assign, transfer, sublet, mortgage, or otherwise transfer or encumber any part or all of LESSEE'S interest in this Lease or in the Premises without LESSOR'S prior written consent. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void and shall constitute a breach of this Lease.

The only exception allowed to the above is that LESSEE shall have the right without LESSOR'S consent, to assign this lease to a business with which LESSEE may merge or consolidate, to any subsidiary of LESSEE, to any corporation under common control with LESSEE, or to a purchaser of substantially all of LESSEE'S assets.

Regardless of LESSOR'S consent, no subletting or assignment shall release LESSEE or LESSEE'S obligation to pay the rent and to perform all other obligations to be performed by LESSEE hereunder for the term of this Lease. The acceptance of rent by LESSOR from any other person shall not be deemed a waiver by LESSOR of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

9. SIGNS:

Following LESSOR'S written consent, LESSEE shall have the right to place on the Premises, at locations selected by LESSEE, any sign, awning, banner, or other exterior decorations which are permitted by applicable zoning ordinances and private restrictions. LESSOR may refuse consent to any proposed signage that is in LESSOR'S opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Premises or use of any other tenant. LESSOR shall assist and cooperate with LESSEE in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for LESSEE to place or construct the foregoing signs. LESSEE shall repair all damage to the Premises resulting from the removal of signs installed by LESSEE.

10. REPAIRS AND MAINTENANCE:

The ☐ LESSOR (or) ☐ LESSEE shall maintain the heating, ventilation, air-conditioning systems servicing the Premises.

(A) LESSOR'S OBLIGATIONS

Except as provided in section 17, and except for damage caused by negligent or intentional act of omission of LESSEE, LESSEE'S agents, employees, or invitees, LESSOR at its sole cost and expense shall keep in good condition and repair of the foundations, exterior walls, and exterior roof of the Premises. LESSOR shall also maintain the unexposed electrical, plumbing, and sewage systems including, without limitation, those portions of the system lying outside the Premises: window frames, gutters and down spouts on the building, all sidewalks, landscaping and other improvements that are a part of the Premises or of which the Premises are a part. LESSOR shall resurface and re-stripe the parking area on or adjacent to the Premises when necessary.

LESSOR shall have thirty (30) days after notice from the LESSEE to commence to perform its obligations under this section, except that the LESSOR shall perform these obligations immediately if the nature of the problem presents a hazard or emergency situation.

If LESSOR does not perform these obligations within the time set forth in this section, LESSEE can perform said obligations and shall have the right to be reimbursed for the amount that LESSEE actually expends in the performance of LESSOR'S obligations.

If LESSOR does not reimburse LESSEE within thirty (30) days after demand from LESSEE, LESSEE'S sole remedy shall be to institute a suit against the LESSOR, and LESSEE shall not have the right to withhold from future rent the sums LESSEE has expended.

(B) LESSEE'S OBLIGATIONS.

Subject to the provisions of subsection (a) above and section 17 LESSEE at LESSEE'S sole cost and expense shall keep in good order, condition and repair the Premises and every part thereof including, without limitation, all of LESSEE'S personal property, fixtures, signs, store fronts, plate glass, show windows, doors, interior walls, interior ceiling, and lighting facilities.

If LESSEE fails to perform LESSEE'S obligation as stated herein, LESSOR may at it's option (but shall not be required to), enter the Premises, after ten (10) days prior written notice to LESSEE, put the same in good order, condition and repair, and the costs thereof together with interest thereon (at a rate equal to the lesser of the then highest lawful rate or _____% per annum) shall become due and payable as additional rental to LESSOR together with LESSEE'S next rental.

11. TAXES:

(A) REAL PROPERTY TAXES

~~XX~~ LESSOR (or) ☐ LESSEE shall pay all real property taxes and general assessments levied and assessed against the Premises during the term of this lease.

If it shall be the LESSEE'S obligation to pay such real property taxes and assessments hereunder, LESSOR shall use its best efforts to cause the Premises to be separately assessed from other real property owned by the LESSOR. If LESSOR is unable to obtain such a separate assessment, the assessor's evaluation based on the building and other improvements that are a part of the Premises shall be used to determine real property taxes. If this evaluation is not available, the parties shall equitably allocate the property taxes between the building and other improvements that are a part of the Premises and all buildings and other improvements included in the tax bill. In making the allocation, the parties shall reasonably evaluate the factors to determine the amount of real property taxes so that so that the allocation of the building and other improvements that are a part of the Premises shall not be less than the ratio of the total number of square feet of the building and other improvements that are part of the Premises bears to the total number of square feet of land included in the tax bill.

(B) PERSONAL PROPERTY TAXES

LESSEE shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of LESSEE contained in the Premises. LESSEE shall endeavor to cause such trade fixtures, furnishings and equipment and all other personal property to be assessed and billed separately from the property of the LESSOR. If any LESSEE'S said personal property shall be assessed with LESSOR'S property, LESSEE shall pay the LESSOR the taxes attributable to LESSEE within ten (10) days after receipt of a written statement from LESSOR setting forth the taxes applicable to LESSEE'S property.

12. ESTOPPELS CERTIFICATES:

Each party, within ten (10) days after notice from the other party, shall execute and deliver to the requesting party a estoppels certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed.

13. LESSOR'S RIGHT TO INSPECTION:

LESSOR and LESSOR'S agent shall have the right to enter the Premises at reasonable times for the purpose of inspecting same, showing the same to prospective purchasers, tenants, or lenders, and (as LESSOR may deem necessary or desirable) making such alterations, repairs, improvements or additions to the Premises or for the purpose of posting notices of non-responsibility for alterations, additions or repairs to the building of which the Premises are a part. LESSOR may at any time place on or about the Premises any ordinary "For Sale" signs and LESSOR may at any time during the last one hundred twenty (120) days of the term of this Lease place on or about the Premises any ordinary "For Sale or Lease" signs, all without rebate of rent or liability to LESSEE.

14. EARLY POSSESSION:

In the event that the LESSOR shall permit LESSEE to occupy the Premises prior to the commencement date of the term of this Lease, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date of this Lease.

15. POSSESSION:

If the LESSOR for any reason cannot deliver possession of the Premises to LESSEE at the commencement of the term, the LESSOR shall not be liable to LESSEE for any loss or damage as a result of this inability. However, there shall be a proportionate deduction of rent. In addition, the Lease shall be void or void-able for a period of ten (10) days thereafter. If for any reason the Premises cannot be delivered within said 15 day period, the LESSEE may, prior to LESSOR'S delivery of the Premises, declare this Lease to be null and void and all money paid to LESSOR shall be refunded to LESSEE.

16. ALTERATIONS AND ADDITIONS:

LESSEE shall not, without the LESSOR'S prior written consent, make any alterations, improvements or additions in or about the Premises except for non-structural work which does not exceed \$1,000 in cost per month. The LESSOR has the right to require the LESSEE to remove any alterations, improvements, or additions at the expiration of the lease, and to restore the any or all parts of the Premises to their prior condition. If LESSOR so chooses and gives LESSEE written notice of their choice at least _____ days prior to the last day of this lease then LESSEE, at its sole cost, shall restore the Premises to the condition designated by LESSOR in its notice before the last day of this Lease.

Before commencing any work relating to the alterations, additions, or improvements affecting the Premises, LESSEE shall notify LESSOR in writing of the expected date of the commencement of such work so that LESSOR can post and record the appropriate notices of non-responsibility to protect LESSOR from any mechanic's liens, material liens, or any other liens. In any event, LESSEE shall pay, when due, all claims for labor and materials furnished to or for LESSEE at or for use in the Premises. LESSEE shall not permit any mechanic's liens or material liens to be levied against the Premises for any labor or material furnished to LESSEE or claimed to have been furnished to LESSEE or LESSEE'S agents or contractors in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of LESSEE. LESSEE shall have the right to assess such lien if, immediately on demand by LESSOR, LESSEE procures and records a lien release bond meeting all legal requirements and shall provide for the payment of any sum that the claimant may recover on the claim (together with the costs of suit, if it is recovered in the action).

All alterations, improvements, and additions are to be made in a workmanlike manner and utilizing good quality materials.

Unless the LESSOR requires their removal as set forth above, all alterations, improvements or additions which are made on the Premises by the LESSEE shall become the property of the LESSOR and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this section, LESSEE'S trade fixtures, furniture, equipment and other machinery, other than that which is affixed to the Premises so that it cannot be removed without material or structural damage to the Premises, shall remain the property of the LESSEE and removed by LESSEE at the expiration of the term of this Lease.

LESSEE shall not change any lock nor shall LESSEE alter any lock so that the keys originally furnished by LESSOR will not operate the same without LESSOR written permission.

17. DAMAGE OR DESTRUCTION:

(A) DAMAGE - INSURED

If, during the term of this Lease, the Premises and/or the building and other improvements in which the Premises are located are totally or partially destroyed rendering the Premises totally or partially inaccessible or unusable, and such damage or destruction was caused by a casualty covered under an insurance policy required to be maintained hereunder LESSOR shall restore the Premises and/or the building and other improvements in which the Premises are located into substantially the same condition as they were in immediately before such damage or destruction, provided that the restoration can be made under the existing laws and can be completed within ninety (90) working days after the date of such destruction or damage. Such destruction or damage shall not terminate this Lease.

If the restoration cannot be made in same ninety (90) day period, then within fifteen (15) days after the parties determine that the restoration cannot be made in the time stated in this subsection, LESSEE may terminate this Lease immediately by giving notice to LESSOR and the Lease will be deemed cancelled as of the date of such damage or destruction. If LESSEE fails to terminate this Lease and the restoration is permitted under the existing laws, LESSOR, at its option, may terminate this Lease or restore the Premises and/or any other improvements in which the Premises are located within a reasonable time and this Lease shall continue in full force and affect, If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

Notwithstanding the above, if the LESSEE is the insuring party and if the insurance proceeds received by LESSOR are not sufficient to affect such repair, LESSOR shall give notice to LESSEE of the amount required in addition to the insurance proceeds to affect such repair. LESSEE may, at LESSEE'S option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, LESSOR'S sole remedy shall be, LESSEE'S option and with no liability to LESSEE, to cancel and terminate this Lease. LESSEE shall contribute such amount to LESSOR within said thirty (30) day period, LESSOR shall make such repairs as soon as reasonably possible and this Lease shall continue. LESSEE shall in no event have any right to reimbursement for any amount so contributed.

(B) DAMAGE - UNINSURED

In the event that the Premises are damaged or destroyed by a casualty which is not covered by the fire and extended coverage insurance required to be carried by the party designated in subsection (a) above, then LESSOR shall restore the same; provided that if the damage or destruction is to an extent greater than ten (10%) percent of the then replacement costs of such improvements on the Premises (exclusive of LESSEE'S trade fixtures and equipment and exclusive of foundations and footings), then LESSOR may elect not to restore and to terminate this Lease. LESSOR must give to LESSEE written notice of its intention not to restore within thirty (30) days from the date of such damage or destruction and, if not given, LESSOR shall be deemed to have elected to restore and in such event shall repair any damage as soon as reasonably possible. In the event that LESSOR elects to give such notice of LESSOR'S intention to cancel and terminate this Lease, LESSEE shall have the right, within ten (10) days after receipt of such notice, to give written notice to LESSOR of LESSEE'S intention to repair such damage at LESSEE'S expense, without reimbursement from LESSOR, in which event the Lease shall continue in full force and effect and LESSEE shall proceed to make such repairs as soon as reasonably possible. If the LESSEE does not give such notice within such ten (10) day period, this Lease shall be cancelled and be deemed terminated as of the date of the occurrence of such damage or destruction.

(C) DAMAGE - NEAR THE END OF THE TERM

If the Premises are totally or partially destroyed or damaged during the last twelve (12) months of the term of this Lease, LESSOR may, at LESSOR'S option cancel and terminate this Lease as of the date of the cause of such damage by giving written notice to LESSEE of LESSOR'S election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, that, if the damage or destruction occurs within the last twelve (12) months of the term and if within fifteen (15) days after the date of such damage or destruction LESSEE exercises any option to extend the term provided herein, LESSOR shall restore the Premises if obligated to do so as provided in subsection (a) or (b) above.

(D) ABATEMENT OF RENT

If the Premises are partially or totally destroyed or damaged and LESSOR or LESSEE repairs or restores them pursuant to the provisions in this section, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which LESSEE'S reasonable use of the Premises is impaired. Except for the abatement of rent, if any, LESSEE shall have no claim against LESSOR for any damages suffered by reason of any such damage, destruction, repair or restoration.

(E) TRADE FIXTURES AND EQUIPMENT

If LESSOR is required or elects to restore the Premises as provided in this section, LESSOR shall not be required to restore LESSEE'S improvements, trade fixtures, equipment or alterations made by LESSEE, such excluded items being the sole responsibility of the LESSEE to restore hereunder.

(F) TOTAL DESTRUCTION MULTI TENANT BUILDING

If the Premises are a part of a multi use building and there is destruction to the Premises and/or the building of which the Premises are a part that exceeds fifty (50%) percent of the then replacement value of the Premises and/or the building in which the Premises are a part from any cause whether or not covered by the insurance described in subsection (a) above, LESSOR'S may, its option, elect to terminate this Lease (whether or not the Premises are destroyed) so long as LESSOR'S termination leases of all other LESSEES in the building of which the Premises are a part, effective as of the date of such damage or destruction.

10. INSURANCE; INDEMNITY:

(A) FIRE & PROPERTY INSURANCE

☐ LESSOR (or) ☐ LESSEE shall pay at its cost shall maintain during the term of this Lease on the Premises a policy or policies of standard fire and extended coverage insurance to the extent of at least ninety (90%) percent of full replacement value thereof. Said insurance policies shall be issued in the names of LESSOR and LESSEE, as their interests may appear.

LESSEE at its cost shall maintain during the term of this Lease on all its personal property, LESSEE'S improvements, and alterations in or about the Premises, a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of their full replacement value. The proceeds from any such policy shall be used by LESSEE for the replacement of personal property or the restoration of LESSEE'S improvements or alterations.

(B) LIABILITY INSURANCE

LESSEE and LESSOR shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the particular activities of each in the Building with the premiums thereon fully paid on or before due date. Such insurance policy shall be issued by and binding upon an insurance company approved by LESSOR, and shall afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. LESSEE shall provide LESSOR with current Certificates of Insurance evidencing LESSOR'S compliance with this Paragraph.

Both public liability insurance and property damage insurance shall insure performance by LESSEE of the indemnity provisions in subsection (d) below, but the limits of such insurance shall not, however, limit the liability of LESSEE hereunder. Both LESSOR and LESSEE shall be named as additional insured, and the policies shall contain cross-liability endorsements. If LESSEE shall fail to procure and maintain such insurance the LESSOR may, but shall not be required to, procure and maintain same at the expense of LESSEE and the cost thereof, together with interest thereon at a rate equal to the lesser of the then highest lawful rate or _____% per annum shall become due and payable as additional rental to LESSOR together with LESSEE'S next rental installment.

(C) WAIVER OF SUBROGATION

LESSEE and LESSOR each waives any and all rights of recovery against the other, or against the officers, employees, agents, and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Each party shall cause each insurance policy obtained by it hereunder to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any such policy.

(D) HOLD HARMLESS

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

19. CONDEMNATION:

If the Premises or any portion thereof are taken by the power of eminent domain, or sold to a governmental agency by LESSOR under the threat of exercise of said power (all of which is herein referred to as condemnation), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If more than ten (10%) percent of the floor area of any buildings on the Premises, or more than ten (10%) percent of the land area of the Premises not covered with buildings, is taken by condemnation, either LESSOR'S or LESSEE may terminate this Lease as of the date the condemning authority takes possession by notice in writing of such election within twenty (20) days after LESSOR'S shall have notified LESSEE of such taking or, in the absence of such notice, then within twenty (20) days after the condemning authority shall have taken possession.

Rent shall be abated or reduced during the period from the date of taking until the completion of restoration by LESSOR, but all other obligations of LESSEE under this Lease shall remain in full force and effect. The abatement or reduction of the rent shall be based on the extent to which the restoration interferes with LESSEE'S use of the Premises.

All awards for the taking of any part of the Premises or any payment made under the threat of the exercise of the power of eminent domain shall be the property of the LESSOR, whether made as compensation for the diminution of the value of the leasehold or for the taking of the fee or as severance damages; provided, however, that LESSEE shall be entitled to any award for loss or damage to LESSEE'S trade fixtures and removable personal property.

20. SURRENDER:

On the last day of the term hereof, or on any sooner termination, LESSEE shall surrender the Premises to LESSOR in good condition, broom clean, ordinary wear and tear accepted. LESSEE shall repair any damage to the Premises occasioned by its use thereof, or by the removal of LESSEE'S trade fixtures, furnishings and equipment which repair shall include the patching and filling of holes and repair of structural damage. LESSEE shall remove all its personal property and fixtures on the Premises prior to the expiration of the term of this Lease and if required by LESSOR pursuant to section 16, any alterations, improvements or additions made by LESSEE to the Premises. If LESSEE fails to surrender the Premises to LESSOR on the expiration of the Lease as required by this section, LESSEE shall hold LESSOR harmless from all damages resulting from LESSEE'S failure to vacate the Premises, including, without limitation, claims made by any succeeding LESSEE resulting from LESSEE failure to surrender the Premises.

21. HOLDING OVER:

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

22. ADDENDUM:

Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof and shall supersede any conflicting terms contained in this Lease.

LESSEE BY INITIALS HAS RECEIVED ADDITIONAL AGREEMENTS AS LISTED BELOW:

_____ Extension or Renewal of Lease (Form 997) _____ Option to Purchase (Form 1480)
☒ Other (specify) Addendum No. 1 _____ Other (specify) _____

23. SUBORDINATION:

This Lease, at LESSOR'S option, shall be subordinate to all existing and future liens and encumbrances against the Premises.

Notwithstanding any such subordination, LESSEE'S right to quiet possession of the Premises shall not be disturbed if LESSEE is not in default and so long as LESSEE shall pay the rent and observe and perform all the other provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

If any mortgagee, trustee, or ground LESSOR shall elect to have this Lease prior to the lien of its mortgage or deed of trust or ground lease, and shall give written notice thereof to LESSEE, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior to or subsequent to the date of such mortgage, deed of trust or ground lease, or the date of recording thereof. LESSEE agrees to execute any documents requiring to affect such subordination or to make this Lease prior to the lien of any mortgage, deed of trust, or ground lease, as the case may be, and failing to do so within (10) days after written demand from LESSOR does hereby make, constitute and irrevocably appoint LESSEE as LESSEE'S attorney in fact and in LESSEE'S name, place and stead to do so.

24. DEFAULT:

(A) EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by LESSEE

- (1) Failure to pay rent when due, if the failure continues for the period specific under applicable State law after written notice has been given to LESSEE.
- (2) Abandonment and vacation of the Premises (failure to occupy the Premises for fourteen (14) consecutive days shall be deemed an Abandonment and vacation)
- (3) Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to LESSEE by LESSOR. If the default cannot reasonably be cured within said thirty (30) day period, LESSEE shall not be in default under this Lease if LESSEE commences to cure the default within the thirty (30) day period and diligently prosecutes the same to completion.

(B) LESSOR'S REMEDIES

The LESSOR shall have the following remedies if LESSEE commits a default under this Lease. These remedies are not exclusive but are cumulative and in addition to any remedies now or hereafter allowed by applicable State law.

LESSOR can continue this Lease in full force and effect, and the Lease will continue in effect so long as LESSOR does not terminate LESSEE'S right to possession, and the LESSOR shall have the right to collect rent when due. During the period that LESSEE is in default, LESSOR can enter the Premises and relief them, or any part of them, to third parties for LESSEE'S account. LESSEE shall be liable immediately to the LESSOR for all costs the LESSOR incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. LESSEE shall pay to LESSOR the rent due under this Lease on the dates the rent is due, less the rent LESSOR receives from any reletting. No act by LESSOR allowed by this section shall terminate this Lease unless LESSOR notifies LESSEE that LESSOR elects to terminate this Lease. After LESSEE'S default and for so long as LESSOR has not terminated LESSEE'S right to possession of the Premises, if LESSEE obtains LESSOR'S consent, LESSEE shall have the right to assume or sublet its interest in the Lease, but LESSEE shall not be released from liability. LESSOR'S consent to the proposed assignment or subletting shall not be unreasonably withheld. If LESSOR elects to relet the Premises as provided in this section, any rent that LESSOR receives from such reletting shall apply first to the payment of any indebtedness from LESSEE to LESSOR other than the rent due from LESSEE to LESSOR; secondly, to all costs, including maintenance, incurred by LESSOR in such reletting; and third, to any rent due and unpaid under this Lease. After deducting the payments referred to in this section, any sum remaining from the rent LESSOR receives from such reletting shall be held by LESSOR and applied in payment of future rent as rent becomes due under this Lease. In no event shall LESSEE be entitled to any excess rent received by LESSOR. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, LESSEE shall pay to LESSOR, in addition to the remaining rent due, all costs, including maintenance, that LESSOR shall have incurred in reletting that remain after applying the rent received from reletting as provided in this section.

LESSOR can, at its option, terminate LESSEE'S right to possession of the Premises at any time. No act by LESSOR other than giving written notice to LESSEE shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on LESSOR'S initiative to protect LESSOR'S interest in this Lease shall not constitute a termination of LESSEE'S right to possession. In the event of such termination, LESSOR has the right to recover from LESSEE.

- (1) The worth, at the time of the award, of the unpaid rent that had been earned at the time of the termination of this Lease.
- (2) The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of the termination of this Lease until the time of the award exceeds the amount of the loss of rent that LESSEE proves could have been reasonably avoided;
- (3) The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of the loss of rent that LESSEE proves could have been reasonably avoided; and
- (4) Any other amount, including court costs, necessary to compensate LESSOR, for all detriment directly or indirectly caused by LESSEE'S default. The worth at the time of the award, as used in (1) and (2) of this section is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth at the time of the award," as referred to in (3) of this section is to be computed by discounting the amount at the discount rate of the Applicable Federal Reserve Bank at the time of the award, plus one (1%) percent.

If LESSEE is in default under the terms of this Lease, LESSOR shall have the additional right to have a receiver appointed to collect rent and conduct LESSEE'S business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by LESSOR to terminate this Lease.

LESSOR at any time after LESSEE commits a default can cure the default at LESSEE'S cost and expense. If LESSOR at any time, by reason of LESSEE'S default, pays any sum or does any act that requires the payment of any sum, the sum paid by LESSOR shall be due immediately from LESSEE to LESSOR at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted to charge from the date the sum is paid by LESSOR until LESSOR is reimbursed by LESSEE. The sum, together with interest thereon, shall be considered additional rent.

25. LESSOR'S LIABILITY:

The term "LESSOR" as used in this Lease shall mean only the owner or owners at the time in question of the fee title or a LESSEE'S interest in a ground lease of the Premises, and in the event of any transfer of such title or interest, LESSOR herein named (and in case of any subsequent transfers to the then successor) shall be relieved from and after the date of such transfer of all liability in respect to LESSOR'S obligations thereafter to be performed. The obligations contained in this Lease to be performed by LESSOR shall be binding upon the LESSOR'S successors and assigns, only during their respective periods of ownership.

26. PARKING:

During the term of this Lease, LESSEE shall have the non-exclusive use in common with LESSOR, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by LESSOR. LESSOR reserves the right to designate parking areas for LESSEE and LESSEE'S agents and employees. LESSEE shall provide LESSOR with a list of all license numbers for the cars owned by LESSEE, its agents and employees.

27. COMMON AREA EXPENSES:

In the event the Premises are situated in a shopping center or in a commercial building or in a commercial development in which there are common areas, LESSEE agrees to pay his pro-rate share of maintenance, taxes, and insurance for the common areas if such costs are not already included in the rent.

28. LESSEE'S RIGHT TO CURE LESSOR'S DEFAULT:

In the event that LESSOR shall fail, refuse or neglect to pay any mortgages, liens or encumbrances, the judicial sale of which might affect the interest of LESSEE hereunder, or shall fail, refuse or neglect to pay any interest due or payable on any such mortgage, lien or encumbrance, LESSEE may pay said mortgages, liens or encumbrances, or interest or perform said conditions and charge to LESSOR the amount so paid and withhold and deduct from any rents herein reserved such amounts so paid, and any excess over and above the amounts of said rents shall be paid by LESSOR to LESSEE.

29. NOTICES:

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

TO LESSOR AT:

Lake Forest, California 92630

TO LESSEE AT:

City of Lake Elsinore

130 South Main Street

Lake Elsinore, California 92530

Attn: City Manager

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

30. ATTORNEYS FEES:

If either party commences an action (litigation, mediation, or arbitration) against the other party arising out of or in connection with this Lease, the Premises, or the building or other improvements in which the Premises are located, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

31. CONSENT:

LESSOR shall not unreasonably withhold or delay consent with respect to any matter for which the LESSOR'S consent is required or desirable under this lease.

32. BROKERS:

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

33. SINGULAR AND PLURAL:

When required by the context of this Lease, the singular shall indicate the plural.

34. COVENANTS AND CONDITIONS:

Each provision of this Lease performable by LESSEE shall be deemed both a covenant and a condition

35. BINDING ON SUCCESSORS AND ASSIGNS:

The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns, of all the parties hereto; and all the parties hereto shall be jointly and separately liable hereunder

36. CHOICE OF LAW:

This Lease shall be governed by the laws of the State where the Premises are located

37. JOINT AND SEVERAL OBLIGATIONS:

"Party" shall mean LESSOR and LESSEE; and if more than one person or entity is the LESSOR or LESSEE, the obligations imposed on that party and several.

38. WAIVERS:

No waiver by LESSOR of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by LESSEE of the same or any other provision. LESSOR'S consent to or approval of any act shall not be deemed to render unnecessary the obtaining of LESSOR'S consent to or approval of any subsequent act by LESSEE. The acceptance of rent hereunder by LESSOR shall not be a waiver of any preceding breach by LESSEE of any provision hereof, other than the failure of LESSEE to pay the particular rent so accepted, regardless of LESSOR'S knowledge of such preceding breach at the time of its acceptance of such rent.

39. TIME:

Time is of the essence of this lease.

40. HEADINGS:

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

41. SEVERABILITY:

The unenforceability, invalidity, or illegality of any provision of this Lease shall not render the other provisions hereof unenforceable, invalid or illegal.

42. ENTIRE AGREEMENT:

This lease contains the entire agreement between LESSEE and LESSOR relating to the leasing of the demised premises. No representation, which is not incorporated herein, shall be binding upon LESSOR, and all representations which have been made are incorporated herein or, if not so incorporated, shall be deemed to have been waived by LESSEE. All preliminary negotiations between the parties are merged into, and superseded by, the provisions of this lease.

This Lease may be modified only in writing, and signed by the parties in interest at the time of such modification.

This lease shall not be enforceable until executed by both LESSEE and LESSOR.

THE PARTIES HERETO HAVE EXECUTED THIS LEASE ON THE DATE FIRST ABOVE WRITTEN.

LESSOR'S AUTOGRAPH

LESSEE'S AUTOGRAPH

LESSOR'S AUTOGRAPH

LESSEE'S AUTOGRAPH