



AGENDA REPORT

Meeting Date: March 1, 2011
Item Number: F-9
To: Honorable City Council
From: Brenda Lavender, Real Estate & Property Manager
Subject: LEASE AND MEMORANDUM OF LEASE BY AND BETWEEN THE CITY OF BEVERLY HILLS AND GRANITE ESCROW SERVICES, INC.
Attachments: 1. Lease
2. Memorandum of Lease

RECOMMENDATION

It is recommended that the City Council approve the Lease and Memorandum of Lease by and between the City of Beverly Hills and Granite Escrow Services, Inc. A copy of the lease is on file with the City Clerk. The Granite Escrow Services office space will be located in the Beverly/Canon Building at 239 N. Canon Drive, Suite 220.

INTRODUCTION

Granite Escrow Services, will provide escrow services at this location. The lease is for five (5) years, with one option to extend the lease for an additional five years. The base rent for this location is \$3.70/SF - \$11,740.10 monthly. The rent will be increased annually by 3% throughout the term.

DISCUSSION

This is a new lease in office space that was improved by the previous tenant and as a result the City's contribution for tenant improvements is only \$5,000. To further reduce any upfront costs to the City, Granite will be responsible for paying the broker commission of \$27,570 directly to the Tenant and the City will reimburse Granite 20% of the broker commission annually at the end of each year. Granite will receive five (5) months of free rent, which has a value of \$58,701.

FISCAL IMPACT

The Fiscal impact of the lease transaction would be annual revenue of \$140,881. The first year revenue would be reduced by the free rent (58,701), and the tenant improvement allowance (\$5,000), plus 20% of the broker commission (\$5,515) for net revenue of \$71,665.


Scott G. Miller, Director of
Administrative Services, CFO

Approved By

Attachment 1

OFFICE LEASE

by and between

CITY OF BEVERLY HILLS,
a municipal corporation,

Landlord

and

GRANITE ESCROW SERVICES, INC.,
a California corporation

Tenant

for Suite 220 at

439 N. Canon Drive

Beverly Hills, California

DATE: March 1, 2011

TABLE OF CONTENTS

	PAGE
1. TERMS AND DEFINITIONS.....	1
2. PREMISES LEASED.....	2
3. TERM; EXTENSION OPTION.....	4
4. DELIVERY OF POSSESSION.....	6
5. RENT; SECURITY DEPOSIT.....	6
6. OPERATING EXPENSES; POSSESSORY INTEREST TAX.....	7
7. USE.....	8
8. TAXES ON TENANT'S PROPERTY.....	9
9. CONDITION OF PREMISES.....	10
10. ALTERATIONS.....	10
11. REPAIRS.....	11
12. LIENS.....	12
13. ENTRY BY LANDLORD.....	12
14. UTILITIES AND SERVICES.....	13
15. INDEMNIFICATION.....	14
16. DAMAGE TO TENANT'S PROPERTY AND WAIVER.....	14
17. INSURANCE.....	15
18. DAMAGE OR DESTRUCTION.....	17
19. EMINENT DOMAIN.....	19
20. ASSIGNMENT AND SUBLETTING.....	20
21. DEFAULT BY TENANT.....	22
22. DEFAULT BY LANDLORD.....	24
23. SUBORDINATION.....	25

24. ESTOPPEL CERTIFICATE.....25

25. DEFINITION OF LANDLORD.....26

26. PARKING.....26

27. SIGNAGE.....27

28. NOTICES.....27

29. HOLDING OVER.....28

30. QUIET ENJOYMENT.....28

31. BROKERS28

32. MISCELLANEOUS29

Exhibit A – Rules and Regulations
Exhibit B – Memorandum of Lease
Exhibit C – Diagram of Premises

OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is dated as of March 1, 2011 (the "Effective Date"), and is entered into by and between **CITY OF BEVERLY HILLS**, a municipal corporation ("Landlord"), and **GRANITE ESCROW SERVICES, INC.**, a California corporation ("Tenant").

1. TERMS AND DEFINITIONS. For the purposes of this Lease, the following terms shall have the following definitions and meanings:

(a) Address of Tenant:

Granite Escrow Services, Inc.
1400 Newport Center Drive
Suite 250
Newport Beach, CA 92660
Attn: President

(b) Address of Landlord:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Director of Administrative Services

With a copy to: the Real Estate Property Manager at the same address.

(c) Premises: Suite 220 on the 2nd floor of the "Building" located at 439 N. Canon Drive, Beverly Hills, California.

(d) Term; Extension Option. Five (5) years commencing on the date on which Landlord delivers a copy of this Lease to Tenant, executed by Landlord and tenders possession of the Premises to Tenant the "Commencement Date" (as defined in Section 3 below). Tenant shall have one (1) five year extension option as described in Section 3(b).

(e) Rent:

Months During Term	Monthly Rent
6-12	\$11,474.10

Thereafter, the monthly rent shall be increased on each anniversary of the Commencement Date (but not decreased) by the annual percentage increase in the Index (using each such anniversary as an "Adjustment Date") in the manner set forth in Section 6(a).

(f) CAM Charge: \$66.10 per month, increased on every second anniversary thereof (including during the Extension Term, if any) by the annual percentage increase in the Index (defined in Section 6(a)).

(g) Security Deposit: \$11,740.10.

(h) Permitted Use: General office use consistent with the operation of the Project (as hereinafter defined) as a first-class mixed use commercial project; and for no other use or purpose.

(i) Brokers: None for Landlord. Tenant's Broker is West Coast Properties, Inc. (Steven J. Melmet). Broker Commissions are addressed in Section 31(b).

(j) Parking: Subject to the terms and conditions of Section 26 below, Tenant shall be entitled to purchase parking passes from Landlord for five (5) unreserved parking spaces in the parking structure serving the Building and an additional five (5) unreserved spaces in the garage owned by the Landlord at 333 N. Crescent Dr.

(k) Tenant Improvement Allowance: \$5,000, to be disbursed by Landlord to Tenant upon completion of tenant improvement work by Tenant that is approved in advance by Landlord and otherwise completed in accordance with Section 10, and Landlord's receipt of copies of invoices and appropriate mechanics lien releases.

This Section 1 represents a summary of the basic terms of this Lease. In the event of any inconsistency between the terms contained in this Section 1 and any specific provision of this Lease, the terms of the more specific provision shall prevail.

2. PREMISES LEASED.

(a) Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, upon and subject to the terms of this Lease.

(b) The Building is located on one or more parcels of real property (the "Site"). The parking serving the Building shall include, without limitation, any parking structure (the "Parking Structure") now or hereafter located upon the Site and, at Landlord's option, surface parking which may be located on and/or off the Site. The Site (as the same may hereafter be expanded in accordance herewith), the Building, any and all other improvements now or hereafter situated on the Site (as the same may hereafter be expanded in accordance herewith), the Parking Structure (as the same may hereafter be expanded in accordance herewith) and the other "Common Areas" (as hereinafter defined) are herein collectively referred to as the "Project".

(c) Tenant shall have the nonexclusive right to use in common with other tenants in the Building and the Project and subject to the Rules and Regulations referred to in Section 32(a), the following areas to the extent included in the Project (collectively, "Common Areas"): (i) common lobbies, restrooms, elevators, stairways, access ways, loading docks, ramps, drives and platforms and any passageways and service ways thereto, and the common pipes, conduits, wires and appurtenant equipment

serving the Project; and (ii) loading and unloading areas, trash areas, parking areas (including, without limitation, the Parking Structure and other Project parking areas), roadways, sidewalks, walkways, driveways and landscaped areas and similar areas and facilities within the Project made available by Landlord for the common use and enjoyment of the occupants of the Project; provided, however, that notwithstanding the designation of the Parking Structure and the other Project parking areas as a part of the Common Areas pursuant hereto, Tenant understands and acknowledges that the Parking Structure and the other parking facilities for the Project may, at Landlord's sole and absolute option and in accordance with applicable laws and governmental requirements, be available and open to the general public for parking.

(d) Landlord reserves the right from time to time: (i) to designate other land outside the current boundaries of the Site to be a part of the Site, in which event the Site shall be deemed to include such additional land, and the Common Areas shall be deemed to include Common Areas upon such additional land; (ii) to add additional buildings and/or other improvements (including, without limitation, additional parking structures and/or expansion of the Parking Structure) to the Project, which (by way of example only and without limitation) may be located on land added to the Site pursuant to clause (i) above, and/or to remove existing and/or future buildings and/or improvements; (iii) to make changes to the Common Areas, including, without limitation, addition of additional improvements, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscape areas and walkways; (iv) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available; (v) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building or the Project, or any portion thereof; and (vi) to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Project above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises which are located in the Premises or located elsewhere outside the Premises, and to alter, expand and/or demolish any building within the Project; and (vii) to do and perform such other acts and make such other changes in, to or with respect to the Common Areas, the Building or any other portion of the Project as Landlord deems to be appropriate in the exercise of its reasonable business judgment; provided, however, that Landlord shall in no event take any action pursuant hereto which would materially and adversely affect the operation of Tenant's business from the Premises or reasonable means of access to and from the Premises and parking areas serving the Premises without the prior consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed.

3. TERM; EXTENSION OPTION. The term of this Lease ("Term") shall be for the period referenced in Section 1(d) above (such initial period is referred to herein as the "Initial Term"), commencing on the "Commencement Date", as defined in Section 1(d), unless this Lease is earlier terminated in accordance with this Lease.

(b) Tenant shall have the option to extend the Term of this Lease, for one (1) extension term of five (5) years (on "Extension Term"), which shall be exercisable by Tenant's delivery to Landlord of written notice (an "Extension Notice") irrevocably exercising the option no later than nine (9) months prior to expiration of the Initial Term; provided that Tenant may not exercise any such option when Tenant is in default under this Lease beyond applicable notice and cure periods. The terms and conditions of this Lease shall continue in effect during the Extension Term, except: (A) for terms and conditions of this Lease which are either expressly or by their operation applicable only during the initial Term of this Lease or portions thereof, including, without limitation, the obligations of Landlord to provide an improvement allowance, (B) that Tenant shall have no further right or option to extend the Term of this Lease beyond the one Extension Term, (C) monthly rent for the first full year of each Extension Term shall be increased (but not decreased) as of the first day of the Extension Term to equal the prevailing fair market rental rate as of the commencement of the Extension Term (the "Fair Market Rental Rate") as determined below, (D) future annual adjustments of Monthly Rent shall be considered in connection with the determination of the Fair Market Rental Rate and included/addressed in the determination. As used in this Lease, references to the "Term" of this Lease, shall mean the initial Term as the same may be extended by the Extension Term, as the context may require.

The "Fair Market Rental Rate" shall be equal to the rent (including additional rent and considering and granting any "base year" or "expense stop" applicable thereto, which if granted as a fair market term, will then constitute the new base year for calculating new "Base Operating Expenses"), pursuant to leases or related agreements which are executed within the "Review Period," as that term is defined below, for non-sublease, non-renewal, non-encumbered, non-equity, non-expansion space comparable in size, location and quality to the Premises for a term comparable to the term of the Premises, in an arm's-length transaction, which comparable space is located in the Building or in comparable buildings or similar quality in the City of Beverly Hills, California and which comparable transactions (collectively, the "Comparable Transactions") are entered into within the period following Tenant's delivery of and Extension Notice ("Review Period"), in either case taking into consideration the following concessions (the "Concessions"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space, including any period of rental abatement, if any, granted to tenants in Comparable Transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces; (b) tenant improvements or allowances provided or to be provided for such comparable space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same can be utilized by a typical general office user, (c) the parking ratio granted to tenants in Comparable Transactions, and (d) all other reasonable monetary and non-monetary concessions being granted such tenants in connection with such comparable space.

Within fifteen (15) business days following Landlord's timely receipt of the Extension Notice, Landlord shall reasonably determine the Fair Market Rental Rate and notify Tenant of same in writing (the "Initial Fair Market Rental Rate Notice"). If Tenant does not agree with such determination, then Landlord and Tenant shall commence negotiations concerning the Fair Market Rental Rate for the Premises for Extension Term. The parties shall have thirty (30) days after Landlord's delivery of the Initial Fair Market Rental Rate Notice in which to agree on the Fair Market Rental Rate which shall be payable during each year of the Extension Term. The parties shall be obligated to conduct such negotiations in good faith. If Landlord and Tenant fail to reach agreement, then, within ten (10) business days after the above thirty day period, each party, at its own cost and by giving notice to the other party, shall appoint a licensed commercial real estate agent with at least seven (7) years full-time experience as a real estate agent active in the leasing of comparable commercial space in the area of the Premises to determine the Fair Market Rental Rate for the Extension Term (and shall cause such agent to agree in writing to the terms of this Section 5(b)). Until the Fair Market Rental Rate determination is completed, Tenant shall continue to pay to Landlord the amount of Monthly Rent due immediately preceding the commencement of the Extension Term. After such Fair Market Rental Rate determination is completed and the Fair Market Rental Rate for the applicable Extension Term is established, Tenant shall promptly make payment to Landlord for any underpayment of Monthly Rent owing for prior months. If a party does not appoint an agent within the aforementioned ten (10) business day period, the single agent appointed shall be the sole agent and shall set the Fair Market Rental Rate for the Extension Term. If there are two (2) agents appointed by the parties as stated above, the agents shall meet within ten (10) days after the second agent has been appointed and attempt to set the Fair Market Rental Rate for the Extension Term (which agents shall be respectively referred to as "Landlord's Agent" and "Tenant's Agent"). If Landlord's Agent and Tenant's Agent are unable to agree on such Fair Market Rental Rate within ten (10) business days after the second agent has been appointed, they shall, within ten (10) business days after the last day the two (2) agents were to have set such Fair Market Rental Rate: (i) notify all of the parties in writing as to their respective Fair Market Rental Rate determinations, and (ii) attempt to select a third agent (the "Third Agent") who shall be a licensed commercial real estate agent meeting the qualifications stated above. If Landlord's Agent and Tenant's Agent are unable to agree on the Third Agent within such ten (10) business day period or the third agent does not agree in writing to the terms of this Section, then either Landlord or Tenant may request the President of the BOMA Chapter including the area of the Building to select a Third Agent meeting the qualifications stated in this subsection. Each of the parties shall bear one-half (1/2) of the cost of appointing the Third Agent and of paying the Third Agent's fee.

No agent shall be employed by, or otherwise be engaged in business with, or affiliated with, Landlord or Tenant.

Within ten (10) days after the selection of the Third Agent, the Third Agent shall notify both parties in writing as to its determination as to which of the Fair Market Rental Rate determinations for the Extension Term is closest to the actual "Fair

Market Rental Rate”, and such prior determination chosen by the Third Agent shall be final, conclusive and binding on the parties.

Each agent shall hear, receive and consider such information as Landlord and Tenant each care to present regarding the determination of Fair Market Rental Rate for the Extension Term and each agent shall have access to the information used by each other agent. Upon determination of the Fair Market Rental Rate for the Extension Term, the agents shall immediately notify the parties hereto in writing of such determination by certified mail, return receipt requested.

4. DELIVERY OF POSSESSION. Upon approval of this Lease by Landlord (i.e., the city council), and Tenant’s delivery to Landlord of evidence that Tenant has in effect the insurance required under Section 17 below, Landlord shall tender possession of Premises to Tenant.

5. RENT; SECURITY DEPOSIT.

(a) Commencing on the Commencement Date, Tenant agrees to pay monthly installments of rent as specified in Section 1(e), in advance, on the first day of each and every calendar month during the Term, except that Tenant shall pay the rent for the initial full month for which rent is payable under this Lease concurrently with Tenant’s execution of this Lease. In the event the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the “Rent” (as hereinafter defined) for such periods shall be prorated in the proportion that the number of days this Lease is in effect during such periods bears to the actual number of days in such month, and such Rent shall be paid at the commencement of such period. In addition, commencing on the Commencement Date, Tenant agrees to pay all other amounts required to be paid hereunder as and when they are due as hereinafter provided in this Lease. Except as otherwise specifically provided in this Lease, Rent shall be paid to Landlord, without any prior notice or demand therefor, and without any abatement, deduction or offset whatsoever, in lawful money of the United States of America, which shall be legal tender at the time of payment, at the address of Landlord designated in Section 1(b) or to such other person or at such other place as Landlord may from time to time designate in writing. All charges to be paid by Tenant hereunder other than monthly rent shall constitute additional rent, shall be paid in the manner provided herein and shall sometimes be collectively referred to as “Additional Rent”. The monthly rent and Additional Rent are collectively referred to herein as “Rent”.

(b) Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of any encumbrance or note secured by all or any portion of the Project. Therefore, if Tenant fails to pay any Rent within five (5) business days after the due date under this Lease for any reason, Tenant shall pay to Landlord, as Additional Rent, the sum of six percent (6%) of the overdue

amount as a late charge. All past-due installments of Rent shall also bear interest, as Additional Rent, at the "Interest Rate" (as hereinafter defined), from the date due until paid. For purposes of this Lease, the "Interest Rate" shall mean the greater of (i) twelve percent (12%) per annum, or (ii) two percent (2%) per annum plus the then prevailing per annum "prime rate" as most recently published in the Wall Street Journal (or the then "prime" rate as established by a comparable alternate source reasonably designated by Landlord in the event the Wall Street Journal ceases to publish a prevailing "prime" rate), provided that in no event shall the Interest Rate exceed the maximum rate permitted by applicable law governing interest rate restrictions. Landlord's acceptance of any late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease, at law or in equity.

6. OPERATING EXPENSES; POSSESSORY INTEREST TAX.

(a) Commencing January 1, 2012, Tenant shall pay to Landlord as Additional Rent, in equal monthly installments, in advance, on or before the first (1st) day of each month, without prior demand and without offset, abatement or deduction (except as expressly and specifically provided in this Lease), the amount specified in Section 1(f) (the "CAM Payment") for Tenant's share of operating expenses. On every second anniversary of January 1, 2012 ("Adjustment Date"), the CAM Payment shall be increased to reflect the percentage increase in the "Index" (hereinafter defined) over the preceding year (approximately), calculated by dividing the Index for the calendar month which is four (4) full months immediately preceding such Adjustment Date by the Index for the calendar month which is sixteen (16) full months immediately preceding such Adjustment Date. As used in this Lease, the term "Index" shall mean the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics (the "Bureau") "All Items" for All Urban Consumers in the Los Angeles-Anaheim-Riverside metropolitan area, (1982-84=100). Should the Bureau discontinue the publication of the Index, publish the same less frequently or alter the same in some other manner, the most nearly comparable index or procedure as reasonably determined by Landlord shall be substituted therefor.

(b) Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges and agrees that for so long as Landlord's interest in the Project is owned by the state or any local public entity or government, including without limitation a municipal corporation (collectively, a "Governmental Entity"), this Lease and Tenant's interest hereunder may constitute a possessory interest subject to property taxation and as a result Tenant may be subject to the payment of real estate taxes levied on that interest (in which event, Tenant shall pay such taxes within thirty (30) days following billing from the applicable governmental authority, or, if such taxes are not separately assessed, then in accordance with the further provisions of this Article). In addition, for so long as the Landlord's interest in the Project is owned by a municipal corporation, the full cash value, as defined under applicable laws, of the possessory interest upon which real estate taxes may be based shall equal the greater of (A) the full cash value of the possessory interest, or (B) Tenant's allocable share of the full cash value of the property that would have been taxed if the property had been subject to property tax upon acquisition by the

municipal corporation. Tenant agrees to forward Landlord a copy of its tax bill or possessory interest tax statement within thirty (30) days of its receipt.

7. USE.

(a) Tenant shall use the Premises for the use or uses set forth in Section 1(h) above, and shall not use or permit the Premises to be used for any other purpose whatsoever. Tenant shall use and occupy the Premises in compliance with all applicable federal, state and local laws, codes, rules, ordinances, statutes and other requirements (collectively, "Laws") (which Laws shall include, without limitation, the Americans with Disabilities Act of 1990, applicable fire-life safety codes of the City where the Project is located, and governmental requirements imposed in connection with the development or occupancy of the Building, including, without limitation, participation in any transportation management programs and compliance with any applicable air quality/trip reduction requirements), and shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of applicable Laws. Tenant shall make any and all alterations or improvements to the Premises required to comply with applicable Law, except that Tenant shall not be required to make structural alterations or improvements to the Premises required to comply with applicable Laws unless such compliance is necessitated by Tenant's particular use of, or Alterations to, the Premises. Tenant shall comply with all rules, orders, regulations and requirements of any insurance authority having jurisdiction over the Project or any present or future insurer relating to the Premises or the Project. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any existing insurance policy held by Landlord (or endorsement to Landlord's insurance required) by reason of Tenant's failure to comply with the provisions of this Section 7 or by reason of Tenant's use or occupancy of the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them, or use or allow' the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises and shall keep the Premises in first class repair and appearance, subject to ordinary wear and tear. Notwithstanding anything to the contrary contained in this Lease, in no event shall the Premises be used for any medical or dental office uses. Tenant shall not place a load upon the Premises exceeding the average pounds of live load per square foot of floor area specified for the Building by Landlord's architect, with the partitions to be considered a part of the live load. Landlord reserves the right to prescribe the weight and positions of all safes, files and heavy equipment which Tenant desires to place in the Premises so as to distribute properly the weight thereof.

Except general office supplies typically used in an office area in the ordinary course of business, such as copier toner, liquid paper, glue, ink, and cleaning solvents, for use in the manner for which they were designed and in accordance with applicable laws, in such amounts as may be normal for the office business operations conducted by Tenant in the Premises, neither Tenant nor any subtenant nor any of their respective employees, agents, representatives, contractors, licensees or invitees, shall use,

handle, store or dispose of any Hazardous Materials, as hereinafter defined, in, on, under or about the Premises, the Building or the Project. In the event of a breach of the covenant contained in the immediately preceding sentence, or in the event Hazardous Materials are otherwise caused to be located in, on, under or about the Premises, Building or Project by Tenant, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees, Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord harmless' from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in valuation of the Premises, Building or Project, and sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of any contamination directly or indirectly arising from the activities which are the basis for such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work. Tenant shall promptly take all actions, at its sole cost and expense, as are necessary to return the Premises, Building and/or Project to the condition existing prior to the introduction of any such Hazardous Materials, provided Landlord's approval of such actions shall first be obtained and Tenant shall fully cooperate in connection with any such clean-up, restoration or other work, at Tenant's sole cost and expense. Furthermore, Tenant shall immediately notify Landlord of any inquiry, test, investigation or enforcement proceeding by or against Tenant or the Premises concerning the presence of any Hazardous Materials. Tenant acknowledges that Landlord, at Landlord's election, shall have the sole right, at Tenant's expense, to negotiate, defend, approve and appeal any action taken or order issued by any governmental authority with regard to any Hazardous Materials contamination which Tenant is obligated hereunder to remediate. The covenants of Tenant under this Section 7(b)(ii) shall survive the expiration of the Term or earlier termination of this Lease.

As used in this Lease, "Hazardous Materials" shall mean asbestos, petroleum fuel, natural gas or any fraction thereof, and any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," "hazardous material" or "toxic pollutant" under state or federal laws, statutes or regulations, including, without limitation, the California Health and Safety Code anti/or under the Comprehensive Environmental Response, Compensation and Liability Act, 42. U.S.C. §9601, et seq.

Notwithstanding anything in this Section 7 to the contrary, Tenant shall not be responsible or liable for abating any Hazardous Material existing at the Premises prior to March 1, 2011, or for indemnifying Landlord against any such pre-existing Hazardous Materials.

8. TAXES ON TENANT'S PROPERTY. Tenant shall be liable for and shall pay, before delinquency, all taxes levied against any personal property and/or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property, trade fixtures, Alterations and/or Tenant Improvements are levied against

Landlord or Landlord's property or if the assessed value of the Premises or the Project is increased by the inclusion therein of a value placed upon such personal property, trade fixtures, Alterations and/or Tenant Improvements, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord within thirty (30) days following receipt of such invoice together with reasonable evidence of such allocation,

9. CONDITION OF PREMISES. Tenant acknowledges that (i) the lease of the Premises by Tenant pursuant hereto shall be on an "as is" basis, (ii) neither Landlord nor any employee, representative or agent of Landlord has made any representation or warranty (express or implied) with respect to the Premises or any other portion of the Project, and (iii) Landlord shall have no obligation to improve or alter the Premises or Project for the benefit of Tenant.

10. ALTERATIONS.

(a) Tenant shall not make or allow to be made any alterations, additions or improvements (collectively, any "Alterations") in or to the Premises during the Term without obtaining Landlord's prior written consent.

(b) Any mechanics' liens filed against the Premises or against the Building or the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant will be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing thereof, at Tenant's sole cost and expense. All Alterations upon the Premises shall, unless Landlord elects otherwise by written notice to Tenant at the time Landlord consents to such Alterations (or in the event no such consent is required, then promptly upon Landlord's receipt of notice from Tenant of such Alterations), become the property of Landlord upon the expiration of the Term or earlier termination of this Lease, and shall remain upon and be surrendered with the Premises, as part thereof, at the expiration of the Term or earlier termination of this Lease (but exclusive of Tenant's trade fixtures and personal property as further provided in Section 10(c) below). If Landlord requires Tenant to remove any Alterations, Tenant, at its sole cost and expense, agrees to remove the identified Alterations on or before the expiration of the Term or earlier termination of this Lease and repair any damage to the Premises caused by such removal (or, at Landlord's option, Tenant agrees to pay to Landlord Landlord's reasonable estimate of the costs of such removal and repair prior to such expiration or termination).

(c) All articles of personal property and all business and trade fixtures, (which are susceptible of removal without material damage to the Premises and which are not permanently affixed to the Premises) machinery, equipment, furniture and removable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the sole property of Tenant and may be removed by Tenant at any time during the Term of this Lease and shall be removed by Tenant prior to the expiration of the Term or earlier termination of this Lease, provided that Tenant shall at its sole expense repair any damage caused by such removal. If Tenant shall fail to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease for any cause whatsoever, Landlord may, at its option, either treat such property as

being conveyed to Landlord in which case the same shall automatically and without further action be deemed to be the sole property of Landlord, or remove the same in any manner that Landlord shall choose, and store or dispose of said property without liability to Tenant for loss thereof, and Tenant agrees to pay to Landlord upon demand any and all expenses incurred in such removal, including court costs, reasonable attorneys' fees and storage charges on such property for any length of time that the same shall be in Landlord's possession. In the alternative, Landlord may, at its option, sell said property, or any of the same, in such manner as Landlord determines to be appropriate in Landlord's reasonable business judgment, for such prices as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of such property. Tenant waives the benefit of any statutory provisions governing the treatment by a landlord of a tenant's personal property left in leased premises following the expiration of the lease, in the event Tenant fails to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease, the parties hereby agreeing that the provisions of this Lease constitute the express agreement of the parties with respect thereto and are intended to govern such situation.

11. REPAIRS.

(a) From and after delivery of possession of the Premises to Tenant, Tenant shall keep, maintain and preserve the Premises in a good condition and repair, and shall, as and when needed, at Tenant's sole cost and expense, make all repairs to the Premises and every part thereof (other than elements of the Premises to be maintained and repaired by Landlord pursuant to this Lease) and all personal property, trade fixtures and equipment within the Premises. Subject to the provisions of Section 10(c) above, upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as when received, as improved by the Tenant Improvements, excepting permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable wear and tear, casualty damage governed by Section 18 below, and damage which Landlord is obligated to repair under this Lease.

(b) Landlord shall keep and maintain the Project in good condition and repair, including the roof, structure and foundation, integrated Building utility and mechanical systems, parking facilities and other Common Areas of the Project, the costs of which shall be included in Operating Expenses; provided, however, that to the extent such maintenance and/or repair work is (i) attributable to items installed in Tenant's Premises which are above standard interior improvements (such as, for example, custom lighting, special HVAC other than the HVAC system discussed in Section 14(a) below, and/or electrical panels or systems, kitchen or restroom facilities and appliances constructed or installed within Tenant's Premises), (ii) attributable to the installation, as a part of Tenant's Alterations or Tenant's trade fixtures, of items which are less than first-class in quality, workmanship or manner of installation, and/or (iii) necessitated by the negligence or willful misconduct of Tenant or any of the "Tenant Parties" (as hereinafter defined), then Tenant shall pay to Landlord the cost of such maintenance and/or repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any

maintenance unless such failure shall persist for an unreasonable time after written notice of the need for such repairs or maintenance is given to Landlord by Tenant, Subject to the provisions of Sections 18 and 19 below, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including, without limitation, Sections 1941 and 1942 of the California Civil Code)

12. LIENS. Tenant shall not permit any mechanics', materialmen's or other liens to be filed against the Project nor against Tenant's leasehold interest in the Premises on account of any work performed by or on behalf of Tenant or its employees, agents, invitees or contractors. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant (by bonding or otherwise) within thirty (30) days following receipt of notice thereof from Landlord), Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such liens. Tenant shall pay to Landlord at once, as Additional Rent, upon notice by Landlord, any sums paid by Landlord to remove such liens.

13. ENTRY BY LANDLORD. Landlord and its employees, agents, representatives, consultants and/or contractors shall have the right from time to time without notice to Tenant (although Landlord shall (i) use reasonable efforts to provide Tenant with such prior oral or written notice as is reasonably practicable under the circumstances, except in the event of an emergency or for scheduled provision of services to the Premises, and (ii) in respect of the exercise of such rights, use commercially reasonable efforts to minimize interference with the operation of Tenant's business from the Premises for the use specifically permitted under Section 1(i) or reasonable means of access to and front the Premises and parking areas serving the Premises) to enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, encumbrancers or tenants, to post "for lease" or other similar signs during any event of default of Tenant (subject to applicable notice and cure periods) and/or during the last nine (9) months of the Term, to post notices of non-responsibility, to alter, improve or repair the Premises or any other portion of the Building, all without being deemed guilty of any eviction of Tenant and without abatement of Rent, and may, in order to carry out such purposes, erect scaffolding and other necessary structures where required by the character of the work to be performed. Landlord shall use reasonable efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry (except in the event of an emergency). Subject to the foregoing, Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises or the Project relating to Landlord's exercise of its rights under this Section. Landlord shall at all times have and retain a key with which to unlock all

doors to and in the Premises. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations, except as otherwise expressly agreed herein by Landlord.

14. UTILITIES AND SERVICES.

(a) (i) Tenant (and Tenant's employees and invitees) shall be permitted access to the Premises during the Term on a twenty-four (24) hours per day, seven (7) days per week basis, subject to interruptions beyond the control of Landlord.

(ii) The cost of maintenance and service calls to adjust and regulate any systems shall be charged to Tenant if the need for maintenance work results from either Tenant's unreasonably tampering with room thermostats, or Tenant's failure to comply with its obligations under this Section 14, or Tenant's heat or cold generation in excess of that which is customary for general office use.

(iii) Tenant agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using amounts of such services in excess of the capacity within the Premises without the written consent of Landlord. Tenant agrees to pay directly to the appropriate utility company all charges for utility services supplied to Tenant for which there is a separate meter and/or submeter to the Premises, or if applicable, Tenant shall promptly reimburse any other tenant who pays for the electrical service to the Premises for Tenant's equitable share of such service. Tenant agrees to pay to Landlord its share of all charges for utility services supplied to the Premises for which there is no separate meter or submeter upon billing by Landlord of Tenant's share, as reasonably determined by Landlord based upon estimated actual usage. Regardless of the entity which supplies any of the utility services, Landlord shall not be liable in damages for any failure or interruption of any utility or service. No failure or interruption of any utility or service shall entitle Tenant to terminate this Lease or discontinue making payments of Rent payable by Tenant under this Lease.

(iv) Landlord will provide janitor service to the Premises before and after typical business hours on a five (5) days per week basis, excluding "Holidays". As used herein, "Holidays" shall include New Year's Day, Washington's Birthday (observed), Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas and any other national or state holiday customarily recognized by operators of comparable buildings. Tenant shall pay to Landlord, as Additional Rent within fifteen (15) days following receipt of invoice therefor from Landlord, the cost of (1) any extra janitorial service required due to the nature of Tenant's improvements, Alterations, fixtures and/or personal property being other than that which is customary for general office use, and/or (2) the removal of any of Tenant's refuse and rubbish to the extent that

the same exceeds the refuse and rubbish usually attendant upon the use of the Premises for general office use.

(b) Landlord's failure to furnish any of such utilities and services, whether caused by accident, breakage or repairs, strikes, lockouts or other labor disturbances or labor disputes of any such character, governmental regulation, moratorium or other governmental action, inability despite the exercise of reasonable diligence to obtain such utilities or services or otherwise shall not result in any liability to Landlord, and Tenant shall not be entitled to any abatement or reduction of Rent, nor shall Landlord be deemed to have evicted Tenant, nor shall Tenant be relieved from the performance of any covenant, obligation or agreement in this Lease because of any such failure. In the event of any stoppage or interruption of services or utilities, Landlord shall use reasonable diligence to attempt to resume such services or utilities.

15. INDEMNIFICATION. Tenant shall be liable for, and agrees, to the maximum extent permissible under applicable Laws, to promptly indemnify, defend and hold harmless Landlord, its affiliated entities and their respective members, partners, officers, directors, employees, agents, successors and assigns (collectively, the "Landlord Indemnified Parties"), from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs, including, without limitation, reasonable attorneys' fees and expenses (collectively, "Indemnified Claims"), to the extent arising or resulting from (i) any act or omission of Tenant, its subtenants and/or assignees and their respective agents, employees, representatives, licensees, contractors and/or invitees (collectively, the "Tenant Parties"); (ii) Tenant's use of the Premises and Common Areas, conduct of Tenant's business by Tenant or any Tenant Parties, or any other activity, work or thing done, permitted or suffered by Tenant or any Tenant Parties, in or about the Premises, or done or permitted by Tenant or any Tenant Parties in or about the Building or elsewhere within the Project; and/or (iii) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease. In case any action or proceeding is brought against Landlord or any Landlord Indemnified Parties by reason of any such Indemnified Claims, Tenant, upon notice from Landlord, agrees to promptly defend the same at Tenant's sole cost and expense by counsel approved in writing by Landlord, which approval shall not be unreasonably withheld. The provisions of this Section 15 shall survive the expiration of the Term or sooner termination of this Lease.

16. DAMAGE TO TENANT'S PROPERTY AND WAIVER. Notwithstanding anything contained in this Lease to the contrary, Landlord or its agents and employees shall not be liable for (a) loss or damage to any property by theft or otherwise, or (b) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from pipes, appliances or plumbing work therein or from the roof, street, sub-surface or from any other place or resulting from dampness or any other cause whatsoever, except to the extent (i) resulting from the negligence or willful misconduct of Landlord or its contractors, agents, servants or employees or breach of this Lease by Landlord and (ii) not covered by the insurance maintained by Tenant (or which would not have been so covered if Tenant had maintained the insurance required to be maintained

by Tenant pursuant to this Lease). Landlord or its agents shall not be liable for interference with light or other similar intangible property interests. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or the Building, and of defects therein or in the fixtures or equipment located therein.

17. INSURANCE.

(a) Tenant shall, during the Term hereof, at its sole cost and expense, keep in full force and effect the following insurance:

(i) All-Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage) upon all of Tenant's personal property, trade fixtures, furniture and equipment in the Premises, in an amount not less than one hundred percent (100%) of the full replacement cost thereof.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability (covering the indemnity contained in Section 15), and products and completed operations liability, with a combined single limit of not less than Two Million Dollars (\$2,000,000.00). Such insurance shall name Tenant as named insured thereunder and shall name Landlord and such of Landlord's "Lienholders" (as defined in Section 23 below) and ground lessors as are designated by Landlord, each as additional insureds thereunder, all as their respective interests may appear, shall contain a cross liability endorsement, and shall be primary and non-contributing with respect to any insurance maintained by Landlord. Such liability insurance shall insure Tenant and each additional insured for (1) the actions of Tenant and/or any of Tenant's employees, agents, representatives, contractors and/or invitees, (2) Alterations to, and occurrences in, the Premises, and (3) the use or operation of the Premises. Landlord shall have the right, from time to time, to require increases in such liability insurance limit if consistent with then standard industry practices for prudent risk management by a tenant of comparably-sized premises within comparable buildings.

(iii) Workers' Compensation and Employer's Liability Insurance in form and amounts as required by applicable law.

(iv) Any other form or forms of insurance as Landlord and Landlord's Lienholders may reasonably require from time to time, in form, in amounts, and for insurance risks against which a prudent tenant of a comparable size and in a comparable business would protect itself given the economic feasibility of such insurance and consistent with then industry standards for prudent risk management by tenants of comparably-sized premises in comparable buildings.

The minimum limits of insurance set forth in this Section 17(a) are not intended to limit the liability of Tenant under this Lease, Notwithstanding any provision of this Lease to the contrary, the obligations of Tenant to provide increased or new insurance under Sections 17(a)(ii) and (iv) above, shall be limited to the extent the same is then customarily provided by comparable tenants of comparably sized premises and having a

comparable use in comparable buildings and is then reasonably available on a commercially reasonable basis at a reasonable cost. All policies of insurance maintained by Tenant under this Section 17(a), shall be taken out with insurance companies holding a General Policyholders Rating of "A" and a Financial Rating of "X" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Tenant takes possession of all or part of the Premises, Tenant shall deliver to Landlord certificates evidencing the existence of the amounts and forms of coverage required hereunder. No such policy shall be cancelable or reducible in coverage except after at least thirty (30) days' prior written notice to Landlord. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with certificates of renewals or binders thereof; provided that if Tenant fails to furnish the same, Landlord may, following ten (10) days' notice to Tenant, order such insurance and charge the reasonable cost thereof to Tenant. If Landlord obtains any insurance that is the responsibility of Tenant under this Section 17(a), Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall promptly remit said amount to Landlord, as Additional Rent. Tenant may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars (\$1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(b) During the Term, Landlord shall carry the following insurance:

(i) All Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage, and also covering such other risks as Landlord or Landlord's lender may require) upon the Project (but excluding any property which Tenant is obligated to insure under Sections 17(a)(i) and (iv) above) in an amount not less than ninety percent (90%) of the full replacement cost thereof (excluding footings, foundations and excavation), and including commercially reasonable rental loss coverage for losses covered by such insurance policy. Such insurance policy shall include coverage of the Tenant Improvements (as modified from time to time by Tenant's Alterations) and the parties shall reasonably cooperate to allow for proper valuation thereof for insurance purposes. Such insurance policy or policies shall name Landlord as a named insured. The deductible under the All Risk policy shall not exceed such amount as Landlord determines to be appropriate given prudent risk management practices.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability, and products and completed operations liability, with a combined single limit of not less than Three Million Dollars (\$3,000,000.00).

Landlord may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars (\$1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(c) Other than as customary for general office use, Tenant will not keep or use, sell or offer for sale, in or upon the Premises any article which may be prohibited by any insurance policy then in force covering the Building or the Project. If Tenant's occupancy or business in or upon the Premises, whether or not Landlord has consented to the same, includes such extraordinary activities for a first-class office building that the same results in any increase in premiums for the insurance periodically carried by Landlord with respect to the Building or the Project, Tenant shall from time to time pay as Additional Rent any such increase in premiums within thirty (30) days after being billed therefor by Landlord. In determining whether increased premiums are a result of a change in Tenant's use of the Premises, a schedule issued by the organization computing the insurance rate on the Project showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up such rate, To Landlord's actual knowledge as of the Effective Date, Tenant's use and occupancy of the Premises for the use specifically permitted under Section 1(i) above, and subject to the terms and conditions of this Lease, will not result in any increase in premiums for the insurance carried by Landlord as of the Effective Date.

(d) All policies of property damage insurance required hereunder shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured before the occurrence of injury or loss, if same are obtainable without unreasonable cost. To the extent such a waiver of subrogation is obtainable, neither Landlord nor Tenant shall be liable to the other for any damage caused by fire or any of the risks insured against or required to be insured against under any insurance policy required by this Lease. Landlord and Tenant waive any rights of recovery against the other for injury or loss due to risks covered by or required to be covered by such policies of property damage insurance containing such a waiver of subrogation clause or endorsement to the extent insurance proceeds cover the injury or loss.

18. DAMAGE OR DESTRUCTION.

(a) If the Premises shall be destroyed by fire or other casualty so as to render all or a portion of the Premises untenable, then, for so long as Tenant is actually not occupying all or a portion of the Premises as a result of such prevention from use, Tenant shall be entitled to an abatement of Tenant's obligation for payment of monthly rent, on a proportionate basis to the extent that Tenant's use of the Premises is so effectively prevented; which abatement shall commence as of the date of the casualty and continue during the period of such repair or reconstruction, until such time as Tenant is no longer so effectively prevented from using the Premises.

(b) Except where Landlord or Tenant elects to terminate this Lease as hereinafter provided, Landlord shall use reasonable diligence to repair any casualty to the Premises, Building or Common Areas to the extent of available insurance proceeds plus any funds delivered by Tenant to Landlord for purposes of performing such repairs (as hereinafter provided), subject to delays and adjustment of insurance proceeds (provided that Tenant shall be responsible for the repair of Tenant's furniture, fixtures, equipment anti personal property). In the event of the total destruction of the Premises or the Project

or that portion of the Project located between the public alley adjacent to the Project and Canon Drive, or in the event of the partial destruction of the Premises or Project or that portion of the Project located between the public alley adjacent to the Project and Canon Drive which is the result of an event not required to be covered by the insurance to be maintained by Landlord pursuant to this Lease, or requiring repair for which Landlord is unable (despite the exercise of commercially reasonable efforts) to obtain necessary governmental permits or approvals without being subject to unreasonable expense or condition, then Landlord shall have the right to elect to terminate this Lease by written notice to Tenant delivered within ninety (90) days following the occurrence of the casualty. The proceeds from any insurance paid by reason of damage to or destruction of the Project or any part thereof insured by Landlord, shall belong to and be paid to Landlord. Tenant shall not be entitled to any compensation or damages from Landlord or Landlord's insurance provider for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance by such damage, repair, reconstruction or restoration.

(c) In the event of any damage or destruction of all or any part of the Premises, Tenant agrees to immediately notify Landlord thereof.

(d) Notwithstanding anything to the contrary contained herein, if the Premises is wholly or partially damaged or destroyed within the final six (6) months of the then remaining Term of this Lease (as the same may theretofore have been extended pursuant to this Lease), and if as a result of such damage or destruction Tenant is, or reasonably will be, denied access or use of a material portion of the Premises for the conduct of its business operations for a period of sixty (60) consecutive days (or such shorter period as is then remaining in the Term), Landlord or (provided such casualty damage was not caused by Tenant or any of the Tenant Parties) Tenant may, at its option, by giving the other notice no later than seventy (70) days after the occurrence of such damage or destruction, elect to terminate the Lease as to the affected portion of the Premises, provided that if Landlord elects to terminate this Lease pursuant to this Section 18(d), then Landlord shall also terminate, on a non-discriminatory basis, the leases of all other similarly situated tenants under whose leases Landlord has the right to so terminate such leases.

(e) Notwithstanding anything to the contrary contained in this Lease, in the event of material casualty damage to the Project not resulting in termination of this Lease, Landlord shall deliver written notice to Tenant within ninety (90) days following such casualty damage or occurrence setting forth Landlord's good faith estimate of the time required for completion of repair and/or restoration of the Project, and if such estimated time exceeds one hundred and twenty (120) days from the occurrence of the casualty, Tenant may elect to terminate this Lease by written notice to Landlord within twenty (20) days following Tenant's receipt of such notice.

(f) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) or court decisions which provide a party to a lease with a right to abatement of rent

or termination of the lease when leased property is damaged or destroyed and agree that such event shall be exclusively governed by the terms of this Lease.

19. EMINENT DOMAIN.

(a) If any material portion of the Project shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking to such an extent as to render untenable the entirety of the Premises or such a material portion of the Premises that Tenant's operation from the remainder of the Premises is not reasonably practicable as reasonably determined by the parties, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority by written notice to the other party by the effective date of such taking. Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such taking, other than a claim for any separate award attributable to the value of any personal property or trade fixtures of Tenant which are taken or costs of Tenant's relocation, and Tenant hereby assigns to Landlord all of Tenant's interest in, and Landlord shall be entitled to receive, the entire amount of any other award without deduction for any estate or interest of Tenant (including, without limitation, any award attributable to the value of the remaining Term of this Lease). If neither Tenant nor Landlord so elects to terminate, Landlord shall, to the extent of proceeds received, commence to restore the Premises to substantially their same condition prior to such partial taking, and a proportionate allowance shall be made to Tenant for the Monthly rent corresponding to the time during which, and to the part of the Premises of which, Tenant shall be so deprived on account of such taking and restoration. Nothing contained in this Section 19(a) shall be deemed to give Landlord any interest in any award made to Tenant for the taking of Tenant's personal property and trade fixtures or for Tenant's costs of relocation.

(b) In the event of a taking of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration of the Term or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 10(c) with respect to surrender of the Premises and upon such payment shall be excused from such obligations. For purposes of this Section 19(b), a temporary taking shall be defined as a taking for a period of twelve (12) months or less.

(c) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Section 1265.130 of the California Code of Civil Procedure) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is condemned or taken and agree that such event shall be exclusively governed by the terms of this Lease.

20. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not assign its interest in this Lease (an “assignment”) or sublease or permit occupancy by third parties of all or any part of the Premises (a “sublease”), without first obtaining Landlord’s prior written consent, which consent may be withheld in Landlord’s sole and absolute discretion. Tenant shall not under any circumstances mortgage, pledge or otherwise transfer or encumber this Lease or the Premises (except for an assignment or sublease pursuant to this Section 20). Any assignment, sublease or other transfer without Landlord’s prior written consent shall be voidable at Landlord’s election and shall constitute an Event of Default hereunder.

No consent to an assignment or sublease shall constitute a waiver of the provisions of this Subsection 20(b) as to any other or further assignment, subletting or sub-subletting. Tenant shall notify Landlord in writing of Tenant’s intent to assign or sublease this Lease, the name of the proposed assignee or subtenant, information concerning the financial responsibility of the proposed assignee or subtenant and the economic and other material terms of the proposed assignment or subletting, and except for a Permitted Transfer, Landlord shall, within thirty (30) days after receipt of such written notice, and the financial responsibility information and such other information as may be requested by Landlord concerning the proposed assignee or subtenant (such request to be made, if at all, within ten (10) days after Tenant’s initial request for Landlord’s consent and submission of the information set forth above), elect one of the following: (i) consent to such proposed assignment or sublease; or (ii) refuse such consent, which refusal shall be in Landlord’s sole and absolute discretion; or (iii) terminate this Lease, such termination to be effective thirty (30) days after receipt of such notice by Tenant. If Landlord shall exercise its termination right hereunder, Landlord shall have the right to enter into a lease or other occupancy agreement directly with the proposed assignee or subtenant, and Tenant shall have no right to any of the rents or other consideration payable by such proposed assignee or subtenant under such other lease or occupancy agreement, even if such rents and other consideration exceed the rent payable under this Lease by Tenant. Landlord shall have the right to lease the Premises to any other tenant, or not lease the Premises, in its sole discretion. Landlord and Tenant specifically agree that Landlord’s right to terminate this Lease under clause (iii) above is a material consideration for Landlord’s agreement to enter into this Lease and such right may be exercised in Landlord’s sole and absolute discretion and no test of reasonableness shall be applicable thereto.

(b) Any approved assignee of Tenant’s interest in this Lease hereby agrees that such assignee assumes and agrees to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder. Any subtenant of all or any portion of the Premises hereby agrees that such sublease is subject and subordinate to this Lease and to all mortgages or deeds of trust; that Landlord may enforce the provisions of the sublease, including (following the occurrence of any default by Tenant under this Lease which is not cured within any applicable period for cure pursuant to Section 21 below) collection of rent; that in the event of termination of this Lease for any reason, including, without limitation, a voluntary surrender by Tenant, or in the event of any re-entry of repossession of the Premises by Landlord. Landlord may, at

its option, either (i) terminate the sublease, or (ii) take over all of the right, title and interest of Tenant, as sublandlord, under such sublease, in which case such subtenant will attorn to Landlord, but that nevertheless Landlord will not (1) be liable for any previous act or omission of Tenant under such sublease, (2) be subject to any defense or offset previously accrued in favor of the subtenant against Tenant, or (3) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by subtenant of more than one month's rent,

(c) In connection with Landlord's grant of consent to an assignment or sublease as required under the provisions of this Section 20, Tenant shall pay Landlord's reasonable attorneys' fees and processing costs incurred in giving such consent. In the event of any assignment or sublease (except for a Permitted Transfer), Landlord shall receive as additional rent hereunder one hundred percent (100%) of Tenant's "Excess Consideration" derived from such assignment or sublease other than a Permitted Transfer. In the event of a sublease, "Excess Consideration" shall mean all rent, additional rent or other consideration actually received by Tenant from such subtenant and/or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent, additional remit and other sums payable by Tenant under this Lease during the term of the sublease on a per square foot basis if less than all of the Premises is subleased, less the sum of Tenant's reasonable out-of-pocket costs incurred in connection with such sublease for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such subtenant, and/or any free rent period granted to such subtenant. In the event of an assignment, "Excess Consideration" shall mean key money, bonus money or other consideration paid by the assignee to Tenant in connection with such assignment, and any payment in excess of fair market value for services rendered by Tenant to assignee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to assignee in connection with such assignment, less the sum of Tenant's reasonable out-of-pocket costs incurred in connection with such assignment for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such assignee and/or any free rent period granted to such assignee. If part of the Excess Consideration shall be payable by the assignee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord.

(d) Notwithstanding any permitted assignment or subletting (whether or not the same requires Landlord's consent pursuant to this Section), Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations under the terms and conditions of this Lease. Landlord's waiver or consent to any assignment or subletting shall not relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued and Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations of Tenant under the terms and conditions of this Lease.

(e) Together with any request for Landlord's consent to an assignment, subletting or other transfer, Tenant shall pay to Landlord the sum of \$1,000 as an administrative fee to cover Landlord's costs of review (and attorneys' fees).

21. DEFAULT BY TENANT.

(a) The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant:

(i) The failure by Tenant to make any payment of Rent as and when due where such failure shall continue for a period of five (5) business days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute.

(ii) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Section 21(a)(i), where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute; provided, further, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall promptly commence such cure within such thirty (30) day period and thereafter continuously and diligently prosecute such cure to completion.

(iii) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for 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); the appointment of a trustee or 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 sixty (60) days; 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 sixty (60) days; or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Tenant.

(iv) The abandonment of the Premises by Tenant, which for purposes of this Lease means any absence by Tenant from the Premises for five (5) business days or longer while failing to perform any other obligations of Tenant under this Lease.

(b) In the event of any such default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (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; plus (iii) the worth at the time of award of the amount by which the unpaid Rent -for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of timings would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant, the unamortized value of any free rent, reduced rent, free parking, reduced rate parking and any Tenant Improvement Allowance or other costs or economic concessions provided, paid, granted or incurred by Landlord pursuant to this Lease (which unamortized value shall be determined by taking the total value of such concessions and multiplying such value by a fraction, the numerator of which is the number of months of the Term not yet elapsed as of the date on which the Lease is terminated, and the denominator of which is the total number of months of the Lease Term); plus (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

As used in Sections 21(b)(i), (ii) and (iii) above, the "worth at the time of award" is computed by allowing interest at the Interest Rate. As used in Section 21(b)(iii) above, the "worth of the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(c) in the event of any such default by Tenant, Landlord shall also have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment. and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due. In connection with the exercise of such remedy, any property of Tenant may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant or disposed of in a reasonable manner by Landlord. No re-entry or taking possession of the Premises by Landlord pursuant to this Section 21(c) shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(d) If Landlord does not elect to terminate this Lease as provided above, Landlord may either recover all Rent as it becomes due or relet the Premises or any part thereof for the Term of this Lease on terms and conditions as Landlord in its sole discretion may deem advisable with the right to re-enter the Premises to make alterations and repairs to the Premises, and to enable Landlord to take whatever other actions may be necessary to relet, protect or preserve the Premises. In the event that Landlord shall elect to so relet, then Rent received by Landlord from such reletting shall be applied: first, to

the payment of any costs incurred in connection with any reletting (including, without limitation, costs of brokerage commissions, attorneys' fees, improvement and/or moving allowances, and alterations and/or repairs to the Premises); second, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; third, to the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied to payment of future Rent as the same may become due and payable hereunder. Should that portion of such Rent received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting, including but not limited to brokerage commissions, or in making such alterations and repairs not covered by the Rent received from such reletting.

(e) TENANT HEREBY WAIVES, FOR ITSELF AND ALL PERSONS CLAIMING BY AND UNDER TENANT, ALL RIGHTS AND PRIVILEGES WHICH IT MIGHT HAVE UNDER ANY PRESENT OR FUTURE LAW TO REDEEM THE PREMISES OR TO CONTINUE THIS LEASE AFTER BEING DISPOSSESSED OR EJECTED FROM THE PREMISES.

(f) If Tenant fails to perform any covenant or condition to be performed by Tenant, Landlord shall have the right (but not the obligation) to perform such covenant or condition (1) immediately, in the event of an emergency situation of imminent risk of personal injury or material property damage, or (ii) following Tenant's failure to cure such failure to perform within the period provided for cure after Tenant's receipt of written notice from Landlord pursuant to Section 21(a)(ii) above. All reasonable costs incurred by Landlord in so performing shall immediately be reimbursed to Landlord by Tenant, together with interest at the Interest Rate computed from the due date. Any performance by Landlord of Tenant's obligations shall not waive or cure such default. All costs and expenses incurred by Landlord, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting Rent or enforcing the obligations of Tenant under the Lease pursuant to this Section 21(f) shall be paid by Tenant to Landlord upon demand,

(g) All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease.

22. DEFAULT BY LANDLORD.

(a) Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord 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.

(b) In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail to any Lienholder of Landlord whose name and address have previously been furnished to Tenant in writing, and shall offer such Lienholder a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or a judicial foreclosure, or in the event of a ground lessor, by appropriate judicial action, if such should prove necessary to effect a cure.

23. SUBORDINATION. This Lease shall be subject and subordinate at all times to all ground leases which may now exist or hereafter be executed affecting the Building, the Project, or the land upon which the Building and Project are situated, or both, and any and all amendments, renewals, modifications, supplements and extensions thereof; and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed, and any and all advances made thereunder, and interest thereon and all modifications, renewals, supplements, consolidations and replacements thereof. Notwithstanding the foregoing, Tenant acknowledges that Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or any such liens to this Lease. In the event that any ground lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor in interest to Landlord, at the option of such successor in interest, Tenant shall execute and deliver, upon reasonable prior notice from Landlord, any additional documents in such form as is designated by Landlord evidencing the priority or subordination of this Lease with respect to any such ground leases or the lieu of any such mortgage or deed of trust. Landlord shall use commercially reasonable efforts to obtain from any Lienholder to whose mortgage, deed of trust or ground lease this Lease is hereafter subordinated, an agreement of non-disturbance on such Lienholder's standard form for the benefit of Tenant. In addition, Landlord shall use reasonable efforts and diligence to obtain a subordination, non-disturbance and attornment agreement for the benefit of Tenant from the existing Lienholder for the Project within thirty (30) days following the execution of this Lease, in such Lienholder's standard form. For purposes of this Lease, a "Lienholder" shall mean any mortgagee under a mortgage, beneficiary under a deed of trust, or lessor under a master lease or ground lease, encumbering all or a portion of the Project.

24. ESTOPPEL CERTIFICATE.

(a) Within thirty (30) days following any written request which either Landlord or Tenant may make from time to time, the other party shall execute and deliver to the requesting party a statement, in a form reasonably satisfactory to the parties, certifying: (i) the date of commencement of this Lease; (ii) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that

this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (iii) the date to which the Rent and other sums payable under this Lease have been paid; (iv) that, to such party's knowledge, there are no current defaults under this Lease by either Landlord or Tenant except as specified in such statement; and (v) such other matters seasonably requested by the requesting party. Any statement delivered pursuant to Section 24 may be relied upon by any existing or prospective mortgagee, beneficiary, encumbrancer, transferee or purchaser of the interest of Landlord in the Project, Premises or this Lease (without knowledge to the contrary).

25. DEFINITION OF LANDLORD. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of, the Project. In the event of any transfer or assignment of such title or leasehold interest and the assumption in writing of Landlord's remaining obligations under this Lease by the transferee or assignee, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability respecting the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter accruing under the Lease. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

26. PARKING

(a) Notwithstanding anything to the contrary contained herein, Tenant understands and acknowledges that the Parking Structure and the other parking facilities serving the Project (the "Parking Facilities") are currently intended to be utilized, and shall at all times (in Landlord's sole and absolute discretion) be available and used as a public parking facilities. Landlord shall maintain the Parking Facilities in good condition and repair. Tenant's visitors, invitees and customers shall have the right to park in the Parking Facilities at the prevailing rates charged by Landlord for use of the Parking Facilities from time to time (it being acknowledged that Landlord shall have the right, in Landlord's sole and absolute discretion, to modify or increase the charges for use of the Parking Facilities from time to time), however Tenant's employees, agents, brokers, contractors and representatives shall only have the right to park in the Parking Facilities on the terms and conditions set forth in this Paragraph 26 attached hereto.

(b) Provided Tenant at all times satisfies and complies with the conditions set forth in this Section 26, Tenant shall be entitled to purchase parking passes from the Landlord for ten (10) non-reserved parking spaces (collectively, the "Parking Passes"), five (5) of which shall be for spaces in the Parking Structure and five (5) of which will be located at 333 N. Crescent Drive. Tenant shall be charged for the Parking Passes at prevailing market rates established by Landlord from time to time during the Term, and Landlord shall have the right, its Landlord's sole and absolute discretion, to modify or increase the charges for the Parking Passes from time to time. Notwithstanding anything in this Lease which may be construed to the contrary, in no

event shall Landlord have any responsibilities, obligations or liabilities with respect to the monitoring of any of the reserved or non-reserved parking spaces.

(c) It is understood that rules and regulations with respect to parking may be established and amended by Landlord, in Landlord's reasonable discretion, from time to time. The use by Tenant and its employees, visitors and invitees of the parking facilities of the Project shall be on the terms and conditions set forth herein as well as in the established parking rules and regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of any of the established parking rules and regulations. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described herein and in the established parking rules and regulations, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord and/or to rescind the parking rights of the offender.

(d) Parking areas may be leased by, added to, substituted for, enlarged or established by Landlord for parking and any such addition to, or substitution for, a then parking area or any new parking area so established by Landlord for the purpose of use under this Section 26(d) shall during the time of their respective use under the provisions of this Section 26 be considered as part of the parking area and shall be subject to all of the provisions of this Section 26.

27. SIGNAGE. Subject in all events to applicable Laws and governmental approvals and requirements and any other restrictions of record or to which the Project is subject. Tenant shall be entitled to (i) Building standard identification of Tenant upon the common Building directory board sign, which identification shall be installed by Landlord at Tenant's sole cost and expense, (ii) Building standard identification of Tenant by name adjacent to the main entrance to the Premises, to be installed by Tenant at Tenant's sole cost and expense, (iii) an identification sign in the elevator, which sign shall be installed by Landlord at Tenant's sole cost and expense, and (iv) "Business Identification" signage as described in the Beverly Hills Municipal Code, subject to the governmental discretion and requirements set forth in the Beverly Hills Municipal Code and the terms and conditions of this Section 27 and the other provisions of this Lease. The exact location, size, materials, coloring and lettering of all Tenant signage shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord may elect, at Landlord's sole option: (a) to maintain any or all of the Tenant's signage in good condition and repair (in which event Tenant shall be obligated to reimburse Landlord from time to time for all costs and expenses incurred by Landlord in connection with the same upon billing there-for, or (b) to require Tenant, at Tenant's sole cost and expense, to maintain any or all of Tenant's signage in first class condition and repair.

28. NOTICES. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall

be either served personally, or sent by overnight courier, or sent by registered or certified mail, return receipt requested with postage prepaid, as follows: if to Tenant, addressed at the address designated in Section 1(a), or if to Landlord, at the address designated in Section 1(b) or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days' notice to the other party. Such notices, demands, consents and approvals shall be deemed sufficiently served or given for all purposes hereunder, unless otherwise specified in this Lease, either (a) if personally served, upon such service, (b) if sent by overnight courier providing receipt of delivery, the following business day, or (c) if mailed, four (4) business days after the time of mailing or on the date of receipt shown on the return receipt, whichever is earlier.

29. HOLDING OVER. If Tenant holds over in the Premises after the expiration of the Term or earlier termination of this Lease, Tenant shall become a tenant at sufferance only, subject to the provisions of this Lease, except that Monthly rent during such holding over shall equal one hundred and fifty percent (150%) of the Monthly rent in effect immediately prior to such expiration or termination. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal or extension of this Lease. If Tenant fails to surrender the Premises upon the expiration of the Term or earlier termination of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, demands, losses, liabilities, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result thereof, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender.

30. QUIET ENJOYMENT. Landlord covenants and agrees with Tenant that upon Tenant paying the Rent required under this Lease and paying all other charges and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with and subject to the terms of this Lease and existing matters of record.

31. BROKERS.

(a) Landlord and Tenant each represent and warrant that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for the Broker described in Section 1(j) and that it knows of no other real estate broker, agent or finder who is or might be entitled to a commission or fee in connection with this Lease. In the event of any claim for broker's or finder's fees or commissions in connection with this Lease in excess of that described in the first sentence of this Section, Landlord shall indemnify, hold harmless and defend Tenant from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Landlord and Tenant shall indemnify, hold harmless and defend Landlord from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on

account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Tenant.

(b) Tenant will pay the Broker any and all charges and commissions, payable to the Broker in connection with this Lease (estimated at \$27,570.00). Landlord shall grant Tenant a credit against the monthly rent for the last month of each year of the Initial Term equal to twenty percent (20%) of the total commission (up to a total of 4% of the monthly rent per year, excluding free rent and CAM charges), after receipt of a copy of the commission agreement and evidence of Tenant's payment of the commissions.

32. MISCELLANEOUS.

(a) Tenant shall faithfully observe and comply with the Rules and Regulations, a copy of which is attached hereto as Exhibit A, and all reasonable and non-discriminatory modifications thereof and additions thereto from time to time put into effect by Landlord and delivered in writing to Tenant, provided such modifications do not increase the monetary obligations of Tenant under this Lease or otherwise materially increase the obligations or diminish the rights of Tenant under this Lease. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of any of said Rules and Regulations, but Landlord shall use commercially reasonable efforts to nondiscriminatorily enforce the Rules and Regulations. In the event of any conflict between any Rule or Regulation and the other provisions of this Lease, the other provisions of this Lease shall prevail.

(b) This Lease shall be governed by, and construed in accordance with, the laws of the State of California.

(c) Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(d) The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof or any other termination of this Lease, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. Upon the expiration or sooner termination of this Lease, Tenant shall peaceably surrender the Premises and all alterations and additions thereto, in the same condition as initially improved with the Tenant Improvements, excepting permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable wear and tear, casualty damage governed by Section 18 and damage which Landlord is obligated to repair pursuant to this Lease, subject to compliance with the provisions of Section 10(c) and any other applicable provisions of this Lease. Tenant agrees that the delivery of keys to any employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

(e) In the event either party shall institute any action or proceeding against the other party relating to this Lease, the unsuccessful party in such action or proceeding shall reimburse the successful party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees and costs, in addition to the foregoing award of attorneys' fees and costs to the successful party, the successful party in any lawsuit on this Lease shall be entitled to its attorneys' fees and costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment on this Lease.

(f) The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any term, covenant or condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Lease. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than that owed and due pursuant to this Lease shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

(g) Neither party shall have any liability whatsoever to the other on account of the inability or delay of such party to fulfill any of its obligations under this Lease (other than obligations with respect to the payment of rent or any other monetary amounts owing under this Lease) by reason of any of the following (collectively, any "Force Majeure Event"): fire, earthquake, explosion, flood, the elements, acts of nature or the public enemy, acts of war, terrorist acts, strike, other labor trouble, interference of government authorities or agents, or shortages of fuel, supplies or labor resulting therefrom or any other cause beyond the reasonable control of the party obligated for such performance. If this Lease specifies a time period for performance of an obligation by either party (other than payment of Rent or any other monetary amounts owing by either party under this Lease), that time period shall be extended by the period of any delay in such party's performance caused by any of the events described above. Landlord shall have no liability whatsoever to Tenant on account of any failure or defect in the supply, quantity or character of electricity or water furnished to the Premises or the Project, by reason of any requirement, act or omission of the public utility or others furnishing the Project with electricity or water, or for any other reason beyond Landlord's reasonable control, provided that Landlord shall use reasonable efforts to fulfill its obligations or remedy such failure or defect as soon as reasonably possible.

(h) The words “Landlord” and “Tenant” as used herein shall include the plural as well as the singular. Words used in any gender include other genders and the neutral. The paragraph headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(i) Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(j) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. For purposes of this Lease, a “business day” shall mean any day other than a Saturday, Sunday or a Holiday.

(k) If any term or provision of this Lease, or the application thereof to any persons or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

(l) Tenant and Landlord shall execute and acknowledge a short form memorandum of this Lease for recording purposes in the form attached hereto as Exhibit B. Tenant shall be responsible for all costs and expenses associated with any such recording. Upon the expiration or earlier termination of this Lease for any reason, Tenant, within three (3) days following the date of request by Landlord, shall deliver to Landlord a quitclaim deed conveying to Landlord any and all interest Tenant may have under the Lease.

(m) In consideration of the benefits accruing hereunder, and notwithstanding anything contained in this Lease to the contrary, Tenant and all successors mind assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord or in the event of any other action against Landlord with respect to this Lease, their sole and exclusive remedy shall be against Landlord’s net interest in, and net proceeds from, the Project. Tenant and all such successors and assigns agree that the obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, whether general or limited, members, directors, officers or shareholders of Landlord, and Tenant shall not seek recourse against the individual partners, members, directors, officers or shareholders of Landlord or any of their personal assets for satisfaction of any liability with respect to this Lease. Notwithstanding any contrary provision contained in this Lease, neither Landlord, any of the individual partners, members, directors, officers or shareholders of Landlord or any of their respective employees, agents or contractors shall be liable under any circumstances for my indirect or consequential damages or any injury or damage to, or interference with, Tenant’s business, including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

(n) If in connection with obtaining financing for the Project any lender shall request modifications of this Lease as a condition to Landlord obtaining such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the financial obligations of Tenant hereunder or materially and adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

(o) Whenever the consent or approval of the Landlord or Tenant is required under this Lease, such consent or approval shall not be unreasonably withheld, conditioned or delayed, unless a different standard for the granting or withholding of such approval or consent is specifically set forth in this Lease.

(p) At any time during the Term, Tenant shall upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Notwithstanding anything to the contrary contained herein, if Tenant is a publicly traded corporation making annual 10-K filings with the Securities and Exchange Commission, Tenant may satisfy the requirements of this subsection with respect to delivery of financial information by delivery of Tenant's most recent annual report filed with the Securities and Exchange Commission. Notwithstanding anything herein which may be construed to the contrary, Tenant shall have no obligation to deliver such financial statements to Landlord more than two (2) times in any calendar year unless Landlord has requested such information in connection with a sale, financing, refinancing or other similar transaction involving the Project (in which case, there shall not be a limit on the number of times in each calendar year that Landlord may request, and Tenant shall deliver, such financial statements). At any time during the Term, Tenant shall have the right to audit the books and records of Landlord in connection with all charges paid by Tenant as Additional Rent. Tenant shall be entitled to a refund between the amount paid by Tenant and Tenant's proportionate share of actual operating expenses and real estate taxes.

(q) Landlord and Tenant each hereby represent and warrant that such party is duly qualified to do business in California and that the individuals executing this Lease on such party's behalf is/are duly authorized to execute and deliver this Lease on such party's behalf.

(r) Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively, the "Lines") at the Project, to the extent such Lines are in or exclusively serve the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of this Lease respecting the use of the Premises and the making of Alterations, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent

excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit reasonably acceptable to Landlord, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any Laws or represent a dangerous or potentially dangerous condition.

(s) This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

(t) This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

(u) Nothing contained herein shall be deemed to limit, restrict, amend or modify, or to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City of Beverly Hills or its departments, commissions, agencies and boards and the officers thereof, including any general plan or any zoning ordinances, or any of the duties, obligations, rights or remedies of the City of Beverly Hills thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of the City of Beverly Hills in the furtherance of the public health, welfare and safety of the inhabitants thereof; provided, however, that the City of Beverly Hills agrees not to take any action to frustrate or hinder the intent or effect of this Lease.

(v) For purposes of this Lease, and notwithstanding anything in this Lease which may be construed to the contrary, Landlord is acting in its capacity as an owner of property and not as a governmental agency.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
Jimmy Delshad,
Mayor

ATTEST:

(SEAL)
Byron Pope
City Clerk

APPROVED AS TO FORM:

By: Laurence S. Wiener (66) fn
Laurence S. Wiener
City Attorney

APPROVED AS TO CONTENT:

Scott G. Miller
Director of Administrative Services/CFO

TENANT:

GRANITE ESCROW SERVICES, INC.,
a California corporation

By: _____
Brad Cohen
President

By: _____
Celia Savage
Vice President of Administration

EXHIBIT A

RULES AND REGULATIONS

1. Except as may be specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building or Project (except within the Premises) without the prior written consent of Landlord. Tenant shall not place anything against or near exterior windows or doors which may appear unsightly from outside the Premises or which are visible from the exterior of the Premises (other than approved window coverings). Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule.

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Project. The halls, passages, exits, entrances, elevators, escalators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety and interest of the Project and its tenants. Neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Project.

3. Tenant shall cooperate with Landlord in maintaining the Common Areas. All cleaning and janitorial services for the Common Areas shall be provided exclusively through Landlord.

4. At Landlord's request, as a part of the Tenant Improvements, Tenant shall install new locks in, and re-key, the Premises, and in such event, Tenant shall deliver a copy of a key to all such locks to Landlord upon installation thereof. In addition, upon the termination of its tenancy, Tenant shall deliver to Landlord the keys to all doors and locks in the Premises.

5. All contractors and technicians rendering any service to Tenant shall be referred to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed) and supervision prior to performing any such service. This applies to all work performed in the Building, including but not limited to, installation of telephone and telegraph equipment and electrical devices and installations affecting floors, walls, woodwork, windows, ceilings and any other physical portion of the Building. None of Tenant's contractors or subcontractors shall be entitled to (1) display identification or other signage at the Project, (2) use the passenger elevators at the Project, or (3) park anywhere in the Parking Structure except in the area designated by Landlord.

6. No deliveries shall be made which materially interfere with the operation of the Project. No outside food vendors shall be permitted within the Project except for

making of specific deliveries of previously ordered items to the Premises or the premises of another tenant.

7. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

8. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.

9. Tenant shall not use any method of heating or air conditioning other than that installed by Landlord, except for supplemental air conditioning systems installed in accordance with the provisions of the Lease.

10. Tenant agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations. Tenant shall keep corridor doors closed.

11. Landlord reserves the right, exercisable upon thirty (30) days prior written notice to Tenant, to change the name and/or street address of the Building.

12. Landlord reserves the right to exclude from the Building during hours other than Building hours of operation, any person unless that person is known to the person or employee in charge of the Building or has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

13. Tenant shall close and lock the doors of its Premises before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

14. The toilet rooms, toilets, urinals, wash howls and other apparatus shall not be used for my purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

15. Tenant shall not use the Premises for any business or activity other than that specifically provided for in this Lease.

16. Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof(s) or exterior walls of the Building or Project. Tenant shall not interfere with radio or television broadcasting or reception from or in the Project or elsewhere.

17. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with the provisions of the Lease pertaining to Alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires, except in accordance with the provisions of the Lease pertaining to Alterations. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord to the extent required by the provisions of the Lease pertaining to Alterations. Tenant shall repair any damage resulting from noncompliance with this rule.

18. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Project are prohibited, and Tenant shall cooperate to prevent such activities.

19. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Project.

20. Tenant shall store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with reasonable directions issued from time to time by Landlord.

21. No cooking shall be done or permitted on the Premises except the use by Tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, and other similar hot beverages shall be permitted, and the use of an Underwriter's Laboratory approved microwave oven for employee use shall be permitted, provided that such equipment and use is in accordance with all applicable Laws. Tenant may install soft drink vending machines for use by Tenant's employees and invitees.

22. Tenant shall comply with all reasonable safety, fire protection and evacuation procedures and regulations established by Landlord or army governmental agency.

23. Tenant's requirements will be attended to only upon appropriate application to the Project management office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

24. There shall be no smoking within the Building or immediately adjacent to Building entrances (except in areas, if any, designated therefor by Landlord).

25. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant.

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease.

27. Upon written notice to Tenant, Landlord reserves the right to rescind any of these Rules and Regulations and to make future Rules and Regulations as, in its judgment, may from time to time be needed for safety, comfort and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted and of which Tenant has received written notice.

28. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, customers, invitees and guests.

29. Landlord reserves the right to charge as Additional Rent to Tenant, any extra costs incurred by Landlord as a result of Tenant's violation of these Rules and Regulations.

EXHIBIT B

MEMORANDUM OF LEASE

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is made as of March 1, 2011, by and between the CITY OF BEVERLY HILLS, a California municipal corporation ("City"), and GRANITE ESCROW SERVICES, INC., a California corporation.

RECITALS

A. Tenant and City have entered into that certain Office Lease dated March 1, 2011, (the "Lease"), pursuant to which City has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, a portion of that certain real property located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as Suite 220 in the building located at 439 N. Canon Drive (the "Premises").

B. Tenant and City now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and City agree as follows:

1. Lease. City hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, for a term of five (5) years commencing on the Commencement Date and at the rental and upon the other terms and conditions set

forth in the Lease (including an option to extend the Term of the Lease), which terms and conditions are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

LANDLORD:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
Jimmy Delshad,
Mayor

ATTEST:

City Clerk (SEAL)

TENANT:

GRANITE ESCROW SERVICES,
INC.

By: _____
Brad Cohen
President

By: _____
Celia Savage
Vice President of Administration

ACKNOWLEDGMENT

State of California)
)
County of _____)

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

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
)
County of _____)

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

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public

Attachment 2

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is made as of March 1, 2011, by and between the CITY OF BEVERLY HILLS, a California municipal corporation ("City"), and GRANITE ESCROW SERVICES, INC., a California corporation.

RECITALS

- A. Tenant and City have entered into that certain Office Lease dated March 1, 2011 (the "Lease"), pursuant to which City has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, a portion of that certain real property located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as Suite 220 in the building located at 439 N. Canon Drive (the "Premises").
- B. Tenant and City now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and City agree as follows:

1. Lease. City hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, for a term of five (5) years, commencing on the Commencement Date and at the rental and upon the other terms and conditions set forth in the Lease (including an option to extend the Term of the Lease), which terms and conditions are incorporated herein by this reference.
2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

LANDLORD:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
Jimmy Delshad,
Mayor

TENANT:

GRANITE ESCROW SERVICES, INC.

By: _____
Brad Cohen,
President

By: _____
Celia Savage,
Vice President of Administration

ATTEST:

Byron Pope, City Clerk (SEAL)

ACKNOWLEDGMENT

State of California)
County of Orange)

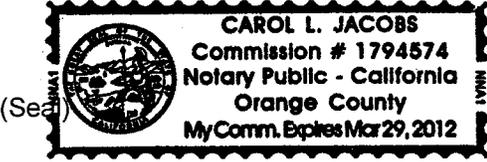
On 2-23-2011 before me, CAROL JACOBS
(insert name and title of the officer)

personally appeared BRAD COHEN AND CELIA SAVAGE

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]
Signature of Notary Public



ACKNOWLEDGMENT

State of California)
County of _____)

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

personally appeared _____

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 _____ (Seal)
Signature of Notary Public