

b. Recovery by Lessor Upon Termination of Lease.

In addition to any other remedies upon termination of the Lease because of breach by Lessee, Lessor shall be entitled at Lessor's election to the following sums:

1. All amounts that would have fallen due as rent between the time of termination of this Lease and the time of the claim, judgment, or other award, less the amount of any such rental loss which Lessee proves could reasonably have been avoided, plus interest on the balance at eight percent (8%) per year, and

2. The "worth" at the time of the claim, judgment or other award of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the then fair rental value of the Property at the higher of: (a) the fair rental value as then encumbered by the Lease and improvements, or (b) the fair rental value unencumbered by the lease and improvements. "Worth" as used in this provision is computed by discounting the total amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the claim, judgment, or award plus one percent (1%).

E. Assignment of Sub-rents.

Lessee assigns to Lessor all sub-rents and other sums falling due from sublessees, licensees and concessionaires (herein called sublessees) during any period in which Lessor has the right under this Lease whether exercised or not to re-enter the Property for Lessee's default, and Lessee shall not have any right to such sums during that period. This assignment is subject and subordinate to any and all assignments of the same sub-rents and other sums made, before the default in question, to a mortgagee under any mortgage permitted by provisions of this Lease, relating to purchase or construction of improvements. Lessor may, at Lessor's election, re-enter the Property and improvements with or without process of law, without terminating this Lease, and either collect these sums or bring action for the recovery of the sums directly from such obligors, or both. Lessor shall receive and collect all sub-rents and avails from reletting, applying them as follows:

First: To the payment of reasonable expenses including attorney fees or broker commissions or both paid or incurred by or on behalf of Lessor in recovering possession, placing the Property and improvements in good condition, preparing the Property or improvements for re-renting and securing new Lessees;

Second: To the fulfillment of Lessee's covenants to the end of the term of this Lease and;

Third: The balance, if any, to Lessee. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses, less the avails of the sums assigned and actually collected under this provision. Lessor may proceed to collect either the assigned sums or Lessee's balances or both, or any installment or installments of them, either before or after expiration of the term, but the period of limitations shall not begin to run on Lessee's payments until the due date of the final installment to which Lessor is entitled, nor shall it begin to run on the payments of the assigned sums until the due date of the final installment due from the respective obligors.

F. Waiver of Default.

No waiver of any default shall constitute a waiver of any other breach of default, whether of the same or any other covenant or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise. The subsequent acceptance of rent pursuant to this Lease shall not constitute a waiver of any preceding default by Lessee other than default in the payment of the particular rental payment so accepted, regardless of Lessor's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension or renewal of the Lease or revocation of any notice or other act by Lessor.

G. Attorney's Fees.

If either party brings any action or proceeding to enforce, protect, or establish any right or remedy the prevailing party shall be entitled to recover reasonable attorneys' fees and costs and expenses of litigation.

X. General Conditions, Miscellaneous Provisions.

A. Notice.

All notices must be in writing. Notice is considered given either (a) when delivered in person to the recipient named below, or (b) on the date when said notice is deposited in the U.S. mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed by name and address to the party or person intended as follows:

If to Lessor, at

Eugene Duc
745 Renwick Road
Glendora, California 91740

and if to Lessee, at

Frank Woolsey
15052-A Springdale Street
Huntington Beach, California 92649

Each party may, by notice given at any time, or from time to time, require subsequent notice to be given to another individual person, whether a party or officer or representative, or to a different address or both, providing such other party is an individual. Notices given before actual receipt of notice change shall not be invalidated by the change.

B. Estoppel Certificates.

At any time and from time to time within thirty (30) days after notice of request by either party, the other party shall execute, acknowledge, and deliver to the requesting party or to such other recipients as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement. The statement shall also state the dates to which the rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, commercial banker and investment banker of either party and by any prospective purchaser or encumbrancer of the Property, or improvement, or both, or of all or any part or parts of Lessee's or Lessor's interest under this Lease. Lessee's failure to execute, acknowledge and deliver on request a certified statement described as above within the specified time shall constitute acknowledgement by Lessee to all persons entitled to rely on the statement that this Lease is unmodified and in full force and effect and that the rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice of request and shall constitute a waiver, with respect to all persons entitled to rely on the statement, of any defaults that may exist before the date of the notice.

C. Entire Agreement.

This Lease contains the entire agreement between the parties with respect to the Lease of the Property and supersedes any prior or contemporaneous agreement with respect thereto. No promise, representation, warranty or covenant not included in this Lease has been or is to be relied on by either party.

D. Successors.

Subject to the provisions of this Lease on assignment and subletting, each and all the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assignees and personal representatives of the respective parties.

XI. Expiration - Termination

A. Lessee's Duty to Surrender.

At the expiration or earlier termination of this Lease, Lessee shall surrender to Lessor the possession of the Property and the improvements thereon except for all removable personal property which may be removed and retained by Lessee. Lessee shall leave the surrendered Property and any other property in good and broom-clean condition except as provided to the contrary in provisions of this Lease on maintenance, repair and improvements. All properties that Lessee is not required to surrender but that Lessee does abandon shall, at Lessor's election, become Lessor's property at termination. If Lessee fails to surrender the Property at the expiration or termination of this Lease, Lessee shall defend and indemnify Lessor from all liability and expense resulting from the delay or failure to surrender, including without limitation, claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender.

B. Holding Over.

This Lease shall terminate without further notice at expiration of the term. Any holding over by Lessee after expiration shall not constitute a renewal or extension or give Lessee any right in or to the Property except as otherwise expressly provided in this Lease.

XII. Right of First Refusal to Purchase Fee

In the event Lessor decides, either during the term hereof or effective at the end of the term, to sell Lessor's fee title to the Property, Lessor shall give six (6) months notice ("Notice") in writing to Lessee to that effect. The Notice shall contain the terms of the sale and the name and address of the proposed purchaser. Lessee shall be entitled to purchase the Property on the terms contained in the Notice by giving written notice to that effect to Lessor within ninety (90) days after Lessee's receipt of the Notice. If Lessee fails to do so notify Lessor, Lessor may sell the Property to any person, provided that the terms of any such sale must be no less favorable to Lessor than the terms disclosed in the Notice.