

85-132741

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4/25/83

When Recorded Mail To:



\$129.00
.....

Kenneth Lee Jenny
3730-A South Bear Street
Santa Ana, CA 92704

Documentary Transfer Tax \$131.45
Computed on the consideration of Full Value of
property conveyed by:

Mail Statements To:
Addressee Above

The Undersigned Lessor

PAID
DOC TRANSFER TAX
LEE A. BRANCH
ORANGE CO RECORDER

Space Above for Recorder's Use

CONDOMINIUM LEASE

THIS CONDOMINIUM LEASE is made by and between GORE
DEVELOPMENT CORPORATION, a California corporation ("Seller"),
and KENNETH L. JENNY, a single man

("Purchaser") as of the date specified below.

By this instrument, Seller both sells and conveys
to Purchaser (i) an exclusive subleasehold interest in a Unit,
excepting therefrom the Unit Improvements; (ii) an undivided
subleasehold interest in the Project Property, (iii) an un-
divided ownership interest in the Project Improvements (subject
to the Project Improvements becoming the sole and absolute
property of the Master Landlord upon the expiration or
earlier termination of the Lease), and (iv) an exclusive
ownership interest in the Unit Improvements within the
Unit (subject to the rights of the Master Landlord in the
Unit Improvements upon the termination of the Lease), all
as more particularly described and subject to all of the
terms and conditions herein set forth.

Although this instrument serves the dual purpose
of conveying such subleasehold interests as well as an
ownership interest in the Project Improvements and the
Unit Improvements, for convenience of identification, this
instrument shall be referred to as the "Lease," Seller
shall be referred to as "Lessor" and the Purchaser of the
interests described herein shall be referred to as "Tenant."

"Effective Date of the Lease": The date upon which this
Condominium Lease is
recorded in the Official
Records of Orange County,
California.

"Unit Number": 107 of Lot 6
of Tract 11859 (as
described in Article A
and Article 1)

Recorded at the request of
FIRST AMER. TITLE INS. CO.

8:00 NOV 8 1985
A.M.

Official Records
Orange County, California

Lee A. Branch Recorder

The remainder of this Lease begins with ARTICLE A on Page 2 hereof. A Table of Contents for this Lease is attached hereto as Exhibit A. In addition to definitions of terms which are contained within the text of this instrument, certain are defined in Article E hereof.

ARTICLE A

TERMS PERTINENT TO UNIT NUMBER 107

Percentage Interest 3.583

Proportionate Share* .488

Project Lot 6 of Tract 11859 in the City of Santa Ana, County of Orange, State of California, as shown on a map recorded at Book 508, Pages 1 through 3, inclusive, in the Office of the County Recorder of said County

Annual Rental:

- (a) First Period (for all Lease Years through the Lease Year ending April 20, 1992) \$ 475.00
- (b) Second period (for the Lease Years commencing April 21, 1992 and ending April 20, 2002) \$ 900.00
- (c) Third Period (for the Lease Years commencing April 21, 2002 and ending April 20, 2012) \$ 1,300.00
- (d) Fourth Period (for the Lease Years commencing April 21, 2012 and ending April 20, 2022) \$ 1,865.00
- (e) Fifth Period (for the Lease Years commencing April 21, 2022 and ending April 20, 2032) \$ 2,685.00
- (f) Last Period (for the Lease Years commencing April 21, 2032 and ending April 20, 2037) \$ 3,866.00

* The indicated Proportionate Share is subject to change as described in the section entitled "Proportionate Share" of Article E hereof.

[Unit Type A]

ARTICLE B

INTRODUCTORY RECITALS

1. Master Lease. Lessor is the holder by mesne assignments of all or a portion of the Tenant's interest in the following lease which covers the real property described as all of Tract No. 11859 in the City of Santa Ana, California, as shown on a map recorded at Book 508, Pages 1 through 3, inclusive, of Miscellaneous Maps in the Office of the Recorder of Orange County, California:

That certain lease by and between Howard A. Bear ("Bear") as Landlord and Donald J. Scholz & Company ("Scholz") as the original Tenant, a Memorandum of which was recorded July 15, 1974 in Book 11196, Page 450, Official Records of Orange County ("Master Lease").

2. Development Property. The "Development Property" as used herein shall mean the real property subject to the Master Lease, excepting therefrom the Development Improvements (as hereinafter defined). The leasehold estate created by the Master Lease is referred to herein as the "Master Leasehold Estate". The holder(s) of the interest of the Landlord under the Master Lease are referred to herein collectively as the "Master Landlord".

3. Declaration of Covenants, Conditions and Restrictions. The Development Property and the Master Leasehold Estate are subject to a Declaration of Covenants, Conditions and Restrictions recorded August 23, 1983 as Instrument No. 83-368737, Official Records of Orange County, and any amendments thereto, and the covenants, conditions, restrictions, rights, reservations, benefits and burdens therein contained, each and all of which are hereby expressly incorporated herein by reference as though set out herein in full (herein, the "Declaration"). The Declaration is by this reference incorporated herein as though set forth in full hereat.

4. Project Property. One or more condominium plans containing diagrammatic floor plans of the residential structures presently situated, in the process of being constructed, or planned to be constructed upon the Development Property, setting forth each residential unit contained in such structures, and the relative location and dimensions of the same, have been or will be recorded in the Office of the Recorder of Orange County, California. Each portion of the Development Property for which a separate condominium plan is recorded is intended to be designated as a "Project" in the Declaration or a Supplementary Declaration. Such designated Projects are collectively referred to in this Lease as "projects," and individually as a "project". As used in this Lease, "project property" shall mean the portion of the Development Property within a project, excepting therefrom the Units within such project. As used in this Lease, "Project Property" shall mean the portion of the Development Property located within the Project designated in Article A, excepting therefrom the Units located in the Project.

5. Establishment of Condominiums.

(a) Development Improvements. "Development Improvements" shall mean all portions of the Development except for the land. The Development Improvements shall include generally condominium buildings, surface parking, garages, swimming pools and other recreational facilities, walkways, sidewalks, lakes and streams, foundations, private streets, utility and sewer facilities, curbs, gutters, fencing, walls, landscaping, and all portions of the Development not in a bare land state, together with any subsequent alterations or additions thereto.

(b) Project Improvements. As used in this Lease, "project improvements" shall mean all portions of the Development Improvements located within a project, except the Unit Improvements located within such project. "Project Improvements" as used in this Lease shall mean all portions of the Development Improvements located on the Project Property, except the Unit Improvements located therein.

(c) Condominium Plan. Diagrammatic floor plans of the residential structures presently situated, or in the process of being constructed, upon the Project Property, setting forth each residential unit contained in such structures, and the relative location and dimensions of the same, were recorded August 23, 1983 as Instrument No. 83-3687 43, Official Records of Orange County. Said diagrammatic floor plans are herein referred to as the "Condominium Plan" and are by this reference incorporated herein as if set forth in full hereat.

(d) The Condominiums. Pursuant to the Declaration and this Lease, leasehold interests in the Project Property and the air space within the Units are owned, held and operated as Condominiums; and title and ownership by Tenant and the other tenants within the Project in and to the Project Improvements and the Unit Improvements within the Units are also owned, held and operated as Condominiums pursuant to the Declaration and this Lease.

ARTICLE C

RESPONSIBILITY OF TENANT FOR COMMON OBLIGATIONS;
ASSUMPTION OF OBLIGATIONS BY LESSOR

1. Discharge of Obligations by Association;
Covenant of Tenant. Due to the fact that the Development is operated as condominiums, many of the obligations of Tenant under this Lease can only be or can best be discharged by the Association. Those obligations which are intended to be discharged for Tenant and the other Owners by the Association are all or a portion of those obligations created in the Articles of this Lease entitled: "Taxes and Assessments," "Utilities," "Compliance with Laws," "Use of Premises; Improvements," "Changes; Alterations; Additions; Demolition and Rebuilding; Development Improvements -- Ownership and

Removal," "Repairs & Maintenance," "Insurance," "Destruction or Damage," "Condemnation" and "Indemnity Liability Insurance." By their very nature, however, certain of the obligations specified in such Articles must be performed by Tenant instead of the Association, for example and without limitation, in the Article entitled "Utilities" Tenant and not Association must pay for utility services to the Unit which are separately metered to the Unit and in the Article entitled "Taxes and Assessments" Tenant must pay those impositions levied separately against Tenant's Condominium. Reference must be made to such specific Articles to determine which of the obligations there imposed must be performed by Tenant. Pursuant to the Declaration, the Association is required to perform all or a portion of the obligations in such Articles. Tenant covenants and agrees to use its best efforts to cause such obligations to be performed by the Association.

2. Tenant Not Relieved. Even though it is intended that a particular obligation be performed by the Association, in the event the Association fails to perform such obligation, Tenant shall not be relieved therefrom and a default under this Lease may be declared by Lessor pursuant to the Article hereof entitled "Defaults; Remedies." However, Tenant may cure such default as follows:

(a) Lessor Assumes Performance. If Lessor has elected to assume performance of the obligation or pay claims which have not been paid by Tenant or the Association as required under this Lease pursuant to the Paragraphs entitled "Assumption of Performance by Lessor" and "Lessor Paying Claims" of this Article, Tenant may cure such default by the payment to Lessor by Tenant as determined pursuant to such Paragraphs; or

(b) Lessor Does Not Assume Performance. If Lessor has not elected to assume performance of the obligation, Tenant may cure such default by using his best efforts to cause the Association to perform the obligation or cure the default and shall pay his Proportionate Share of all expenses with respect to such obligation within thirty (30) days after such Proportionate Share becomes due and payable by him.

3. Assumption of Performance by Lessor. In the event that the Association shall at any time during the Term hereof fail to properly perform such obligations, and if such failure shall continue for a period of thirty (30) days following written notice of such failure given by Lessor to the Association and Tenant, Lessor may, at its option, enter upon the Development Property and the Development Improvements, itself or through its agents or contractors, and assume the performance of all or a portion of such obligations which have not been properly performed.

4. Lessor Paying Claims. In addition to Lessor's right to assume the performance of obligations pursuant to the preceding Paragraph of this Article, if Tenant or the Association fails or refuses to pay any tax, assessment or other charge upon the Development Property,

the Leased Property, the Development Improvements, the Common Area, or any improvements thereon, when due and payable as provided in this Lease, or any lien or claim arising out of the construction, repair, restoration, maintenance and use of the Development Property, the Development Improvements, the Common Area and the structures and improvements thereon, or any other claim, charge or demand which Tenant has agreed to pay under the covenants of this Lease, and if after fifteen (15) days written notice from Lessor to Tenant and to the Association, to the extent the claim is intended by the Declaration to be paid by the Association, Tenant or Association shall fail or refuse to pay and discharge the same, the Lessor may, at its option, pay such tax, assessment, lien, claim, charge or demand, or settle or discharge any action therefor or judgment thereon. Tenant shall pay to Lessor, within thirty (30) days from notice thereof, Tenant's Proportionate Share of all such costs, expenses and other sums incurred or paid by Lessor, together with interest thereon at the rate of ten percent (10%) per annum from the date of Lessor's payment until repaid, and any default in such repayment shall constitute a breach of the covenants and conditions of this Lease. Nothing contained herein shall be construed to create an obligation or duty of Lessor to satisfy such tax, assessment, lien, claim, charge, demand or judgment.

5. Additional Rent From Tenant. If Lessor assumes the performance of obligations pursuant to the preceding paragraph, Tenant agrees to pay to Lessor, in addition to the rent required to be paid pursuant to the Article hereof entitled "Rent," Tenant's Proportionate Share of Lessor's costs of performing such obligations, including the fee of a management agent or a reasonable fee charged by Lessor for its services in performing or supervising the performance of such obligations. Tenant's Proportionate Share of said costs shall be paid by Tenant within thirty (30) days after written notice thereof to Tenant and the failure to make such payment shall constitute a default under this Lease. Tenant shall be obligated to pay such Proportionate Share of such costs to Lessor even though Tenant may have also paid or be obligated to pay to the Association an amount towards the performance of such obligations by Association, but in such event Tenant shall be entitled to reimbursement from the Association of such amount paid to the Association. Nothing contained in this Article C shall require the Tenant hereunder to pay any portion of another tenant's stated annual rental obligation to Lessor.

6. Collection Agent. Pursuant to the Section of the Declaration entitled "Collection Agent" of the Article entitled "Duties and Powers of the Association", the Association is required to employ a responsible corporate collection agent to collect all rents and other obligations due under this Lease and all other leases of Residences in the Development. Tenant hereby agrees to pay all rents and other sums due hereunder to such corporate collection agent as directed from time to time by Lessor. In the event the Association fails to employ such a corporate collection agent, Tenant shall use his best efforts to cause such an agent to be employed, and shall pay his proportionate share of such cost. The

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failure of the Association to employ a corporate collection agent shall not, however, relieve the Tenant of his obligation to pay all rents and other sums due hereunder.

ARTICLE D

ATTORNMEN TO MASTER LANDLORD

1. Consent and Non-Disturbance Agreement. The Master Landlord and Lessor have executed a "Landlord's Consent to Lease and Non-Disturbance Agreement" dated July 26, 1983 and recorded on August 24, 1983, as Instrument No. 83-371143, Official Records of Orange County (herein the "Consent and Non-Disturbance Agreement"). The Consent and Nondisturbance Agreement contains as Exhibit A thereto the form of Condominium Lease upon which this Lease is based. The Consent and Nondisturbance Agreement, excluding the exhibit thereto constituting the form of Condominium Lease upon which this Lease is based, is attached hereto as Exhibit B and made a part hereof. Pursuant to the Consent and Nondisturbance Agreement, among other things, the Master Landlord has agreed that (i) he consents to the making of this Lease and leases identical to this Lease (except for name of the Lessor, the Unit identification, project identification, date of the Lease, name of the Tenant and terms pertinent to the particular Unit number, inserted in Article A) for the other Condominiums in the Development; (ii) his interests in the Development Property are subject to this Lease, to leases identical to this Lease (except for name of the Lessor, the Unit identification, project identification, date of the Lease, name of the Tenant and terms pertinent to the particular Unit number, inserted in Article A) for the other Condominiums in the Development, to the ownership interests of Tenant and other Owners in the Development Improvements, and to the continuance of the Development as Condominiums throughout the Term of this Lease; and (iii) upon the termination of the Master Lease, Master Landlord will recognize the interests of Tenant under this Lease for the Term hereof so long as Tenant pays rent and otherwise complies with all the terms and conditions of this Lease.

2. Agreement to Attorn to Master Landlord. Upon notice from the Master Landlord that the Master Lease has been terminated, Lessor and Tenant agree with and for the benefit of Master Landlord that Tenant will thereupon recognize Master Landlord as the Lessor under this Lease and thereby continue this Lease in full force and effect as a direct lease with the Master Landlord and Tenant covenants and agrees to thereafter pay rent and otherwise perform under this Lease for the benefit of Master Landlord as if Master Landlord were the original Lessor under this Lease.

ARTICLE E

DEFINITIONS

Various terms used in this Lease have been previously defined on page 1 and in Articles A through D

hereof and may be defined elsewhere in this Lease. In addition to such defined terms, the following terms, as used in this Lease, whether prior or subsequent to this Article, shall have the definitions herein provided:

A. "Association" shall mean and refer to The South Coast Springs Homeowners Association, a nonprofit corporation, incorporated under the laws of the State of California, for the purpose of managing and administering the Development, and the successors and assigns of said nonprofit corporation.

B. "Bylaws" shall mean and refer to the Bylaws of the Association as the same may from time to time be duly amended.

C. "Collection Agent" shall mean the person or entity from time to time designated by Lessor as the party to which rent shall be paid and which shall initially be First American Title Insurance Company.

D. "Common Area" shall mean all portions of the Development except the Units and without limiting the generality of the foregoing, specifically including Restricted Common Area as defined in the Declaration, and all structural projections within a Unit which are required for the support of a Condominium Building, gas, water and waste pipes, all sewers, chimneys, ducts, chutes, conduits, wires and other utility installations wherever located (except the outlets located within the Units), the land upon which the structures are located, the air space above the structures, all bearing walls, columns, floors, the roof, the slab foundation, common stairways, and the like.

E. "Common Expenses" shall mean and refer to the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Area including unpaid Special Reconstruction and Capital Improvement Assessments as such assessments are defined in the Declaration; cost of management and administration of the Association, including but not limited to compensation paid by the Association to managers, accountants, attorneys and other employees; the cost of utilities, trash pickup and disposal, gardening and other services benefiting the Common Area; the cost of fire, casualty, liability, workmen's compensation and other insurance required or permitted to be maintained by the Association pursuant to the Article of the Declaration entitled "Insurance" covering the Common Area and certain Unit Improvements; reasonable reserves as appropriate; the cost of bonding the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Area or portions thereof; costs incurred by the Architectural Committee as such committee is defined in the Declaration; and the costs of any other item or items designated by or in accordance with other expenses incurred by the Association for any reason whatsoever in connection with the Common Area, the Declaration, the Articles of Incorporation or the Bylaws of the Association, or in furtherance of the purposes of the

Association. Common Expenses specifically do not include any expense which is covered by Water Assessments assessed by the Association pursuant to the Section entitled "Water Assessments" of the Article of the Declaration entitled "Covenant for Maintenance Assessments." The expense of water usage attributable to the Common Area is included in the Owners' Water Assessments rather than the Regular Assessments.

F. "Condominium" shall mean a percentage undivided leasehold interest in common with the other Owners within a project in the project property of that project, and an undivided ownership interest in common with the other Owners within such project in the project improvements located within that project (subject to all the project improvements becoming the sole and absolute property of the Master Landlord upon the expiration of the Master Lease), together with a separate leasehold interest in the portions of a Unit other than the Unit Improvements located therein, and a separate ownership interest in the Unit Improvements within the Unit (subject to the rights of the Master Landlord in the Unit Improvements upon the termination of the Master Lease), and all right, title and interest appurtenant to the Unit. Such percentage undivided interest in common of each Owner shall be equal to such Owner's "percentage interest" and shall not be changed except as provided in the Declaration in the Sections therein entitled "Amendment of Condominium Plan" and "Reallocation of Interests in Common Area" of the Article therein entitled "Destruction of Improvements" and the Sections therein entitled "Change of Condominium Interest" and "Reallocation of Interests in Common Area" of the Article therein entitled "Eminent Domain."

G. "Development" shall mean the Development Property and the Development Improvements owned, held and operated as leasehold Condominiums as provided in this Lease and in the Declaration.

H. "Exhibit" shall mean those documents so designated herein and attached hereto and each of such Exhibits is by this reference incorporated in this Lease.

I. "Lease Year" shall mean the period April 21 of a calendar year through April 20 of the next succeeding calendar year.

J. "Mortgagee" shall mean the mortgagee under a mortgage or beneficiary under a deed of trust encumbering a Condominium.

K. "Owner" shall mean one or more persons or entities who are alone or collectively the record Owner of a Condominium, or the vendee thereof under an installment land sales contract, but excluding those having such interest merely as security for the performance of an obligation.

L. "Percentage Interest" shall mean the Percentage Interest set forth in Article A hereof, which is the percentage interest for Tenant's

Condominium. The "percentage interest" of each Residence in the first phase of the Development is set forth in Exhibit C entitled "Percentage Interests Initial Covered Property" to the Declaration. Any Supplementary Declaration annexing additional Residences to the plan of the Declaration shall contain a similar exhibit setting forth the percentage interest of each annexed Residence.

The percentage interest of each Residence shall be set forth in Article A of the individual condominium lease covering such Residence, and shall be approximately equal to, but due to rounding may differ slightly from, the ratio obtained by dividing the approximate square footage of a typical Residence of that Unit type (as set forth in Exhibit C to the Declaration) by the aggregate approximate square footage of all Residences (based upon the approximate square footage set forth in Exhibit C to the Declaration for typical Residences of each Unit type) in the project in which such Residence is located.

M. "Premises" shall mean a Condominium.

N. "Project" shall mean the project designated in Article A.

O. "Proportionate Share" shall initially mean the "Proportionate Share" set forth in Article A, which is the initial proportionate share for Tenant's Condominium, but is subject to change as hereinafter described. The initial proportionate share of each Residence in the first phase of the Development is set forth in Exhibit D entitled "Initial Proportionate Shares Initial Covered Property" to the Declaration. The "proportionate share" of each Residence is approximately equal to, but due to rounding may differ slightly from, the ratio obtained by dividing the approximate square footage of a typical Residence of that Unit type (as set forth in Exhibit C to the Declaration) by the aggregate approximate square footage of all Residences in the Development (based upon the approximate square footage set forth in Exhibit C to the Declaration for typical Residences of each Unit type).

The initial proportionate share of each Residence, set forth in Article A of the individual condominium lease covering such Residence, will necessarily change upon the annexation of additional Residences to the plan of the Declaration to reflect the change in aggregate square footage. Any Supplementary Declaration annexing additional Residences will contain an exhibit setting forth the revised proportionate share of each Residence in previous phases of the Development, as well as the initial proportionate share for each of the newly annexed Residences. As soon as practicable after the annexation of additional Residences, the Board of Directors of the Association will, pursuant to the Declaration, notify all Owners of Residences in previous phases of the Development of their revised proportionate shares, and the anticipated date upon which such revised proportionate shares will be effective for the purposes of calculating Assessments.

P. "Taking" as used in the Article of this Lease entitled "Condemnation" shall mean condemnation by

eminent domain, or by sale under threat thereof, of all or part of the Development.

Q. "Unit" shall mean the elements of a Condominium not held in common with the Owners of other Condominiums in a project and shall consist of a residential element together with a patio or deck element and a laundry element, including without limitation Unit Improvements (as hereinafter defined) located therein. Each Unit shall be identified on the Condominium Plan with a separate number. The residential element of the Unit shall be identified on the Condominium Plan by the Unit number only. The patio or deck elements shall be identified by the Unit number together with the designations "P," or "d" as applicable. The laundry element shall be identified by the Unit number and the letter "L".

R. "Unit Improvements" shall mean fixtures located within a Unit and intended to become a permanent part of the Unit. "Originally Installed Unit Improvements" shall mean all Unit Improvements installed prior to the original conveyance of the Unit to an individual tenant pursuant to a Condominium Lease as described in the Article hereof entitled "Attornment to Master Landlord," together with replacements therefor. "Additional Unit Improvements" shall mean all Unit Improvements other than "Originally Installed Unit Improvements."

ARTICLE 1

LEASED PROPERTY AND INTEREST IN IMPROVEMENTS

For and in consideration of the payment of the rents and taxes and other charges, and the performance of all of the covenants and conditions of this Lease by Tenant, Lessor hereby:

1. Leased Property. Leases to Tenant, and Tenant hereby rents and accepts from Lessor all of the following described property in the City of Santa Ana, County of Orange, State of California:

Parcel No. 1: An exclusive interest in the Unit identified by number in Article A hereof, including all elements thereof, as shown and described in the Condominium Plan identified in Article B hereof and the Declaration identified in Article B hereof, EXCEPTING THEREFROM, all Unit Improvements as defined in Article E hereof; and

Parcel No. 2: An undivided percentage interest equal to the Percentage Interest set forth in Article A hereof in the Project Property as defined in Article B hereof of the lot of Tract 11859 identified as the Project in Article A hereof; EXCEPTING THEREFROM, the undivided interests in the Project Property appertaining to all other Condominiums in said Project; and FURTHER EXCEPTING THEREFROM all Units including without limitation Unit Improvements in said Project; and

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Parcel No. 3: Easements which are particularly set forth in the Article entitled "Easements" of the Declaration under the Section headings in such Article entitled "Support, Settlement and Encroachment" and "Certain Easements for Owners."

2. **Improvements.** Conveys to Tenant, and Tenant hereby accepts from Lessor, the following described property in the City of Santa Ana, County of Orange, State of California:

Parcel No. 1: An undivided percentage interest equal to the Percentage Interest set forth in Article A hereof in the Project Improvements as defined in Article B hereof of the Lot of Tract 11859 identified as the Project in Article A hereof, EXCEPTING THEREFROM, the undivided interests in the Project Improvements appertaining to all other Condominiums in said Project; and FURTHER EXCEPTING THEREFROM all Units including without limitation Unit Improvements in said Project; and

Parcel No. 2: An exclusive interest in the Unit Improvements as defined in Article E hereof of the Unit identified in Article A hereof.

3. **Reservations.** AND RESERVING UNTO LESSOR, its successors and assigns, from the leased property and the interest in Project Improvements and Unit Improvements described in Paragraphs 1 and 2 of this Article, easements, along with the right to grant and convey said easements, in, under, across and along the Project Property or improvements thereon, or any part thereof, for the purposes of access, ingress, egress, encroachment, drainage, support, installation, repair, maintenance, reconstruction and operation of facilities for the transmission of gas, electricity, water, telephone, sewers, storm drains, other utilities and public services including all facilities for a Community Antenna Television System, to and within the Project and for other purposes, all such easements are reserved in and more fully described in that Article of the Declaration entitled "Easements." Lessor does not lease, but as between Lessor and Tenant specifically reserves to itself and its successors in interest and assigns for the benefit of the Master Landlord all of the oil, gas, hydrocarbons, minerals and mineral rights in and under the Development Property, with the right to explore therefor, sell, lease and remove the same, but without right of entry therefor upon the surface, or within the upper five hundred (500) feet of the subsurface of the Premises measured vertically downward from the natural surface.

4. THE LEASEHOLD CONVEYANCE, CONVEYANCE OF INTEREST IN PROJECT IMPROVEMENTS AND UNIT IMPROVEMENTS AND RESERVATIONS HEREINABOVE DESCRIBED IN THIS ARTICLE SHALL BE SUBJECT TO:

- (1) Current taxes and assessments;
- (2) The Condominium Plan;
- (3) The Declaration; and

(4) All other covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record and apparent.

ARTICLE 2

TERM

The term of this Lease shall be for a period commencing on the Effective Date of the Lease and ending on the 20th day of April, 2037, subject to earlier termination as hereinafter provided.

ARTICLE 3

RENT

Tenant agrees to pay to Lessor in advance as rental for the portion of the Unit other than Unit Improvements and the undivided interest in the Project Property as follows:

A. Payment in Advance. All rent payments, except for the First Rent Payment and the Second Rent Payment, shall be made in advance on or before April 21 of each calendar year to the Collection Agent for the benefit of Lessor for the Lease Year which ends one (1) year following the date when payment is due. The First Rent Payment, more particularly described below, shall include a payment of the applicable Annual Rental for the first twelve (12) months of the term of this Lease;

B. First Payment. On or before the Effective Date of the Lease, the rental for the first twelve (12) months of the term of the Lease;

C. Second Rent Payment. On or before the first anniversary of the Effective Date of the Lease, the rental for the remainder of the Lease Year immediately following the Lease Year in which the Effective Date of the Lease occurs (the "Second Lease Year");

D. Subsequent Rent Payments. All subsequent rent payments shall be due and payable on or before April 21 of the calendar year in the amount of the Annual Rental then applicable as set forth in Article A;

E. Rental Adjustment. The Annual Rental shall be adjusted at such times and in such manner as particularly described in Article A; and

F. Lease to be Net. It is the intent of the parties that the rent provided in this Lease shall be absolutely net. Nothing contained herein, however, shall be construed to require Tenant to pay any interest or principal payments on or expenses in connection with any mortgage or other encumbrance caused or allowed by Lessor or the Master Landlord to be placed on the Development Property or Master Leasehold Estate or any part thereof. All such encumbrances shall at all times be subordinate to the interests of Tenant under this Lease.

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ARTICLE 4

TAXES AND ASSESSMENTS

1. Tenant's General Obligation. Tenant shall pay directly to the appropriate authority as additional rent, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all real estate and personal property taxes, assessments, water rates and charges, and other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including but not limited to assessments for public improvements or benefits, which shall be laid, assessed, levied, or imposed upon Tenant's Condominium or any part thereof including, without limitation, the Common Area, or appurtenances thereto, or equipment or personal property thereon or therein, belonging to Tenant, during the term of this Lease (all of which taxes, assessments, water rates or charges, levies and other governmental charges, whether levied against Tenant's Condominium, the Development Property, the Master Leasehold Estate or the Development Improvements, are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same respectively become due and payable before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest; and provided, further, that any Impositions relating to a fiscal period of the taxing authority, a part of which period is included within the Term, and a part of which period is before or after the Term, shall be adjusted as between Lessor and Tenant as of the commencement of the Lease Term or the termination of the Term, as the case may be, so that Lessor shall pay that portion of such Impositions which that part of such fiscal period included in the period of time before or after the Term, bears to such fiscal period, and Tenant shall pay the remainder thereof. With respect to any Imposition for public improvements or benefits which by law is payable, or at the option of the taxpayer may be paid, in installments, Lessor shall pay the installments thereof which become due and payable subsequent to the termination of the Term, and Tenant shall pay those installments which become due and payable during the Term. Notwithstanding the foregoing, if any person holding, guaranteeing or insuring a First Mortgage on Tenant's Condominium requires that payments for Impositions be collected from Tenant for deposit into an impound account, Tenant may make such payments as directed by such mortgagee, guarantor or insurer instead of paying such Impositions directly to the authority levying the Impositions. Any increase in the property tax obligations hereunder due to a transfer of any Condominium Interest shall be paid by the holder of such interest. Any increase in the property tax obligation of the Development Property or any portion thereof due to a transfer of the Master Landlord's interest therein shall be an obligation of all Tenants, and each Tenant shall be responsible for his share thereof, which share shall be

that determined by the Orange County Tax Assessor or such other person or entity responsible for levying such property taxes, provided, however, that Tenant shall be responsible for his Proportionate Share of any portion of such property tax which is not assessed directly to any Owner in the Development.

2. Exclusions. Nothing in this Lease shall be construed to require Tenant to pay any inheritance, estate, succession, transfer, gift, franchise, excise, income or profit tax, that is or may be imposed upon Lessor or the Master Landlord, their successors and assigns, unless and to the extent such taxes shall be levied instead of and in lieu of all or any part of real estate taxes upon the Tenant's Condominium, the Development Property, the Master Leasehold Estate or the Development Improvements, or any part thereof, or as an excise tax or any other levy upon the rent reserved herein.

3. Proof of Payment. Tenant shall furnish to Lessor, prior to the date upon which any such Imposition would become delinquent if not paid, official receipts of the appropriate taxing authority, or other proof satisfactory to Lessor, evidencing the payment thereof.

4. Right to Contest. Tenant or Association shall have the right to contest the amount or validity of any Imposition by appropriate proceedings but this shall not be deemed or construed in any way as relieving, modifying or extending Tenant's covenant to pay any such Imposition at the time and in the manner as in this Article 4 provided, unless such proceeding shall operate to prevent the sale of the Development Property or the Master Leasehold Estate or any part thereof or the foreclosure of any lien thereon to satisfy such Imposition prior to the final determination of such proceedings, and Tenant or Association shall have posted a bond indemnifying Lessor and Master Landlord from loss or liability in an amount sufficient to cover the amount of the Imposition claimed to be due, plus any interest and penalties in connection therewith, and all charges that may or might be assessed against or become a charge on the Development Property or the Master Leasehold Estate or any part thereof in such proceedings. Upon the termination of such proceedings, Tenant shall cause the removal and discharge of such Impositions, if any, then payable and the interest and penalties in connection therewith, the charges accruing in such proceedings, and the expenses of clearing Lessor's and the Master Landlord's title with respect to such Impositions.

5. Lessor to Join Proceedings. Lessor shall be required to join in any such proceedings, unless it shall not be necessary for it to do so in order to properly prosecute such proceedings, provided, however, that Lessor shall have been fully indemnified as provided above and that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceedings brought by Tenant, and Tenant covenants to indemnify and save Lessor and Master Landlord harmless from any such costs or expenses, including attorneys' fees.

6. Separate Assessment. Tenant and Lessor shall cooperate in taking any action, including execution of documents, necessary to cause all Impositions with respect to the Development Property, the Master Leasehold Estate and the Development Improvements to be separately assessed and billed directly to the individual Owners within the Development.

7. Tenant's Obligation for Common Assessments. It is intended hereby that all Impositions are to be paid by the Owners and that the interests of Lessor and the Master Landlord shall be entirely free of such Impositions. Tenant's share of such Impositions shall be that determined by the Orange County Tax Assessor or such other person or entity responsible for levying such Impositions, provided, however, that Tenant shall be responsible for his Proportionate Share of any Impositions not assessed and billed directly to any Owner within the Development. The fact that all or any portion of any Impositions may not be separately assessed to Tenant and other Owners, but combined with the interest therein of other Owners in the Development, or that the Board of Directors of the Association may elect to assess each Owner for his proportionate share of taxes or assessments not assessed and billed directly to any Owner, and pay such taxes and assessments for and on behalf of Tenant hereunder, shall not relieve or discharge Tenant from his duty and obligation to pay his Proportionate Share of such taxes and assessments not assessed and billed directly to any Owner as provided herein in the event that the timely payment is not made by the Association.

ARTICLE 5

UTILITIES

Lessor shall not be obligated to any extent for gas, water, electricity, light, heat or power, trash collection, telephone or other communication service, or other utilities used, rendered or supplied upon or in connection with the Development through the Term of this Lease. Tenant shall pay all charges for utility services supplied to his Unit. It is intended hereby that all charges for utility services to the Units or the Development are to be paid by the Owners and that the interests of Lessor and the Master Landlord shall be entirely free of such charges. The fact that all or any portion of any such charges may not be separately billed to Tenant and other Owners or that the Board of Directors of the Association may elect to assess each Owner for his Proportionate Share of such charges shall not relieve or discharge Tenant from his duty and obligation to pay his Proportionate Share of such charges as provided herein in the event that the timely payment thereof is not made by the Association.

ARTICLE 6

COMPLIANCE WITH LAWS

1. Tenant's Obligation. Tenant shall, throughout the term of this Lease, without cost to Lessor, promptly comply with all laws and ordinances, and the orders, rules, regulations and requirements of all Federal, State and Municipal governments and appropriate departments, commissions, boards and officers thereof, foreseen or unforeseen, ordinary as well as extraordinary, and whether or not the same require structural repairs or alterations, which may be applicable to Tenant's Condominium or the Development, or the use or manner of use of Tenant's Condominium or the Development.

2. Right to Contest. Tenant or the Association shall have the right, after prior written notice to Lessor, to contest by appropriate legal proceedings, without cost or expense to Lessor or the Master Landlord, the validity of any law, ordinance, order, rule, regulation or requirement of the nature referred to in this Paragraph 2 and if, upon posting bond or obtaining an injunction or other order or writ, compliance with any law, ordinance, order, rule, regulation or requirement may legally be held in abeyance without subjecting Tenant, Lessor, or the Master Landlord to any liability for failure so to comply therewith and Tenant or the Association posts such bond or obtains such injunction, order or writ, Tenant or the Association may postpone compliance therewith until the final determination of such proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch. Lessor shall be required to join in any proceedings, unless it shall not be necessary for him to do so in order to properly prosecute such proceedings, provided, however, that Lessor and Master Landlord shall have been indemnified as provided above, and that Lessor and Master Landlord shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings brought by Tenant, and Tenant covenants to indemnify and save harmless Lessor and Master Landlord from any such liabilities, costs or expenses, including attorneys' fees. In the event that any such contest is finally determined adversely to Tenant or the Association, Tenant shall immediately comply with any such law, ordinance, order, rule, regulation or requirement. Except as specifically provided herein, Lessor and Master Landlord shall have no duty to act or obligation with respect to such law, ordinance, order, rule, regulation or requirement.

3. Lessor to Cooperate. Lessor will cooperate with and assist Tenant in obtaining any permit, license, variance, waiver, easement, right, right of way, grant or similar thing necessary to carry out the purposes of this Lease, but Lessor shall not be obligated to incur any expense in so doing.

ARTICLE 7

USE OF PREMISES; IMPROVEMENTS

1. Use. Tenant shall use the Condominium solely for private single-family residential purposes, and Tenant shall not use or permit any person to use the Condominium or the Development or any portion thereof, so as to disturb or interfere with the quiet enjoyment of the Development or Common Area or with occupants of adjoining property, or to constitute a nuisance, or to violate any law, ordinance or regulation from time to time applicable thereto. The use of the Condominium and Common Area is further restricted by all of the terms, covenants, conditions, restrictions and easements set forth in the Declaration.

2. No Construction Without Permits. No construction shall be undertaken upon the Development by Tenant or the Association until all required approvals, permits and licenses of all governmental authorities having jurisdiction have been procured and paid for. Lessor shall join in the applications for such permits and licenses wherever such action is necessary (but at no expense to Lessor).

3. Bond Required. There shall be furnished to Lessor evidence of a performance bond with a surety company authorized to do business in the State of California, in form reasonably satisfactory to Lessor, guaranteeing the performance by the general contractor of such construction according to the plans and specifications therefor, free and clear of all mechanics' liens, materialmen's liens or liens of similar nature.

4. Liens and Claims. There shall be paid before delinquency all costs for work, labor, services and materials, and for the procurement of any necessary permits or licenses, in connection with any construction upon the Development, whether undertaken by Tenant or the Association, and there shall not be suffered or permitted any mechanics' liens to be filed against the Development Property, the Master Leasehold Estate, or the Development or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or the Association or anyone holding the Condominium or any part thereof through or under Tenant. If any such mechanic's lien shall at any time be filed, Tenant or Association shall cause the same to be discharged of record ("discharge" as used herein to include furnishing Lessor and Master Landlord written certification from First American Title Insurance Company that the lien has been eliminated as a matter affecting title) within thirty (30) days after the date of filing the same, unless Tenant or Association shall in good faith determine that said lien should be contested, in which case Tenant or Association shall have no obligation to discharge such lien so long as Tenant shall furnish a surety bond or other security as prescribed by law which operates to protect the Development Property, the Master Leasehold Estate, Lessor and the Master Landlord against such lien and shall in good faith diligently prosecute such contest. If Tenant or Association shall fail to

discharge any lien or claim. Lessor may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court or by giving security or in such other manner as is or may be prescribed by law. Any amount paid by Lessor for any of the aforesaid purposes, and all reasonable legal and other expenses of Lessor, including reasonable attorneys' fees, in or about procuring the discharge of such lien, with all necessary disbursements in connection therewith, with interest thereon at the rate of ten percent (10%) per annum from the date of payment, shall be repaid by Tenant to Lessor, as additional rent, upon demand. Nothing contained herein shall imply any consent or agreement on the part of Lessor to subject Lessor's estate to liability under any mechanic's lien law. Lessor or the Master Landlord shall be entitled to post a notice of nonresponsibility on the Development or the Common Area at any time.

ARTICLE 8

CHANGES; ALTERATIONS; ADDITIONS;
DEMOLITION AND REBUILDING; DEVELOPMENT
IMPROVEMENTS--OWNERSHIP AND REMOVAL

1. General Obligations. Changes, alterations, additions, demolition and rebuilding made by Tenant or Association during the term hereof shall be done with reasonable diligence in a good and workmanlike manner, of a quality at least equal to the initial construction, in compliance with all applicable laws and regulations of all governmental authorities having jurisdiction, and shall be of such a character as not to reduce or otherwise adversely affect the value of the Development Property or the Master Leasehold Estate. If such work costs in excess of Fifty Thousand Dollars (\$50,000) or, regardless of cost, materially affects the exterior appearance of the Development, it shall be undertaken only with the prior written consent of Lessor and the Master Landlord, which consent shall not be unreasonably withheld.

2. Standards for Work. Any work undertaken pursuant to this Article shall be consistent in style and quality with the original Development Improvements and with the General Development Standards attached hereto as Exhibit D, which are approved by Lessor and which have been previously approved by the Master Landlord, and such changes in the General Development Standards as may be subsequently approved in writing by Lessor and the Master Landlord, or which may be required by the City of Santa Ana as a condition to doing the work. All such work, including any offsite efforts required in connection with such work shall be accomplished at no expense to Lessor or the Master Landlord.

3. No Liens or Claims. The cost of any change, alteration, addition or demolition and rebuilding shall be paid or discharged so that the Development Property and the Master Leasehold Estate shall at all times be free of liens resulting therefrom, and the provisions of Paragraph 4 of Article 7 shall apply to all changes, alterations, additions, demolition and rebuilding without regard to the cost thereof.

4. Development Improvements - Ownership, Removal and Repurchase. All improvements, other than Unit Improvements, which may be constructed or made upon the portion of the Development Property within a project, including without limitation, the project improvements within that project, shall be the property of the Owners within that project, each as to his percentage interest, and legal title thereto is vested in and held by such Owners during the Term hereof, but may be demolished, changed or altered only in accordance with the provisions of this Article. Tenant acknowledges that fee title to the Development Property is vested in and held by the Master Landlord, subject to the leasehold interest in the Development Property held by Lessor. The Master Lease provides that improvements to the Development Property will become part of the Development Property upon expiration of the Master Lease, entitling Master Landlord to the ownership thereof. Lessor agrees to repurchase the Unit conveyed hereby, including, subject to the provisions of the Section of this Article entitled "Unit Improvements", Unit Improvements located within the Unit, from Tenant or Tenant's successor owning the Unit at the expiration of the Term hereof. The repurchase price shall be Tenant's Proportionate Share of the amount then accumulated in the trust account at a national bank, savings and loan association or other financial institution established by Lessor upon the conveyance of the first Condominium within the Development by the deposit in such account by Lessor of not less than FIFTEEN THOUSAND DOLLARS (\$15,000.00). Such institution shall administer the trust estate on such terms and conditions as it may deem advisable, provided, however, that permissible investments shall be limited to any combination of United States government obligations, money market funds investing solely in U.S. government obligations, and savings accounts and/or certificates of deposit issued by banks or savings and loan institutions. Nothing contained in this Section 4 shall modify either directly or by implication any provision of the Master Lease.

5. Unit Improvements. Unit Improvements shall be the separate property of the Owner of the Unit within which such Unit Improvements are located, and legal title thereto is vested in and held by such Owners during the term hereof, but may be changed or altered only in accordance with the provisions of this Section. Tenant may remove Originally Installed Unit Improvements at any time, provided Tenant replaces such Originally Installed Unit Improvements with Unit Improvements of equivalent or higher value and quality. Subject to limitations in the event of termination of this Lease due to an uncured default of Tenant, which are set forth in the Section entitled "Surrender of Possession and Rights of Tenant" of the Article hereof entitled "End of Term; Holding Over," Tenant may add or remove Additional Unit Improvements at any time, provided all damage to the Project Improvements resulting therefrom is repaired at no expense to Lessor or Master Landlord. Replacements for Originally Installed Unit Improvements, and all Additional Unit Improvements, shall be installed at no expense to Lessor or Master Landlord. Upon expiration of the Master Lease, all Unit Improvements, except Additional Unit Improvements removed

in accordance with this Section, will become part of the Development Property, entitling Master Landlord to the ownership thereof.

ARTICLE 9

REPAIRS AND MAINTENANCE

1. Tenant's General Obligations. Tenant shall throughout the Term of this Lease, without cost to Lessor, take good care of the Condominium and the Development and all improvements thereto, including furnishings and other personal property of Tenant, and the landscaping and sidewalks thereon and the recreation areas, parking areas, fences and vaults within the Development, if any, and keep the same in first class order and condition, and neat and clean, and shall promptly, at Tenant's own cost and expense, make any necessary repairs, interior and exterior, structural and non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen. Tenant shall not commit, permit or suffer waste to the Condominium or the Development. When used in this Article 9, the term "repairs" shall include replacements or renewals when necessary, and all such repairs made by Tenant shall be at least equal in quality to the original work. Without limiting the generality of the foregoing, Tenant will, at all times, maintain the Condominium and the Development, the landscaping thereto, and the exterior of the improvements thereon so that the appearance of the improvements will be consistent with that of a first class operation.

2. Compliance With Declaration. Without limiting the generality of the foregoing, Tenant shall, at all times, fully comply with and abide by the terms, covenants, restrictions, provisions and conditions of the Declaration and any amendments thereof, and any Bylaws, rules, regulations, agreements, decisions and determinations duly made by the Board of Directors of the Association established pursuant to the Declaration, respecting the maintenance, use and occupation of the Condominium and the Development and the payment of all assessments and charges of every type levied by the Board of Directors in connection therewith.

3. Lessor and Master Landlord Not Obligated to Repair or Maintain. Title and ownership to the Development Improvements and all other improvements upon the Development Property is held by the Owners and neither Lessor nor the Master Landlord shall be obligated to maintain or make any repairs, alterations, additions or improvements in, to, upon, or adjoining the Development Improvements or other improvements.

ARTICLE 10

INSURANCE (FIRE AND CASUALTY)

1. Insurance Requirement. At all times during the term hereof, the Development Improvements (except those Unit Improvements not required to be insured by the

Association pursuant to the Article of the Declaration entitled "Insurance") shall be kept insured for the benefit of Lessor, the Master Landlord, Tenant and the other Owners and all Mortgagees as their interests may appear, against loss or damage by fire or by any casualty insured against under the standard form of extended coverage endorsement now in use in the State of California or under such other insurance as may be required by any Mortgagee. All such insurance shall be in amounts not less than one hundred percent (100%) of the full replacement value of the Development Improvements (except those Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance"), which need not exceed the cost of reproducing such Development Improvements at the time of any determination thereof by the insurer. Within thirty (30) days after the commencement of the Term and thereafter at least ten (10) days prior to the expiration of any existing policy, there shall be furnished to Lessor duplicate copies of policies showing that such insurance is currently in force certified by the insurance company or by its duly authorized agent. All such policies shall contain a provision that the same shall not be cancelled or terminated except upon at least thirty (30) days written notice to Lessor and the Master Landlord.

2. Lessor May Obtain. If Tenant fails to insure or keep insured any improvements upon the Premises in the manner provided in this Article, Lessor may, but shall not be required to do so, obtain and pay for such insurance or a portion thereof (in Lessor's sole judgment). Tenant's Proportionate Share of the cost to Lessor of obtaining such insurance shall be repaid by Tenant to Lessor within ten (10) days thereafter, as additional rent, with interest thereon at the rate of ten percent (10%) per annum from the date of payment by Lessor to the date of such repayment by Tenant.

3. Other Insurance. The insurance required by the first Paragraph of this Article and in the Article hereof entitled "Indemnity; Liability Insurance" shall be the minimum requirement for such insurance. In addition, there shall at all times during the Term be maintained the type and limits of insurance required by the Article of the Declaration entitled "Insurance."

ARTICLE 11

DESTRUCTION OR DAMAGE

1. General Obligation to Rebuild. In the event any Development Improvements (except Unit Improvements) shall, during the Term of this Lease, be damaged or destroyed in whole or in part by any cause, Tenant or Association shall give Lessor prompt written notice thereof. Tenant or Association shall not be obligated to notify Lessor of damage to or destruction of Unit Improvements, unless such damage or destruction occurs in conjunction with damage to or destruction of other Development Improvements. Tenant or Association, without cost to Lessor, and pursuant to the Article of the Declaration entitled "Destruction of Improvements," shall

repair, replace and rebuild any damaged or destroyed Development Improvements, except those Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance," at least to the extent of the value of such improvements existing immediately prior to such occurrence. At least thirty (30) days before the commencement of repairs to, or rebuilding of, Development Improvements other than Unit Improvements, Tenant or the Association shall notify Lessor in writing of the intention to commence the same. Lessor shall have such rights with respect to repair, replacement or rebuilding of Development Improvements as are granted Lessor by the Article hereof entitled "Changes, Alterations, Additions, Demolition and Rebuilding; Development Improvements--Ownership and Removal" with respect to changes, alterations, additions, demolition and rebuilding. In the event of damage or destruction of Additional Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance," Tenant shall, at no expense to Lessor or Master Landlord, either (i) repair or replace the damaged or destroyed Additional Unit Improvements, or (ii) if Tenant elects not to repair or replace the damaged or destroyed Additional Unit Improvements, restore the Unit to its condition prior to installation of the Additional Unit Improvements .

2. Diligent Repair. Such work of repair, replacement or rebuilding shall be commenced within a reasonable time after the occurrence of the event causing such damage or destruction and the adjustment of insurance claims, but in no event later than twelve (12) months after such occurrence even though insurance claims may not have been then settled, and shall thereafter be diligently prosecuted to completion.

3. Insurance Proceeds. All insurance proceeds recovered on account of damage or destruction affecting Development Improvements other than Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance", less the cost, if any, of such recovery, shall be applied to the payment of the cost of repairing, replacing and rebuilding, shall be held by the Trustee as defined in the Declaration and shall be paid out from time to time to Tenant or Association as such work progresses upon the written request of Tenant or Association supported by the certificate of the architect or engineer in charge of such work stating that the sum requested is justly due to those persons rendering services or furnishing materials in connection with such work or is justly required to reimburse Tenant or Association for expenditures made by Tenant or Association in connection with such work. If the insurance moneys shall be insufficient to pay the entire cost of such work, Tenant or Association shall pay the deficiency. Upon the completion of the work and payment in full therefor by Tenant or Association, any insurance moneys then remaining shall be turned over to Tenant or Association. Notwithstanding any other provision of this Lease, in the event of the termination of this Lease following an uncured breach hereof by Tenant, all insurance proceeds then on hand shall be paid over to Lessor and any Mortgagee or Master Landlord as

their interests may appear, and Tenant shall have no interest therein or claim thereto.

4. Option to Terminate Lease during Last Fifteen Years. Notwithstanding anything to the contrary contained in this Lease, if, at any time during the Term of this Lease the Development Improvements, or any part thereof (except those Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance"), shall be damaged or destroyed by any casualty which is not fully covered by the extended coverage insurance policy required by Article 10, or if during the last fifteen (15) years of the term hereof any of the Development Improvements (except those Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance") shall be damaged or destroyed by fire or other casualty and provided in either event that such damage prevents or substantially impairs the use of the Units permitted by this Lease for one-third (1/3) or more of the Units within the Development, there shall be an option to be exercised by the Association at a meeting called pursuant to the Article of the Declaration entitled "Destruction of Improvements," (a) to repair or restore said improvements as provided above, or (b) subject to the prior written consent of the Mortgagees as provided in the Declaration, to terminate this Lease by written notice to Lessor, which option to terminate shall be conditioned as follows:

(1) Tenant or Association shall, at its expense, within one hundred eighty (180) days after the damage occurs, tear down and remove all parts of the damaged or destroyed improvements and the debris resulting from such fire or other casualty and clean up and restore the Development Property as far as practical to its original condition except that Tenant shall not be required to remove utilities, roadways, sidewalks or similar installations or portions of the Development Improvements not damaged, free and clear of monetary liens; and

(2) within ten (10) days after the completion of said clean-up and restoration, Tenant shall surrender to Lessor possession of the Development Property, and shall pay to Lessor any rent accruing to the date of such surrender and Tenant's allocable share, determined pursuant to this Lease and the Declaration, of all unpaid taxes and assessments that then shall have been a lien upon the Development Property, the Master Leasehold Estate, the Development or Tenant's Condominium and thereupon this Lease shall terminate.

The insurance proceeds collected and paid for such damage, to the extent available for said purpose, shall be applied to the cost of such cleanup and restoration, and the unexpended balance thereof, if any, shall be retained, until the statutory period for filing liens after the completion of said work of clean-up and restoration has expired and no liens have been filed or remain unsatisfied, whereupon Lessor shall release to the Mortgagees, as their interests may appear, such portion of

the unexpended insurance proceeds necessary to satisfy the unpaid balance of any outstanding encumbrances held by such Mortgagees. The then remaining unexpended portion of the insurance proceeds shall be paid to Master Landlord.

5. Option Not to Rebuild During Last Fifteen Years. Notwithstanding anything to the contrary contained in this Lease, if during the last fifteen (15) years of the term hereof any portion of the Development Improvements (other than Unit Improvements not required to be insured by the Association pursuant to the Article of the Declaration entitled "Insurance") shall be damaged by fire or other casualty and such damage does not prevent or substantially impair the use of the Units permitted by this Lease for one-third (1/3) or more of the Units within the Development and if the cost of repairing or restoring the same shall exceed the insurance proceeds available for such damage, then there shall be the option, to be exercised by the Association at a meeting called pursuant to the Article of the Declaration entitled "Destruction of Improvements," (a) to restore or repair the portion of the Development Improvements which have been damaged as provided in Paragraphs 1 and 2 of this Article, or (b) subject to the prior written consent of the Mortgagees, to not repair or restore said damaged portions, provided that Tenant or Association shall, at its expense, within ninety (90) days after the damage occurs, tear down and remove all parts of the damaged portion remaining and the debris resulting from such fire or other casualty, and otherwise clean up and restore the portion of the Development occupied by such damaged portions so far as practical to its original condition, free of liens. The Association shall continue to pay to Lessor rent without abatement or reduction and all other obligations of Tenant with respect to said portion of the Development. Any insurance proceeds collected for such damage shall be applied in the manner set forth in Paragraph 4 of this Article.

6. No Release of Tenant Upon Damage. Except as otherwise provided herein, this Lease shall not terminate or be affected in any way, and the Association shall not be released from any of its liabilities or obligations hereunder, by reason of damage to or destruction of any of the Development Improvements. Tenant hereby waives the provisions of Sections 1932, 1933, 1941 and 1942 of the California Civil Code or any other statute or law now or hereafter in effect contrary to the obligations of Tenant under this Article or which relieve Tenant therefrom.

ARTICLE 12

CONDEMNATION

1. Generally. In the event of taking or damage to all or any part of the Development by reason of any exercise of the power of eminent domain, whether by condemnation proceedings or otherwise, or any transfer of all or any part of the Development made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as an "appropriation") during the Term of this Lease, the rights and obligations of Lessor and Tenant with regard to such

appropriation, including rights to the award therefrom and including compensation, severance or other damages and interest, shall be as provided in this Article.

2. Right to Terminate Leases. If sixty percent (60%) or more of the gross land area of the Development existing immediately prior to such appropriation shall be appropriated or if less than sixty percent (60%) shall be appropriated, but the portion appropriated includes all or substantially all of the recreational facilities available for use of Tenants within the Development, then this Lease and the Leases of all other Owners shall, at the option of Tenant and the other Owners exercised as provided in the Article of the Declaration entitled "Eminent Domain," be cancelled and terminated and the rents and other charges payable by Tenant hereunder shall be apportioned to the termination date. Such option to terminate shall be exercised at any time subsequent to the expiration of ninety (90) days following filing of the condemnation action or delivery of notice to Lessor, the Master Landlord, Association or Tenant of intention to exercise the power of eminent domain, and prior to the expiration of one hundred eighty (180) days after service of such summons or delivery of such notice, and if so exercised, delivery of possession shall be made to Lessor on the termination date as specified in the notice exercising such option which date shall be not earlier than the date of entry of final judgment or the date of recording a deed in lieu of condemnation or later than six (6) months after the date of entry of final judgment or recordation of such deed. The termination date specified in said notice, if such notice is given prior to the entry of final judgment or recording of such deed, may be by reference to date of entry of final judgment or recordation of such deed even though at the time such notice is given, such date may not have been determined, but such notice shall in no event be effective unless and until said final judgment is entered or such deed recorded. In the event the condemning agency shall require possession of the portion condemned, or direct the removal of the improvements therefrom prior to the date specified in said notice, possession of the Development shall be surrendered to Lessor on the date so required by the condemning agency, and, at the option of Tenant and the other Owners exercised pursuant to the Article of the Declaration entitled "Eminent Domain," the termination of said Lease and the Leases of all other Owners shall be upon such date instead of the date specified in said notice. In the event, however, the condemning agency shall abandon such eminent domain proceeding or its intention to condemn, after such notice of exercise of option to terminate this Lease has become effective under the provisions hereof then Tenant and the other Owners may, at their option, revoke and cancel such notice of exercise of option to terminate this Lease and the Leases of all other Owners by notifying Lessor in writing, not more than thirty (30) days after written notice of such abandonment shall have been received by Tenant or the Association.

3. Effect of No Termination. If only a portion of the Development shall be appropriated and if this Lease shall not be terminated pursuant to the provisions of the foregoing Paragraph 2, Tenant or the Association shall

promptly restore, repair or reconstruct any improvements on the Development only a portion of which are appropriated so that when so restored, repaired or reconstructed such improvements shall be of substantially the same quality and character (except as to size) as existed immediately prior to the appropriation, and the annual rental payable by Tenant hereunder shall be reduced, effective as of the taking of possession by the condemning authority, in proportion to the reduction in the net acreage of the land of the Development by reason of such taking. Any such repair, restoration or reconstruction shall be subject to the restrictions set forth in the Article hereof entitled "Changes, Alterations, Additions, Demolition and Rebuilding; Development Improvements--Ownership and Removal" with respect to changes, alterations, additions, demolition and rebuilding.

4. Division of Award. All that portion of the award received for the appropriation of land shall be paid to the Master Landlord. All that portion of the award received for the appropriation of the Master Leasehold Estate shall be paid to the Lessor. All the portion of the award received for severance or similar damages shall be divided between the Master Landlord and the Owners, (including their mortgagees as their interests may appear), as follows: the Owners are to receive that portion of said funds as the remaining term the Lease has to run at the time of the taking bears to the total Term of this Lease. All the portion of the award received for the appropriation of the Development Improvements shall be paid to Association on behalf of the Owners and their mortgagees as their interests may appear, except that to the extent the remaining useful life of the Development Improvements (except Additional Unit Improvements) exceeds the remaining Term of the Lease at the time of the appropriation, the Master Landlord shall be paid a portion of said funds in the proportion that the remaining useful life beyond the end of the term bears to the total remaining useful life. Any portion of the award not otherwise specifically provided for above shall be paid to the Master Landlord.

5. Taking of less than a Fee. If less than a fee title to all or any portion of the Development shall be appropriated by any competent authority for temporary use or occupancy, the foregoing provisions of this Article shall not be applicable to such appropriation, this Lease shall continue in full force and effect without reduction or abatement of rent, and Tenant shall be entitled to the entire award for such appropriation to the extent that the same shall be applicable to the period of such temporary use or occupancy included in the term and Lessor shall be entitled to the remainder thereof.

ARTICLE 13

ASSIGNMENT

Tenant shall have no right to assign or transfer in any way this Lease without the prior written consent of Lessor which may be obtained as hereinafter set forth,

provided, however, this Lease or any right hereunder shall in no case be assigned or transferred in any way separate and apart from the Project Improvements owned by Tenant. Lessor will consent to the assignment of this Lease provided that (a) Tenant or any of its successors or assigns shall not be in default hereunder at the time of a proposed assignment; (b) the proposed transferee shall covenant with Lessor in writing to keep, perform and be bound by each and all of the covenants and conditions of this Lease provided herein to be kept and performed by Tenant; (c) the Tenant or proposed transferee shall furnish Lessor with an executed copy of an assignment or other document used to effect such transfer, the address of the proposed transferee, and the proposed effective date thereof; (d) the Tenant or proposed transferee shall pay to Lessor a transfer fee of Fifty Dollars (\$50.00); and (e) Tenant and his assignee shall effect such assignment by executing an assignment in substantially the form of Assignment attached hereto as Exhibit E.

ARTICLE 14

HYPOTHECATION

1. Right to Hypothecate. Notwithstanding any other provision of this Lease to the contrary, Tenant shall have the right to execute, acknowledge and deliver an assignment, mortgage, deed of trust or other instrument hypothecating all or any portion of the Leasehold interest created hereby to secure any bona fide loan or loans to Tenant; provided, however, that any such encumbrance shall be solely upon Tenant's estate under this Lease and shall be subject to all of the terms, covenants and conditions herein. The rights of any such encumbrancer shall be subject to all of the terms or provisions of this Lease (as the same may from time to time be amended with the consent and approval of the lender with respect to any amendments occurring subsequent to the assignment to lender). Any purchaser of Tenant's leasehold estate upon foreclosure or under power of sale shall succeed to the rights of Tenant hereunder, including possession of the Condominium, and shall be liable for the performance of the terms and provisions hereof to be performed by the Tenant during the period following acquisition of such leasehold estate. Such transferee shall be entitled to request and obtain execution of a new Lease on the terms set forth herein.

2. Lessor to Forbear. Lessor shall not terminate this Lease because of any default or breach hereunder on the part of Tenant, if the holder of the trust deed or mortgage on the Condominium has served on Lessor a request for written notice from Lessor of Lessor's intention to terminate this Lease for Tenant's default or breach, and shall within sixty (60) days after service on it of such a notice, either cure such default or breach, if the same can be cured by the payment of money, or if such default or breach is not so curable or cannot be remedied within said sixty (60) day period, if such encumbrancer, within said period, shall (i) commence in good faith to cure such default or breach if curable and thereafter diligently prosecute the same to

completion; or (ii) institute proceedings for the foreclosure of such mortgage or trust deed and thereafter diligently prosecute the same to completion; and (iii) keep and perform all of the covenants and conditions of this Lease herein provided to be kept and performed by Tenant until such time as Tenant shall cure his default hereunder and under said encumbrance of the Leasehold hereunder shall be either sold upon foreclosure pursuant to any such mortgage or trust deed or shall be released from said mortgage or reconveyed under said trust deed; provided, however, that if the holder of said mortgage or trust deed shall fail or refuse to comply with any or all of the conditions of this Paragraph 2, Lessor shall be released from the covenant of forbearance herein contained. Tenant shall furnish Lessor at the time of such encumbrance a complete copy of such encumbrance, together with the address of the encumbrancer. Service of any notice required by this Article to be served upon such encumbrancer at said address or at the address contained in the request for notice referred to above, shall be deemed to have been made seventy-two (72) hours after depositing any such notice in the United States mail, so addressed, by registered or certified letter, postage prepaid, return receipt requested. Notwithstanding the foregoing, if the holder of the trust deed or mortgage on the Condominium is the FEDERAL NATIONAL MORTGAGE ASSOCIATION ("FNMA") or the FEDERAL HOME LOAN MORTGAGE CORPORATION ("FHLMC"), said holder shall be entitled to receive from Lessor written notice of Lessor's intent to terminate this Lease for Tenant's default or breach and shall have the right to cure said default or breach as provided above, regardless of whether said holder has previously served on Lessor a request for such notice as required above. Written notice of Lessor's intention to terminate shall be sent to such holder at the relevant address set forth below:

If to FNMA: Federal National Mortgage Association
10920 Wilshire Boulevard
Los Angeles, California 90024

Attention: Paul R. Vergets

If to FHLMC: Federal Home Loan Mortgage Corporation
3435 Wilshire Boulevard
Suite 1000
Los Angeles, California 90010

Attention: Stu Strand

FNMA or FHLMC may change its address for the purposes of this Section by giving notice to Lessor as provided in the Article hereof entitled "Addresses for Notice."

3. Transfer Upon Foreclosure. The prior written consent of Lessor shall not be required: (i) for a transfer of this Lease at a foreclosure sale under a mortgage or trust deed, judicial foreclosure, or an assignment in lieu of foreclosure; or (ii) for the subsequent transfer by the lender if the lender acquires title through foreclosure sale under the trust deed or mortgage, at judicial foreclosure or by assignment in lieu of foreclosure; provided that in either such event the

lender promptly gives written notice to Lessor of any such transfer setting forth the name and address of the transferee, the effective date of such transfer and an express agreement of the transferee assuming and agreeing to perform all of the obligations of a Tenant under this Lease, together with a copy of the document by which such transfer was made. The lender as transferee hereunder shall be liable to perform the obligations of Tenant only so long as it holds title to the leasehold. The lender shall be deemed to be diligently prosecuting any foreclosure action notwithstanding the fact that the proceedings are stayed by a court order, bankruptcy referee or other similar action.

4. Request for Notice of Default. Upon and immediately after the recording of the trust deed or assignment covering Tenant's interest in this Lease, Tenant at Tenant's expense, shall cause to be recorded in the office of the Recorder of Orange County, California, a written request (Lessor agreeing to execute and have acknowledged such a request) for a copy of any notice of default and of any notice of sale under the trust deed to be sent to Lessor as provided by the statutes of the State of California relating thereto. Tenant shall furnish to Lessor a complete copy of the trust deed, mortgage, assignment or other encumbrance and note secured thereby together with the name and address of the holder thereof.

ARTICLE 15

INDEMNITY; LIABILITY INSURANCE

1. Indemnity. Tenant shall indemnify and save harmless Lessor and the Master Landlord against and from any and all claims by or on behalf of any person, firm or corporation, arising from the conduct or management of or from any work or thing whatsoever done in or about the Development by Tenant or the Association, their contractors, subcontractors, agents, employees, or licensees, and shall further indemnify and save Lessor and the Master Landlord harmless against and from any and all claims by or on behalf of any person, firm or corporation arising during the Term from any condition of any part of the Development Improvements, or any street, curb or sidewalk on the Development, or of any vaults, passageways or spaces therein or appurtenant thereto, or arising from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or arising from any act of negligence of Tenant or the Association, or any act of their agents, contractors, servants, employees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation occurring during the Term on the Development, and from and against all costs, attorneys' fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and, in case any action or proceeding be brought against Lessor or the Master Landlord by reason of any such claim, Tenant upon notice from Lessor or the Master Landlord shall resist or defend such action.

2. Liability Insurance. At all times during the term hereof, there shall be obtained and maintained in force, at no expense to Lessor, workmen's compensation insurance covering all persons employed by Tenant or Association in connection with any work being done on the Development and with respect to whom death or injury claims could be asserted against Lessor or the Master Landlord or the Development, and comprehensive general public liability insurance (without exclusion for demolition), in which Lessor and the Master Landlord shall be named as additional insureds, with limits initially of not less than One Million Dollars (\$1,000,000.00) for death of or injury to one person in any one accident or occurrence, not less than Three Million Dollars (\$3,000,000.00) for death of or injury to more than one person in any one accident or occurrence, with property damage insurance with limits of not less than Five Hundred Thousand Dollars (\$500,000.00) per occurrence. In the event Lessor can establish to the reasonable satisfaction of the Association that higher insurance coverage is customarily used in developments of a nature similar to the Development, then the amounts of insurance coverage shall be adjusted accordingly.

ARTICLE 16

DEFAULTS; REMEDIES

1. Events of Default. The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant:

(a) Failure to Pay Rent. The failure by Tenant to make any payment of Annual Rental or additional rent or other charges required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor 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 statute hereafter enacted.

(b) Failure to Perform Covenant. 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 (a) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Tenant, and, with respect to those obligations to be performed by the Association pursuant to the Article hereof entitled "Responsibility of Tenant for Common Obligations; Assumption of Obligations by Lessor," to Association; 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; and 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 or Association shall commence such cure within

said thirty (30) day period and thereafter diligently prosecute such cure to completion.

(c) Bankruptcy; Insolvency. (i) The making by Tenant of any general assignment for the benefit of creditors; (ii) 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); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Development or of Tenant's interest in this Lease or the Development Improvements, where possession is not restored to Tenant within sixty (60) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Development or of Tenant's interest in this Lease or the Development Improvements, where such seizure is not discharged within sixty (60) days.

2. Remedies. In the event of any default by Tenant as defined herein, Lessor may exercise the following remedies:

(a) Reentry by Lessor. With or without notice or process of law and using such force as Lessor may reasonably deem necessary under the circumstances, and without terminating this Lease or otherwise relieving Tenant of any obligation hereunder in the absence of express written notice of Lessor's election to do so as set forth herein, Lessor may re-enter and take possession of the Condominium and of all property of Tenant located therein, may evict Tenant and all other persons in occupation thereof and may store all property of Tenant or of any other person which is located therein for the account of and at the risk of Tenant. Under no circumstances shall Lessor be held liable in damages or otherwise by reason of any such re-entry or eviction, or by reason of the exercise by Lessor of any other remedy provided in this subparagraph. All property of Tenant which is stored by Lessor pursuant hereto may be redeemed by Tenant within thirty (30) days after Lessor takes possession thereof upon payment to Lessor in full of all obligations then due from Tenant to Lessor hereunder and of all costs incurred by Lessor in providing such storage. If Tenant fails so to redeem such property within said thirty (30) day period, Lessor may sell such property in any reasonable manner and shall apply the proceeds of such sale actually collected first against the costs of storage and sale and then against any other obligation due from Tenant hereunder.

(b) Reletting by Lessor. Without terminating this Lease or otherwise relieving Tenant of any obligation hereunder in the absence of express written notice of Lessor's election to do so as set forth herein, Lessor may, without being under any obligation whatsoever to do so, relet the Condominium at any time or from time to time and for such term or terms and upon such conditions and at such rental as Lessor in

its sole discretion may deem proper. Whether or not the Condominium is relet by Lessor, Tenant shall pay to Lessor all amounts required to be paid by Tenant hereunder up to the date that Lessor terminates Tenant's right to possession of the Condominium, and thereafter Tenant shall pay to Lessor, until the end of the Term hereof, the amount of rent and additional rent required to be paid by Tenant hereunder. Such payments by Tenant shall be due at such times as are provided elsewhere in this Lease, and Lessor need not wait until the termination of this Lease, by expiration of the Term hereof or otherwise, to recover them by legal action or in any other manner. If Lessor relets the Condominium, such reletting shall not relieve Tenant of any obligation hereunder, except that Lessor shall apply the rent or other proceeds actually collected by it as a result of such reletting against any amounts due from Tenant hereunder to the extent that such rent or other proceeds compensate Lessor for the nonperformance of any obligation of Tenant hereunder. Lessor may execute any lease made pursuant hereto in its own name, and the tenant thereunder shall be under no obligation to see to the application by Lessor of any rent or other proceeds by Lessor, nor shall Tenant have any right to collect any such rent or other proceeds. Lessor shall not by any re-entry or other act be deemed to have accepted any surrender by Tenant of the Condominium or Tenant's interest therein, or be deemed to have otherwise terminated this Lease, or to have relieved Tenant of any obligation hereunder, unless Lessor shall have given Tenant express written notice of Lessor's election to do so as set forth herein.

(c) Terminate Lease. Lessor may terminate this Lease by express written notice to Tenant of its election to do so. Such termination shall not relieve Tenant of any obligation hereunder which has accrued prior to the date of such termination. In the event of such termination, Lessor shall be entitled to recover from Tenant, in addition to any obligation which has accrued prior to the date of termination, the worth at the time of the award of the amount by which the unpaid rent and additional 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. Upon such termination, Tenant shall have no further rights in the Lease, the Condominium, the Development or the Development Improvements.

(d) Worth of Unpaid Rent. In accordance with California Civil Code § 1951.2 or any other statute of similar effect, and whether or not Lessor elects to terminate the Lease as set forth herein, Lessor may recover at its option from Tenant, in addition to any obligation which has accrued prior to the time of award, the worth at the time of award of the amount by which the unpaid rent and additional 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.

(e) Expenses. Lessor may recover from Tenant, and Tenant shall pay to Lessor upon demand, such expenses as Lessor may incur in recovering possession of the Condominium, placing the same in good order and condition and altering or repairing the same for reletting, as well as all other expenses, commissions and charges incurred by Lessor in exercising any remedy provided herein or as a result of any default by Tenant hereunder.

(f) Attorneys' Fees. Lessor may recover from Tenant, and Tenant shall pay to Lessor upon demand, all attorneys' fees incurred by Lessor, as a result of litigation or otherwise, in exercising any remedy provided herein or in enforcing any obligation of Tenant hereunder.

(g) Other Remedies. Lessor may exercise any other remedy or right now or hereafter available to a lessor against a defaulting tenant under the law of the State of California and not otherwise specifically reserved herein. Provided, however, that so long as Gore Development Corporation is the Lessor hereunder, in the event of any default by Tenant as defined herein, Gore Development Corporation's sole remedy shall be that contained in subsection (c) hereof, and such remedy shall be accomplished pursuant to the applicable provisions of California Code of Civil Procedure Section 1159 and following, or under similar statutes then in effect. In the event Gore Development Corporation recovers possession of the Leased Property and the Improvements thereon, Gore Development Corporation shall thereafter offer for sale the Leased Property and Improvements for a term equivalent to the balance of the unexpired term of this Lease, subject to the same terms and conditions as set forth in this Lease and subject to the same rights of any encumbrancers as set forth in Article 14 hereof. Prior to such sale, Lessor shall give to Tenant twenty (20) days written notice of the time and place of such sale, and shall cause such notice to be published at least once, and not less than ten (10) days prior to the sale, in a newspaper of general circulation in Orange County, California. Thereafter, the sale of the Leased Property and Improvements shall be held in conformance with the notice of time and place of sale and the sale shall be confirmed to the highest bidder. Lessor shall have the right to bid at such sale. Upon any such sale, Lessor shall deduct from the monies derived therefrom the following:

A. The cost of any alteration, repairs, maintenance or redecoration;

B. All costs of such sale including, without limitation, advertising costs, administrative overhead, commissions and reasonable attorneys' fees incurred; and

C. An amount equal to all delinquent rents, taxes, and other charges accruing under the Lease to the date of sale with interest thereon and any other legitimate charges against said Leased Property or due Lessor under this Lease.

The then remaining balance of the proceeds from such sale, if any, shall be paid over to Tenant or persons entitled thereto. The limitation of remedies imposed upon Gore Development Corporation in this paragraph (5) shall not be limitations upon the remedies available to any other Lessor or to Master Landlord.

3. Limitation of Action. Any legal action by Lessor to enforce any obligation of Tenant or in pursuance of any remedy hereunder shall be deemed timely filed if commenced at any time prior to one (1) year after the expiration of the Term hereof or prior to four (4) years after the cause of action accrues, whichever period expires later.

4. Reasonable Rental Value. In any action of unlawful detainer commenced by Lessor against Tenant by reason of any default hereunder, the reasonable rental value of the Premises for the period of the unlawful detainer shall be deemed to be the amount of rent reserved in this Lease for the same period, unless Lessor or Tenant shall prove to the contrary by competent evidence.

5. Waiver by Tenant. Tenant hereby waives any right of redemption or relief from forfeiture under California Code of Civil Procedure §§ 1174 or 1179, or under any other present or future law, in the event Tenant is evicted or Lessor takes possession of the Premises by reason of any default by Tenant hereunder.

6. Cumulative Remedies. The various rights and remedies reserved to Lessor herein, including those not specifically described herein, shall be cumulative, and, except as otherwise provided by California statutory law in force and effect at the time of the execution hereof, Lessor may pursue any or all of such rights and remedies, whether at the same time or otherwise.

7. No Waiver by Lessor. No delay or omission of Lessor to exercise any right or remedy shall be construed as a waiver of any such right or remedy or of any default by Tenant hereunder.

8. Acceptance of Rent Not Waiver. The subsequent acceptance of rent hereunder by Lessor 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 rental so accepted, regardless of Lessor's knowledge of such pre-existing breach at the time of acceptance of such rent.

9. Lessor Default. Lessor shall in no event be in default in the performance of any of its obligations hereunder unless and until it shall have failed to perform or commence performance of such obligation within thirty (30) days after its receipt of written notice from Tenant specifying wherein Lessor has failed to perform such obligation.

10. Subject to Hypothecation. Lessor's remedies under this Article shall be subject to the provisions of the Article hereof entitled "Hypothecation."

11. Multiple Parties as Lessor. In the event the Master Lease is terminated, Tenant will thereupon recognize the Master Landlord as the Lessor under this Lease pursuant to the Article hereof entitled "Attornment to Master Landlord." If, at that time, there is more than one party in the position of Master Landlord, the declaration of a default and termination of this Lease by any one of such parties shall be a declaration of default and termination of this Lease as to all the Master Landlords.

ARTICLE 17

END OF TERM; HOLDING OVER

1. Surrender of Possession and Rights by Tenant. Upon the expiration of this Lease or upon its earlier termination for any reason whatsoever, other than an uncured default by Tenant, Tenant shall surrender and deliver up the Unit (except Additional Unit Improvements, the removal of which shall be governed by the Section entitled "Unit Improvements" of the Article hereof entitled "Changes; Alterations; Additions; Demolition and Rebuilding; Development Improvements--Ownership and Removal"), Tenant's undivided interest in the Master Leasehold Estate and, to the extent not removed pursuant to the Article herein entitled "Changes; Alterations; Additions; Demolition and Rebuilding; Development Improvements--Ownership and Removal," Tenant's interest in the Project Improvements. In the event of an earlier termination because of an uncured default by Tenant, all furnishings and other personal property, including Additional Unit Improvements, installed therein by Tenant (but not subtenants of Tenant) shall be surrendered to and delivered up to Lessor, subject to any rights the holder of the first trust deed or mortgage may have in such furnishings or other personal property. At the time of such surrender and delivery, the Unit shall be in good order, condition and repair except for reasonable wear and tear and except for damage caused by fire or other casualty; provided, however, that if Tenant shall so surrender and deliver up to Lessor without having repaired or restored any such damage done by fire or other casualty, Tenant shall concurrently therewith assign to Lessor all of Tenant's rights or claims to any insurance proceeds resulting from such fire or other casualty.

2. Holding Over. Upon the expiration of this Lease, should Tenant remain in possession of the Condominium with Lessor's consent, express or implied, such holding over shall be deemed to have created only a tenancy from month to month, terminable by either party upon thirty (30) days written notice to the other, at a monthly rental equal to the fair rental value of the Condominium. Any holding over after the expiration of the term of the Master Lease, however, shall require consent of the Master Landlord.

ARTICLE 18

QUIET ENJOYMENT

Notwithstanding Tenant's waiver of the provisions of Civil Code Section 1932, Tenant, upon paying the rent provided for herein and observing and performing all of the provisions of this Lease to be observed and performed by Tenant, shall quietly have and enjoy the Condominium during the Term, without hindrance or molestation by anyone lawfully claiming under Lessor, subject to all of the provisions of this Lease.

ARTICLE 19

LESSOR'S RIGHT OF ENTRY

Lessor shall have the right throughout the Term of this Lease, in person or through duly appointed agents, to enter upon the Condominium during ordinary and regular business hours for the purpose of inspecting the same, inspecting any work in progress to see that it is being performed in accordance with all of the provisions of this Lease, or in connection with any matter pertaining to this Lease.

ARTICLE 20

ATTORNEYS' FEES

If either party hereto shall bring suit for the possession of the Condominium, for the recovery of any sum due under this Lease, or for the breach of any provision of this Lease, the prevailing party shall be entitled to receive from the losing party such amounts as the court may adjudge to be reasonable costs and attorneys' fees.

ARTICLE 21

INTEREST ON PAST DUE OBLIGATIONS

Any amount due from either party to the other hereunder which is not paid within ten (10) days after its due date shall bear interest at the rate of ten percent (10%) per annum from the due date until paid, but the payment of such interest shall not excuse or cure any default under this Lease.

ARTICLE 22

WAIVER

No waiver by either party of any provision of this Lease, or breach thereof, shall be deemed to be a waiver of any other provision hereof or of any continuing or subsequent breach of the same or any other provision. The consent or approval of either party to any act of the other party requiring such consent or approval shall not be deemed to render unnecessary the obtaining of such

party's consent to or approval of any subsequent act of the other party, whether or not similar to the act so consented to or approved.

ARTICLE 23

HEIRS AND ASSIGNS

Subject to the limitations on assignment, each of the terms, covenants and conditions of this Lease shall extend to and be binding on and inure to the benefit of not only the Lessor and the Tenant, but each of their respective heirs, representatives, administrators and assigns. Whenever in this Lease reference is made to either the Lessor or the Tenant, the reference shall be deemed to include, wherever applicable, the heirs, legal representatives, assigns, the same as if in every case expressed.

ARTICLE 24

TIME OF ESSENCE

Time is expressly declared to be of the essence of this Lease and of every provision hereof in which time is an element.

ARTICLE 25

QUITCLAIM

At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Lessor or Master Landlord, as their interests may appear, within five (5) days after written demand from Lessor or Master Landlord to Tenant, any quitclaim deed or other document required by a mutually satisfactory title company to remove the cloud of this Lease from the Development Property and the Master Leasehold Estate.

ARTICLE 26

NUMBER AND GENDER

Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, partnership, firm or association. If there be more than one Tenant, the obligations imposed under this Lease upon Tenant shall be joint and several.

ARTICLE 27

PARAGRAPH HEADINGS

The Paragraph and Article headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

ARTICLE 28

ENTIRE AGREEMENT

This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein or in a writing signed by Tenant or an authorized representative of Lessor, shall be binding or valid.

ARTICLE 29

ADDRESSES FOR NOTICE

Any notice to be given or other document to be delivered by either party to the other hereunder may be delivered in person to either party, or may be deposited in the United States mail, duly registered or certified, with postage paid, return receipt requested, and addressed to the party for whom intended, as follows:

To Lessor at: Gore Development
15129 Rockfield Blvd #D
Travis Calif 92714

To Tenant at: The address of
the Condominium

Either party hereto may from time to time, by written notice to the other party, designate a different address which shall be substituted for the one above specified. If any notice or other document is so sent by registered or certified mail, the same shall be deemed served or delivered seventy-two (72) hours after the mailing thereof as provided above. Any notice or delivery of documents made as provided above shall be effective as to all of the persons collectively referred to as Lessor.

ARTICLE 30

TRANSFER OF LESSOR'S INTEREST

In the event of any transfer or transfers of Lessor's interest in the Development Property, or any portion thereof, or in the Lease to a transferee which assumes in writing the obligations of Lessor thereafter accruing, and provided the transferor is not in default under any provision of this Lease, the transferor shall be

automatically relieved of any and all obligations and liabilities on the part of Lessor accruing under this Lease from and after the date of such transfer.

ARTICLE 31

SIGNS

Any sign installed and maintained on the Development shall conform with any sign criteria established by the City of Santa Ana or in the Declaration.

ARTICLE 32

ESTOPPEL CERTIFICATES

Each of the parties shall at any time and from time to time on not less than twenty (20) days notice to the other, execute, acknowledge and deliver to such other party a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there shall have been modifications, that this Lease is in full force and effect as modified and stating the modifications), and the extent to which the rent has been paid, and stating whether or not to the best knowledge of the signer of such certificate such other party is in default in performing or observing any provision of this Lease, and, if in default, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered by Tenant may be relied upon by Lessor or the Master Landlord or any prospective purchaser of the Development Property or the Master Leasehold Estate, and it being further intended that any such statement delivered by Lessor may be relied upon by any prospective assignee or subtenant of Tenant's interest in this Lease, any prospective mortgagee or encumbrancer of this Lease or of any lease from Tenant or of the leasehold estate created by this Lease or by any lease, or any prospective assignee of any such mortgage or encumbrance. Reliance on any such certificate may not extend to any default as to which the signer of the certificate shall have had no actual knowledge.

ARTICLE 33

FORCE MAJEURE

In the event the performance by either party of any of its obligations hereunder other than an obligation for the payment of money is delayed by reason of the act or neglect of the other party, act of God, stormy or inclement weather, strike, labor dispute, boycott, lockout or other like defensive action by such party, inability to obtain labor or materials, governmental restrictions, riot, insurrection, war, catastrophe, casualty, act of the public enemy, or any other cause, whether similar or dissimilar, but excluding disputes over insurance recoveries, beyond the reasonable control of the party from whom such performance is due, the period for the

commencement or completion thereof shall be extended for a period equal to the period during which performance is so delayed.

ARTICLE 34

RELATIONSHIP WITH DECLARATION
AND COMMUNITY ASSOCIATION

1. Subject to Declaration. Tenant, by acceptance and recordation of this Lease, expressly accepts, covenants and agrees to be bound by all of the provisions of, and specifically agrees to assume performance of, all requirements set forth in the Declaration, which provisions are acknowledged to be reasonable, and all of the provisions of which are incorporated herein by this reference. To the fullest extent possible, the provisions of the Declaration and the provisions of this Lease shall be construed consistently. In the event of any irreconcilable inconsistency between the provisions of this Lease and the provisions of the Declaration, the provisions of this Lease shall prevail.

2. Tenant Must Comply. Prior to the execution of this Lease, the Association has been organized under the laws of the State of California for purposes set forth in the provisions of the Declaration. As a material part of the consideration for this Lease and as an express condition to the continuance of any of the rights of Tenant hereunder, Tenant covenants and agrees to become and, during the term of this Lease, to remain a member in good standing of the Association and to abide by the Articles of Incorporation, Bylaws and rules and regulations of the Association, now or hereafter existing, and to pay to the Association before delinquency all dues, fees, assessments and other charges from time to time duly and regularly levied or assessed by the Association in furtherance of its purposes. Any default by Tenant in the performance of any of the foregoing covenants and conditions shall constitute a material failure of consideration hereunder and a breach of the covenants and conditions of this Lease.

3. Application to Mortgagees. It is provided, however, that the provisions of the immediately preceding paragraph shall not apply to any established lending institution which, as an authorized encumbrancer, acquires title to the leasehold estate under this Lease by or in lieu of foreclosure for a period of three (3) years from the date of so acquiring title, provided that such Mortgagee shall (a) apply to the Association for membership and shall be denied or refused membership, or once having become a member, such membership shall be revoked for any reason other than the failure to pay dues, fees or assessments or other charges duly and regularly levied or assessed by the Association, and (b) pay all dues, fees, assessments and other charges duly and regularly levied or assessed by the Association against the members thereof, whether or not said Mortgagee becomes a member of the Association. The provisions of this paragraph shall be binding upon and shall be performed by any transferee or assignee of said Mortgagee.

ARTICLE 35

AMENDMENT

This Condominium Lease shall not be amended without the express written consent of the Master Landlord and the parties hereto, and any attempt to amend without such consent will be void and of no effect whatsoever.

IN WITNESS WHEREOF, Lessor and Tenant have entered into this Condominium Lease as of the Effective Date of the Lease.

"Lessor"

"Tenant"

GORE DEVELOPMENT CORPORATION,
a California corporation

[Signature]
KENNETH L. JENNY

By: [Signature]
Its: [Signature]

By: _____
Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF Orange)



On this the 15th day of October, 19 85, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Connie J. Bowden, personally known to me (or proved to me on the basis of satisfactory evidence) to be the President, id _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Treasurer-Secretary of the corporation that executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

[SEAL]



STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

[Signature]
Signature

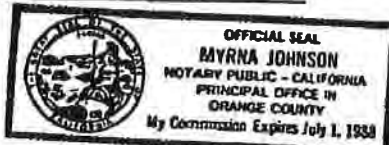


On October 31, 19 85, before me, the undersigned, a Notary Public in and for said County and State personally appeared Kenneth J. Jenny, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same.

[SEAL]

[Signature]
Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)



On _____, 19 _____, before me, the undersigned, a Notary Public in and for said County and State personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same.

[SEAL]

Signature
-42-

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RECORDING REQUESTED BY
FIRST AMERICAN TITLE INS. CO

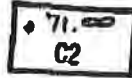
WHEN RECORDED, MAIL TO:

KINDEL & ANDERSON (DGT)
4000 MacArthur Boulevard
Suite 1000
Newport Beach, California 92660

RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

4:00 PM AUG 24 '83

John A. ... COUNTY
RECORDER



(Space Above This Line For Recorder's Use Only)

LANDLORD'S CONSENT TO LEASE
AND NONDISTURBANCE AGREEMENT

THIS AGREEMENT is made as of July 26, 1983, by and between HOWARD A. BEAR ("Bear"), and GORE DEVELOPMENT CORPORATION, a California corporation ("Tenant").

A. Master Lease. Tenant is the holder by mesne assignments of the Tenant's interest in the following lease which covers the real property described as all of Tract 11859 at Book 508, pages 48 through 50, inclusive, of Miscellaneous Maps in the Office of the Recorder of Orange County, California:

That certain lease by and between Howard A. Bear as Landlord and Donald J. Scholz & Company ("Scholz") as the original Tenant, a Memorandum of which was recorded July 15, 1974, in Book 11196, page 450, Official Records of Orange County ("Master Lease");

B. Development Property. The "Development Property" as used herein shall mean the real property subject to the Master Lease, excepting therefrom the Development Improvements (as hereinafter defined). The leasehold estate created by the Master Lease is referred to herein as the "Master Leasehold Estate." The holder(s) of the interest of the Landlord under the Master Lease are referred to herein collectively as the "Master Landlord."

C. Declaration of Covenants, Conditions and Restrictions. The Development Property and the Master Leasehold Estate are subject to a Declaration of Covenants, Conditions and Restrictions recorded August 23rd, 1983 as Instrument No. 83-368737, Official Records of Orange County, California (herein the "Declaration"). The Master Landlord and Tenant have executed and consented to the recordation of the Declaration.

D. Project Property. "Project" shall mean each portion of the Master Leasehold Estate (a) for which a separate condominium plan is recorded in the office of the

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County Recorder of Orange County, California, and (b) which is designated as a Project in the Declaration or a Supplementary Declaration. "Project Property" shall mean the portion of the Development Property located within a Project, excepting therefrom the Units in such Project.

E. Establishment of Condominiums.

a) Development Improvements. "Development Improvements" as used herein shall mean all portions of the Development except the land. Development Improvements shall generally include all condominium buildings, surface parking, garages, swimming pools and other recreational facilities, walkways, sidewalks, lakes and streams, foundations, private streets, utility and sewer facilities, and all portions of the Development not in a bare land state, together with any additions or alterations thereto, all consistent with the General Development Standards attached hereto, plans for which have previously been approved by the Master Landlord.

b) Project Improvements. "Project Improvements" shall mean all portions of the Development Improvements located within a Project, except the Unit Improvements located within such Project.

c) Condominium Plans. Eight (8) sets of diagrammatic floor plans of the residential structures presently situated, or in the process of being constructed upon the Development Property, setting forth each residential dwelling unit contained in such structures, and the relative location and dimensions of the same, were recorded August 23rd, 1983, as Instrument Nos. 83-368738 through 83-368745 inclusive, Official Records of Orange County. Said diagrammatic floor plans are herein referred to as the "Condominium Plans."

d) The Condominiums. Pursuant to the Declaration, subleasehold interests in the Project Property and the airspace within the Units are to be owned, held and operated as condominiums; and title and ownership in and to the Project Improvements and the Unit Improvements within the Units are also to be owned, held and operated as condominiums pursuant to the Declaration.

f) Cooperation Pursuant to Master Lease. Tenant now desires to sell and convey to the public subleasehold interests in condominiums in the Development Property and the airspace within the Units and title and ownership in and to the Development Improvements in condominium, and the Master Landlord is joining in the execution of this Agreement in order to cooperate in the development and sale of such subleasehold condominium interests pursuant to provisions of the Master Lease.

NOW, THEREFORE, at the request of Tenant and in consideration of the foregoing recitals and the provisions of the Master Lease whereby the Master Landlord and Tenant agree to join in the execution of documents as may from time to time be requested by Tenant for the purpose of

allowing development of condominiums on the Development Property, the Master Landlord and Tenant hereby agree as follows:

1. Consent to Condominium Lease. Although Tenant has the right to grant subleases in the Development Property without the consent of the Master Landlord pursuant to the paragraphs of the Master Lease entitled "Assignment: Subletting" and "Condominiums," Tenant is requesting that the Master Landlord consent thereto for title and other purposes. The Master Landlord hereby agrees that the form of "Condominium Lease" attached hereto as Exhibit A and made a part hereof (the "Condominium Lease") may be utilized by Tenant to convey the interests therein described to purchasers from Tenant of a "Condominium" defined in the Condominium Lease. Tenant agrees that when completing the form of Condominium Lease in connection with any sale and lease of a Condominium:

(i) the Percentage Interest for each Condominium:

(a) in the first phase of the Development shall be that set forth for that Condominium in Exhibit C entitled "Percentage Interests Initial Covered Property" to the Declaration (herein, the "Schedule of Percentage Interests"); and

(b) in future phases of the Development shall, as described in the Section entitled "Percentage Interest" of the Article of the Condominium Lease entitled "Definitions", be that set forth for that Condominium in a Schedule of Percentage Interests attached as an exhibit to the Supplementary Declaration annexing such Condominium to the Development;

(ii) the Proportionate Share for each Condominium in the first phase of the Development shall initially be that set forth for that Condominium in Exhibit D entitled "Initial Proportionate Shares Initial Covered Property" to the Declaration, and for Condominiums in future phases of the Development shall initially be that set forth for such Condominiums in an exhibit attached to the Supplementary Declaration annexing such Condominiums to the Development; provided, however, that the Proportionate Share of all Condominiums in previous phases of the Development shall, as described in the Section entitled "Proportionate Share" of the Article of the Condominium Lease entitled "Definitions", be revised upon the annexation of additional Condominiums to the Development to reflect the change in aggregate square footage of all Condominiums and set forth in an exhibit attached to the Supplementary Declaration annexing such additional Condominiums;

(iii) the Annual Rental for each particular Condominium for various periods of the term of the Condominium Lease shall be fixed by Tenant and set forth in Article A of the individual Condominium Lease; provided, however, that the rent for each Condominium for any Lease Year (as defined in the

Condominium Lease) shall not be less than the Minimum Annual Rental set forth for such Condominium in the Minimum Rental Schedule attached hereto as Exhibit C.

The Minimum Annual Rental for each Condominium is approximately equal to, but due to rounding may differ slightly from, such Condominium's Proportionate Rental Share multiplied by the total maximum rental due the Master Landlord for the corresponding May 1 to April 30 lease year under the Master Lease.

The Proportionate Rental Share of each Condominium shall be that set forth in the Schedule of Proportionate Rental Shares attached hereto as Exhibit B. The Proportionate Rental Share for each Condominium is approximately equal to, but due to rounding may differ slightly from, the ratio obtained by dividing the approximate square footage of a typical Condominium of that Unit type (as set forth in Exhibit C to the Declaration) by 182,019, the latter number being the approximate aggregate square footage of the 153 Condominiums which Tenant projects will ultimately be built on the Development Property (based upon the projected square footage set forth in Exhibit C to the Declaration for each Unit type). So long as the Master Lease is not terminated, Tenant shall pay to Master Landlord any deficiency between the aggregate rental paid by all Subtenants and the total rental due the Master Landlord under the Master Lease.

A copy of this Landlord's Consent to Lease and Nondisturbance Agreement (the "Nondisturbance Agreement") will be attached as Exhibit B to Condominium Leases executed by individual Subtenants, provided, however, that the form of Condominium Lease attached hereto as Exhibit A need not be attached to the copy of the Nondisturbance Agreement attached as an exhibit to said Condominium Leases executed by individual Subtenants.

2. Consent to Subsequent Transfer. The interests conveyed by the execution and delivery of the Condominium Lease to the "Tenant" under the Condominium Lease (herein the "Subtenant") shall be freely assignable by Subtenant, and no approvals or consents from the Master Landlord shall be required to transfer and assign the Condominium Lease and the interests conveyed thereby by way of purchase and sale, gift, foreclosure, testamentary devise, intestate succession, as security for a loan or other transaction evidenced by a deed of trust or mortgage, or any other means of conveyance, transfer, or assignment so long as (i) in the case of assignment and transfer as security for a loan or other transaction evidenced by a deed of trust or mortgage, compliance is had with the provisions of the Condominium Lease in the Article entitled "Hypothecation," and (ii) in the case of all other assignments and transfers, compliance is had with the provisions of the Condominium Lease in the Article entitled "Assignment; Subletting."

3. Development Property Subject to Condominium Leases. Master Landlord and Tenant agree that when a

Condominium Lease covering one of the Units as shown on the Condominium Plans is recorded in the Official Records of Orange County, California, the Development Property and the Master Leasehold Estate shall be subject to the rights created by the Condominium Lease in the Subtenant, and to the rights of the successors and assigns of Subtenant upon the recordation in said Official Records of documents for assignment and transfer by hypothecation or otherwise pursuant to Paragraph 2 hereof; provided, however, that so long as the Master Lease has not been terminated, (i) Tenant shall remain responsible to the Master Landlord for all obligations of the "Tenant" under the Master Lease including, without limitation, the payment of rent, (ii) Tenant and Subtenant shall be in the relationship of "Lessor" and "Tenant" respectively under the Condominium Lease, (iii) Subtenant shall pay rent to the "Agent" (hereinafter defined) for the benefit of Tenant and otherwise be responsible directly to Tenant for performance of the terms and conditions of the Condominium Lease as therein provided, and (iv) Tenant, not the Master Landlord, shall be responsible to Subtenant to the extent the "Lessor" is responsible to the "Tenant" under the Condominium Lease.

4. Attornment and Nondisturbance Agreement.

Upon the termination of the Master Lease prior to the expiration of the term of the Condominium Lease, the Master Landlord and Tenant agree as follows:

a) Tenant and Subtenant shall no longer be in the relationship of "Lessor" and "Tenant" respectively under the Condominium Lease; and

b) Upon such termination the Subtenants under the Condominium Leases shall attorn to the Master Landlord and thereby continue the Condominium Leases in full force and effect as direct leases from the Master Landlord to the Subtenants, the Master Landlord being thereupon substituted in all respects for "Lessor" in the Condominium Leases; and

c) The Master Landlord will not disturb the rights and possession of the Subtenant under the Condominium Leases so long as such Subtenant, as to each Condominium Lease, faithfully observes and performs each and all of the terms, covenants and conditions of the Condominium Lease including, without limitation, the payment of rent to the "Collection Agent", if there be one, for the benefit of the Master Landlord, and otherwise directly to the Master Landlord for the benefit of the Master Landlord; and

d) All "Mortgagees" (as defined in the Condominium Lease) shall have and be entitled to all the protection provided in the Article of the Condominium Lease entitled "Hypothecation"; and

e) The Master Landlord may declare a default under and proceed to terminate a Condominium Lease in the event that the Master Landlord deems that a breach of the Condominium Lease has occurred and has not been cured; and

f) In the event any Condominium Lease shall be terminated, the Master Landlord agrees that for the duration of the term thereof, the Master Landlord will hold the Condominium and any of the interests created by the Condominium Lease as a condominium subject to the Declaration and shall be deemed an "Owner" as defined in the Article of the Declaration entitled "Definitions" and as such be subject to the Declaration, the Articles and Bylaws of the "Association" (as defined in such Article of the Declaration), the rules and regulations of such Association and all of the obligations created thereby including the obligation to pay dues, assessments and other charges as they may become due pursuant thereto with respect to such Condominium, and no merger of fee and leasehold shall occur; provided, however, upon termination of a Condominium Lease by the Master Landlord as herein provided, the Master Landlord may sell the Condominium as to which the Condominium Lease has been terminated by executing, delivering and recording a Condominium Lease for such Condominium in a form identical to the form of a Condominium Lease attached hereto and thereupon the "Tenant" under such new Condominium Lease shall be the "Owner" under the Declaration and the Master Landlord and Tenant shall be relieved of the duties and obligations of an "Owner" under the Declaration.

5. Collection Agent. All rents, including annual rental and additional rent and other amounts payable to the "Lessor" under the Condominium Lease shall at all times during the term of the Condominium Lease, unless the Master Landlord shall otherwise have agreed in writing, be payable to a corporate agent pursuant to a Collection Agency Agreement to be established by and between the Master Landlord, Tenant and First American Trust Company or another corporate agent acceptable to the Master Landlord and Tenant (the "Collection Agreement"). All amounts paid to such Agent shall be disbursed by such Agent only in accordance with the Collection Agreement. In the event that the original Agent under the Collection Agreement ceases to serve as the Agent for any reason whatsoever, either the Master Landlord or Tenant shall select another responsible corporate party to serve as the Agent under the Collection Agreement as the same may be modified with the consent of the Agent, the Master Landlord and Tenant. Nothing herein contained, however, shall affect the rights of the Master Landlord to compel the payment by Tenant of all rents, taxes and other charges, as set forth in the Master Lease, and the execution of this Agreement shall not relieve the Tenant of any of its obligations to Master Landlord under the terms of the Master Lease. If the Declaration, or Articles and Bylaws of the 'Association' of condominium owners (or other named condominium lessees' organization) do not impose upon the Association, or the Board of Directors of such Association, or organization, the responsibility of collecting and paying over the rents and other charges due from the Condominium Owners to the Tenant, or the Master Landlord, as the case may be, then the Condominium Owners shall at all times maintain and pay a responsible corporate agent on their behalf to collect and pay over to Tenant, or to Master Landlord, when due, all rent, taxes and other charges payable under the Condominium Lease, or the Master Lease. The costs of

collecting and paying over the rents and other charges due from the Condominium Owners shall not in any event be at the expense of the Master Landlord. If the Condominium Owners do not pay the costs of such collection agent then the Tenant shall pay the same and shall save Master Landlord free and harmless from any obligation in connection therewith.

6. Amendment of Documents. This Agreement may not be modified in any other manner than by an agreement in writing signed by the parties hereto or their respective successors in interest (such successors not to include Subtenants), and neither a Condominium Lease nor the Declaration, once recorded, shall be modified or amended in any way without the written consent of the Master Landlord, which consent shall not be unreasonably withheld.

7. Titles and Headings. The titles and paragraph headings of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part of this Agreement.

8. Successors and Assigns. This Agreement shall run with the Development Property and the Master Leasehold Estate and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

9. Master Landlord-Tenant Relationship. Although the Condominium Subleases by their terms require the performance by the Subtenants of some of the obligations of Tenant under the Master Lease, the Tenant shall in all events remain obligated to the Master Landlord under all of the terms of the Master Lease.

10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same document.

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IN WITNESS WHEREOF, the parties hereto have executed this Landlord's Consent to Lease and Nondisturbance Agreement as of the day and year first hereinabove written.

TENANT

MASTER LANDLORD

GORE DEVELOPMENT CORPORATION,
a California corporation



HOWARD A. BEAR

By: 
President

By: _____
[Illegible handwritten text]

D-196-D
3/24/83

83-371143

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On July 19, 1983, before me, the undersigned, a Notary Public in and for said State, personally appeared Howard A. Bear, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Virginia L. Harrington
Notary Public



STATE OF CALIFORNIA)
) ss.
COUNTY OF Orange)

On this 26 day of July, 1983, before me, the undersigned, a Notary Public in and for said State, personally appeared Howard A. Bear and Virginia L. Harrington, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Howard A. Bear and Virginia L. Harrington respectively, of GORE DEVELOPMENT CORPORATION, the corporation that executed the within instrument and known to me to be the persons who executed the within instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.

Virginia L. Harrington
Notary Public

