

RESIDENTIAL GROUND LEASE

This Ground Lease (the "Lease"), dated May 21st, 2021, is by and between JS Lantern District LLC ("Lessor") and _____ ("Lessee").

1. Premises. Lessor hereby leases to Lessee, and Lessee takes and lets from Lessor the real property situated at 5461 Mountain View Avenue, Yorba Linda, CA 92886 California (the "Premises") together with the improvements thereon (the "Improvements") and more particularly described as follows:

2. Term. The term of this Lease shall commence on _____, 2021 (the "Commencement Date") and shall expire on _____, 2076, unless sooner terminated as hereinafter provided.

3. Rent.

(a) Base Rent. During the term of this Lease, Lessee shall pay to Lessor base monthly rent in the amount of \$987 per month, payable each month in advance on or before the first day of the month without prior notice or demand and without setoff, abatement or deduction. Rent shall be payable to JS Lantern District LLC at 4040 MacArthur Blvd., Suite 300, Newport Beach, CA 92660 or such other place as Lessor may designate.

(b) Periodic Adjustment for Inflation. Beginning on the first anniversary of the Commencement Date and every year thereafter, rent shall be adjusted based upon the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles-Long Beach-Anaheim, All Items (1982-84 = 100) as established by the U. S. Department of Labor, Bureau of Labor Statistics, or similar successor index (the "CPI"). Rent for each one-year period shall be determined by multiplying the rent for the prior full year by a fraction, the numerator of which is the CPI for the month that is three months prior to the date for which such adjustment is being made, and the denominator of which is the CPI for the same month of the preceding one-year period. In no event shall rent as adjusted hereby be less than three and 50/100 percent (3.5%) more than rent for the prior one-year period.

(d) Net Lease. It is the purpose and intent of Lessor and Lessee that this Lease is an absolute net lease, yielding to Lessor the monthly ground rent hereunder without deduction or offset, and that all costs, impositions, premiums, fees, interests, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises and the Improvements shall be borne and paid or discharged by Lessee. Lessee shall indemnify, defend and hold Lessor harmless from and against any such cost, expenses, impositions, premiums, fees, interests, charges, reimbursements and obligations. Any sums payable by Lessee to Lessor hereunder for costs, reimbursement, damages or otherwise are considered additional rent under this Lease.

4. Taxes.

(a) Property Taxes and Assessments. Prior to the date that any fine, penalty, interest or costs may be added due to non-payment, Lessee shall pay all real estate taxes, assessments, water rates and charges, premiums and other taxes and expenses, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind which are assessed or imposed upon the premises or the Improvements, or any part thereof. Lessee shall provide proper receipt or other evidence of payment promptly upon demand by Lessor. Taxes, assessments and charges for the calendar year during which the term of this Lease begins and for the calendar year during which the term of this Lease expires shall be prorated between Lessor and Lessee.

(b) Association Charges. Prior to due date, Lessee shall pay all maintenance assessments, fees, dues and other charges, costs or expenses imposed or assessed upon Lessee or the premises by the [Association] whether regular, special, in connection with the common area or otherwise, and shall indemnify and hold Lessor harmless from and against any loss or expense including, without limitation, reasonable attorneys' fees, incurred by reason of any failure of Lessee to pay any such item.

5. Utilities. Lessee shall pay before delinquency all charges for utilities or other services used by or in connection with the Premises, including water, gas, electricity, sewer, internet, cable television and telephone. Lessee shall not permit any such charges to accumulate or result in a lien on the Premises. Lessor shall have no responsibility of any kind to provide utilities to the premises.

6. Use of Premises.

(a) The Premises and the Improvements shall be used solely as private, single-family residence, and uses incidental thereto. No improper or unlawful use shall be made of the Premises or any part thereof, nor shall any nuisance be allowed thereon. All Improvements and the use thereof shall be in full compliance with all applicable building codes, zoning and other governmental regulations and restrictions relating thereto. Lessee shall promptly comply with any present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, courts, departments, commissions or any other body or board exercising functions similar to those of the foregoing, whether foreseen or unforeseen or ordinary or extraordinary, which may be applicable to the premises and the Improvements, or any part thereof, or to the use or manner of use of the same, or any part thereof.

(b) Lessee shall not create or permit to be created or to remain, and shall discharge, any lien, encumbrance or charge levied on account of any mechanics, laborers or materialmen's lien which might be or become a lien, encumbrance or charge upon the Premises or the Improvements or any part thereof, and Lessee shall not suffer any other matter or thing whereby the estate, rights and interest of Lessor in the Premises or the Improvements or any part thereof might be impaired. If any such lien shall be filed, Lessee shall cause the same to be discharged within thirty (30) days after notice of the filing. If Lessee fails to cause the lien to be discharged within such time period, then, in

addition to any other right or remedy, 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 the lien by deposit or by bonding proceedings, and in such event shall be entitled, if Lessor so elects, to compel the prosecution of an action for the enforcement of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowance. Lessee shall reimburse and pay to Lessor on demand any amount so paid by Lessor and any costs thereof, shall cause the same to be discharged of record by payment, deposit, bond, court order or otherwise. Lessee shall reimburse and pay to Lessor on demand any amount so paid by Lessor and any costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Lessor in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum from the date of Lessor's notice to Lessee of the making of the payment or the incurring of the cost and expense, as applicable. Nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Lessor, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the premises, or the Improvements, or any part thereof.

(c) Lessee shall keep the Premises and the Improvements in a clean and sanitary condition, and shall not permit any rubbish, refuse or garbage to accumulate thereon, nor any fire hazard to exist thereon. Lessee shall take good care of the premises and the Improvements and keep the same in good order and condition, and make all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen or unforeseen. The term "repairs" shall include all necessary replacements, renewals and alterations. Lessor shall not be required to furnish any services or facilities, or to make any repairs, alterations or replacements in or to the Premises or the Improvements. Lessee hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the premises and the Improvements. If Lessee should fail to make required repairs, Lessor may but need not do so and Lessee shall upon demand reimburse Lessor's costs in so doing together with interest thereon at ten percent (10%) per annum until paid. Lessee shall not make any alteration to the premises or Improvements which affects the exterior appearance or structure without Lessor's prior written consent and the approval of the Association as provided in the Declaration.

7. Insurance.

(a) Property Insurance. Lessee shall keep all buildings, Improvements and fixtures on the premises insured to the extent of ninety percent (90%) of the insurable value thereof, with a replacement cost endorsement, against loss by fire and other risks or hazards normally embraced by "special extended coverage - all risk." The proceeds of such policy shall be payable to any permitted mortgagee if required by such permitted mortgagee and, if not so required, then to Lessor and Lessee as their interests may appear. Any proceeds payable to any permitted mortgagee shall be made available for repairs and restoration under the terms of this Lease and any excess shall be payable to Lessee and the permitted mortgagee as their interests may appear. Any provisions herein

contained to the contrary notwithstanding, unless a lesser amount is agreed to by the permitted mortgagee, in no event shall less insurance coverage be carried than will fully pay and satisfy any and all mortgage liens or other encumbrances as may from time to time exist and pertain to the premises.

(b) **Liability Insurance.** Lessee shall maintain comprehensive bodily injury and property damage liability insurance against claims for bodily injury, death or property damage occurring in or about the Premises and on, in or about the adjoining streets and passageways, naming the Lessor and Lessee as the insureds, such insurance to afford minimum protection of not less than \$300,000 in respect to bodily injury or death of any one person, not less than \$500,000 in respect of any one accident, and not less than \$50,000 for property damage.

(c) **Policies.** All required insurance shall be under policies issued by insurers of recognized responsibility, licensed to do business in the State of California and rated "triple A" or better by Best's Insurance Reports. Upon the execution of this Lease, and thereafter not later than twenty (20) days prior to the expiration date of each policy as it expires, Lessee shall provide to Lessor a copy of such policies, or certificates thereof in the case of bodily injury or property damage liability insurance, bearing notations evidencing the payment of premiums or accompanied by other evidence of such payment. Each policy shall, to the extent obtainable, include endorsements to the effect that: (a) such policies shall not be cancelled or materially changed without at least ten (10) days' prior written notice to Lessor; (b) no act or omission of Lessee shall invalidate the interest of such person or entity entitled to such notice; (c) the insurer waives the right of subrogation against Lessor and (d) the policies are primary and noncontributing with insurance of Lessor, if any.

(d) **Destruction, Abatement of Rental and Other Charges.** In the event that all or any part of the Improvements shall be totally or partially destroyed or damaged by fire or other casualty, Lessee shall rebuild or otherwise repair such Improvements, and Lessee shall be entitled to insurance proceeds, if any, to effect such repairs and rebuilding. It is expressly understood, however, that no partial or total casualty damage or destruction of the Improvements shall relieve, reduce, abate, delay or otherwise or affect Lessee's obligation to pay rent or other charges or otherwise perform its obligations under this Lease. Notwithstanding any provision in this Lease to the contrary, if the Improvements are destroyed by fire or other casualty within four (4) years prior to the expiration of the term of this Lease, and the cost of restoration exceeds twenty-five percent (25%) of the fair market value Lessee's interest in the Premises, as estimated by a licensed building contractor and a real estate appraiser selected by Lessee and approved by Lessor (which approval shall not be unreasonably withheld), Lessee shall have the right to terminate this Lease by written notice thereof to Lessor given not later than sixty (60) days after the date of such destruction or damage; provided, however, that the exercise of such right is subject to the following conditions: (i) Lessee's insurance must cover the loss and be in an amount adequate to cover such destruction or damage without defenses to the payment thereof by the insurance carriers based upon acts or omissions of Lessee; (ii) Lessee is not in default of an obligations under this Lease, and

no event or circumstance has occurred with respect to which Lessee may be obligated to pay Lessor rents; and (iii) in the event of such termination, Lessee shall not be entitled to any portion of the insurance proceeds, all of which shall become the sole property of Lessor, except proceeds attributable to loss of or damage to Lessee's personal property.

8. Condemnation.

(a) Definitions. The following terms shall have the following meanings as used in this paragraph:

(i) "Taking" means a condemnation or a voluntary conveyance to an agency, authority or public utility under threat of a taking under the power of eminent domain in lieu of formal proceedings.

(ii) "Total Taking" means the Taking of the entire Premises or of so much of the Premises as to prevent or substantially impair the use thereof by Lessee for the uses and purposes for which the same is leased under this Lease.

(iii) "Partial taking" means any Taking of the Premises which does not constitute a Total Taking as defined above.

(iv) "Date of Taking" shall be the date upon which title to the Premises or portion thereof so taken passes to and vests in the condemning authority.

(b) Effect of Taking. In event of a Partial Taking, Tenant's obligation to pay rent and other obligations under this Lease shall not be abated, discharged, reduced or delayed. In the event of a Total Taking, this Lease and Lessee's leasehold estate in and to the Premises shall terminate as of the Date of Taking.

(c) Allocation of Award — Total Taking. All compensation and damages awarded for a Total Taking shall be allocated as follows and in the following order of priority:

(i) To any permitted mortgagee, the principal balance on the permitted mortgage, together with interest and any other sums or charges due thereunder;

(ii) To Lessee, the fair market value of Lessee's interest in the Improvements as determined by the court or if not determined by the court, as determined by the appraisal prepared by the condemning authority; and

(iii) To Lessor, the balance of the award after deducting (a) and (b) above.

(d) Allocation of Award — Partial Taking. All compensation and damages awarded for a Partial Taking shall be allocated as follows and in the following order of priority:

(i) To Lessee, who shall promptly and fully restore and repair the Premises and the Improvements and apply all proceeds received to the cost of such demolition, repair and restoration;

(ii) To any permitted mortgagee, the principal balance on the permitted mortgage, together with interest and any other sums or charges due thereunder;

(iii) To Lessor, the balance of the award after deducting (a) and (b) above

9. Transfer; Assignment; Sale. Neither the Premises nor the Improvements may be sold, conveyed or otherwise transferred (hereinafter referred to collectively as "a transfer"), except as provided herein. The Premises and the Improvements cannot be transferred separately. Any conveyance in contravention of the terms hereof shall be void.

(a) All transfers shall be by assignment of this Lease for the remaining term of this Lease, except that Lessee may sublease the Premises for a maximum term of two (2) years (including all renewal option terms) to any one person or entity.

(b) Lessee will give Lessor written notice of Lessee's intent to sell, transfer, assign or convey this Lease and Lessee's interest in the Premises (the "Offer Notice"), which shall contain the sale price and any other terms Lessee would accept with respect thereto and shall constitute an offer to transfer to Lessor on such terms. Lessor shall have 15 days from receipt within which to respond to the Offering Notice. If Lessor accepts Lessee's offer, then Lessor shall so notify Lessee by giving written notice to Lessor during such 15-day period, and Lessor and Lessee shall thereupon enter into a purchase contract on the terms set forth in the Offering Notice and otherwise on commercially standard terms. If Lessor makes a counteroffer, then Lessor shall give Lessee its counteroffer during such 15-day period, and Lessee may not assign the Lease and sell Lessee's interest in the Premises to any third party for a price equal to or below Lessor's counteroffer price while Lessee and Lessor are still in negotiations, which shall not exceed 45 days. If Lessor does not exercise its right to purchase this Lease or informs Lessee within the 15-day period that Lessor is not interested in purchasing this Lease, then Lessee shall be free for a period of 12 months thereafter to sell this Lease to any third party at a price not less than the price set forth in the Offer Notice, after which Lessor's right of first offer hereunder shall then again be effective.

(c) Lessee shall give Lessor not less than 7 days written notice of any proposed transfer to a third party along with a copy of the purchase contract applicable to the transfer and the name of the proposed transferee. Any such transfer is subject to the following conditions: (i) at the time of such transfer, Lessee shall not be in default of, and shall have performed, any of its obligations to be performed under this Lease, (ii) the transfer shall be by an assignment of this Lease and on other documentation effecting the conveyance approved by Lessor in advance; (iii) the transferee shall attorn to Lessor and become unconditionally bound to assume and agree to all of the terms and conditions

of this Lease; (iv) on or before the effective date of such transfer the Lessee or proposed transferee shall furnish Lessor with an executed copy of such assignment document, the address of the proposed transferee and the proposed effective date thereof; (v) the mortgagee of any permitted mortgage on the Premises must have approved the transfer in writing; and (vi) Lessee or the transferee pays to Lessor a transfer processing fee in the amount of \$450.

10. Mortgage.

(a) Conditions to Mortgage. Lessee may mortgage, hypothecate, or encumber its leasehold estate (a "Mortgage"), subject to Lessor's prior written consent, which shall not be unreasonably withheld or delayed, provided that:

(i) Lessor shall not be required to encumber or subordinate its fee title to the Premises or any part thereof or interest therein;

(ii) The Mortgage shall not prohibit the disposition and application of insurance proceeds and condemnation awards as provided herein;

(iii) The Mortgage shall encumber only the Lessee's interest as Lessee in the Premises and its interest as owner of the Improvements;

(iv) At the time the Mortgage is placed, renewed or modified, Lessee shall not be in default of any of the terms, conditions and covenants of this Lease.

(v) The total amount of the loan secured by the Mortgage shall not at any time exceed 95% of the fair market value of the Lessee's interest in the Premises and Improvements.

(vi) The loan secured by the Mortgage shall be payable in periodic installments not less frequently than quarterly, such that the loan shall be fully amortized and repaid over the term of the loan. Final maturity "kickers" or "balloon payments" shall not be permitted.

(vii) The holder of Mortgage shall be a bona fide institutional lender such as an insurance company, real estate, profit-sharing or pension trust, bank or savings and loan association, title insurance company or reputable mortgage company;

(viii) The Lessee or holder of the Mortgage shall promptly deliver to the Lessor, in the manner herein provided for the giving of notice to Lessor, a true copy of the Mortgage and any assignment thereof, and shall notify the Lessor of the address of the holder of the Leasehold Mortgage to which notices from the Lessor may be sent; and

(ix) The holder of the Mortgage shall simultaneously provide Lessor copies of any notices of delinquency, default, termination or any other similar notice given to Lessee. Lessor shall have the right, but not the obligation, to cure any default by Lessee under the Mortgage.

Lessor's consent under this subparagraph shall be deemed to have been given if Lessor does not respond to Lessee's written request for Lessor's consent within 10 days of Lessor's receipt of such request accompanied by all information reasonably necessary to consider.

(b) In the event that Lessee encumbers its interest in this Lease under a Mortgage as permitted above, and provided that Lessee gives written notice to Lessor of the name and address of the Mortgage lender, then (i) Lessor shall give such lender written notice of any default under the terms of this Lease, by registered or certified mail at the address contained in such notice, and (ii) no notice of a default by Lessor to Lessee shall be deemed to have been properly given to Lessee unless and until a copy thereof has been mailed to such lender at the address provided. The Mortgage lender, shall the right to cure such default within any applicable cure period provided hereunder, and Lessor shall accept such performance by or at the instance of such lender as if the same had been made by Lessee. Provided Lessee gives written notice to Lessor of the name and address of the Mortgage lender as required above, Lessor shall not take any action to terminate this Lease because of any default or breach thereunder on the part of Lessee if such lender (i) within 30 days after mailing of written notice shall cure such default or breach if the same can be cured by the payment of expenditure of money, or (ii) shall diligently take action to obtain possession of the Premises (including possession by receiver) and to cure such default or breach in the case of a default or breach which cannot be cured unless and until such lender has obtained possession and shall, during such time, pay all rental and all other payments required to be made under this Lease, or (iii) if such default or breach is not so curable under the foregoing subparagraphs (i) or (ii), shall institute and carry forward with due diligence foreclosure or sale proceedings under its mortgage or deed of trust securing such loan and pay all rental and all other payments required to be made under such Lease until such time as Lessee's interest in this Lease shall be sold upon such foreclosure or sale proceedings pursuant to said mortgage or deed of trust; provided, however, such lender shall not be required to continue such action for possession or such foreclosure or sale proceedings if such default or breach shall be cured by Lessee. Upon completion of any such foreclosure or sale proceedings under said mortgage or deed of trust, the purchaser (whether such lender or otherwise) at such sale will be recognized by Lessor as Lessee under the terms of this Lease for all purposes and shall be bound hereby for the remaining term hereof. A lender who acquires title to Lessee's interest in this Lease by acceptance of a deed in lieu of foreclosure shall be deemed a "purchaser" for these purposes.

11. Surrender of Possession; Title to Improvements; Indemnity; Rent Abatement.

(a) Surrender of Possession. Upon the expiration or sooner termination of this Lease, Lessee shall surrender to Lessor possession of the Premises. All items not

removed from the premises shall be deemed abandoned and shall become the property of Lessor unless removed at or prior to the expiration or termination of this Lease. Any personal property not removed by Lessee at or prior to the expiration or termination of this Lease may be removed by Lessor to any place of storage and stored for the account of Lessee without Lessor in any way being liable for trespass, conversion or negligence by reason of any acts of Lessor or of Lessor's agents, or of any carrier employed in transporting such property to the place of storage or by reason of the negligence of any person in caring for such property while in storage.

(b) **Holding Over.** Should Lessee hold over after the termination of this Lease, with or without the express consent of Lessor, the resulting tenancy shall be construed to be a month-to month-tenancy at a monthly rent equal to twice the monthly rent payable under the terms hereof for the month immediately preceding termination or expiration, but otherwise on the terms and conditions provided in this Lease. The term of this Lease shall not be renewed or extended by any matter or thing.

(c) **Title to Improvements.** Upon the expiration or sooner termination of this Lease, Lessee's right, title and interest in and to any Improvements situated on the premises, as they then exist, shall automatically be vested in Lessor without any liability or obligation on the part of Lessor, express or implied, to pay or compensate Lessee therefor. Lessee may not demolish the Improvements without obtaining the prior express written approval of Lessor.

(d) **Lessee's Indemnification of Lessor.** Lessee shall indemnify, hold harmless and defend Lessor against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including without limitation, reasonable attorneys' fees, which may be imposed upon or incurred by or asserted against Lessor by reason of any of the following occurring during the term of this Lease: (i) any work or thing done in, or about the premises; (ii) any use, non-use, possession, occupation, condition, operation, maintenance or management of the premises, or any street, avenue, alley, sidewalk, curb, passageway, entrances or space adjacent thereto; (iii) any negligence on the part of Lessee or any of its agents, contractors, servants, employees, licensees or invitees; (iv) any accident, injury or damage to any person or property occurring in, on or about the premises regardless of the cause thereof; and (v) any failure on the part of Lessee to keep, observe or perform any of the terms, covenants, provisions, agreements, conditions or limitations contained in this Lease. If any action or proceeding is brought against Lessor by reason of any such claim, Lessee, upon written notice from Lessor, shall at Lessee's sole cost and expense, including attorneys' fees, resist or defend such action or proceeding by attorneys approved by Lessor in writing, such approval not to be withheld unreasonably, but no approval of the attorneys shall be required in each and every instance where the claim is resisted or defended by attorneys of an insured's carrier obligated to so resist or defend such claim.

12. Default and Remedies.

(a) Events of Default. The occurrence of any one of the following events shall constitute an event of default by Lessee under this Lease:

(i) Lessee shall fail to pay any installment of rent or other monetary obligation hereunder when due, and such failure shall continue for a period of 7 days after written notice thereof from Lessor.

(ii) Lessee shall fail to comply with any term, provision or covenant of this Lease not involving the payment of money, and shall not cure such failure within 20 days after written notice thereof from Lessor or, if such failure is not reasonably susceptible of cure within such 20-day period, Lessee shall not commence to cure such failure within such period or thereafter shall not diligently prosecute such cure to completion within a reasonable period of time.

(iii) Lessee shall abandon the Premises.

(iv) Lessee shall commence (by petition, application, assignment, or otherwise) a voluntary case or other proceeding under the laws of any jurisdiction seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, assignee, custodian, or other similar official of it or any substantial part of its property; or shall consent (by answer or failure to answer, or otherwise) to any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceeding commenced against it; or shall generally not pay its debts as they become due; or admit in writing its inability to pay its debts as they become due; or shall take any action to authorize any of the foregoing.

(v) An involuntary case or other proceeding shall be commenced against the Lessee under the laws of any jurisdiction seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, custodian, or other similar official of Lessee or any substantial part of Lessee's property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days or a trustee, receiver, custodian, or other official shall be appointed in such an involuntary case and is not removed within sixty (60) days of being appointed.

(vi) If any sheriff or other officer shall take possession of the Premises, the Improvements or Lessee's leasehold estate, or any portion thereof, by virtue of any execution, attachment, levy, writ or other proceeding and such shall not be dismissed, vacated or stayed on appeal within thirty (30) days.

(b) Remedies for Default. In the event of any default by Lessee under this Lease, then, in addition to and without prejudice to any other right or remedy given

hereunder or by law and notwithstanding any waiver of any former breach of covenant Lessor may:

(i) Terminate this Lease, and Lessee's right to possession of the Premises, by giving to Lessee a notice of termination, effective as of a date specified in such notice not sooner than 10 days after the date of notice and, Lessee shall surrender the Premises to Lessor on or before such date. If Lessee fails to do so, Lessor may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and the Improvements and expel or remove Lessee and any other person who may be occupying the same or any part thereof without being liable for prosecution or any claim of damages therefore; and Lessee agrees to pay to Lessor on demand the amount of all loss and damage which Lessor may suffer by reason of such termination, whether through inability to relet the Property on satisfactory terms or otherwise.

(ii) Terminate this Lease as aforesaid and, upon termination of this Lease, exercise the remedies available under applicable law, including, without limitation, the right to recover the worth at the time of award of the amount by which the unpaid rent and other obligations for the balance of the term of this Lease after the time of award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

(iii) Enter upon and take possession of the Premises without terminating this Lease and expel or remove Lessee and any other person who may be occupying the Premises without being liable for prosecution of any claim of damages therefore, and without terminating this Lease or releasing Lessee from its obligations hereunder for the full term hereof, endeavor to relet the Premises for the account of Lessee for such time and upon such terms as the Lessor shall determine, and receive the rent therefore. In connection with its reletting efforts, Lessor may make such repairs, alterations and additions in or to the Premises or the Improvements, and redecorate the same as Lessor deems necessary or desirable, and Lessee shall promptly upon demand pay or reimburse Lessor for the cost thereof, together with the Lessor's expenses of the reletting (including, without limitation, attorney's fees). If the consideration collected by the Lessor upon any such reletting for Lessee's account is not sufficient to pay monthly the full amount of rent and other amounts payable under this Lease, together with the cost of repairs, alterations, additions, redecorating and Lessor's expenses, Lessee shall pay to the Lessor the amount of each monthly or other deficiency upon demand. In the event Lessor is successful in reletting the Premises at a rental in excess of that agreed to be paid by Lessee pursuant to the terms of this Lease, Lessor and Lessee each agrees that Lessee shall not be entitled, under any circumstances, to such excess rental, and Lessee does hereby specifically waive any claim to such excess rental.

(d) Lessee Waivers. Lessee hereby expressly waives, to the extent permitted by law, the service of any notice of intention to reenter provided for in any statute, or of the institution of legal proceedings to that end, and Lessee, for and on behalf of itself and all persons claiming through or under Lessee, also waives any and all right of redemption or reentry or repossession or to restore the operation of this Lease in case Lessee shall be dispossessed by a judgment or by a warrant of any court or judge or in case of reentry or repossession by Lessor or in case of any expiration or termination of this Lease.

(e) No Lessor Waivers. No failure by Lessor to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any breach or of such covenant, agreement, term or condition hereof. No covenant, agreement, term or condition of this Lease to be performed or complied with by either party, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the other party hereto. No waiver of any breach shall affect or alter this Lease but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

(f) Injunctive Relief. In the event of any breach or threatened breach by Lessee of any of the covenants, agreements, terms or conditions contained in this Lease, Lessor shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though reentry, summary proceedings, and other remedies were not provided for in this Lease.

(g) Remedies Cumulative. Lessor's rights and remedies under this this Lease are cumulative and in addition to any other right or remedy now or hereafter existing at law or equity or by statute or otherwise, and the exercise or beginning of the exercise of Lessor of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

13. General Provisions.

(a) Nonmerger of Fee and Leasehold Estate. If both Lessor's and Lessee's estates in the Premises or the Improvements or both become vested in the same owner, this Lease shall nevertheless not be extinguished by application of the doctrine of merger except at the express election of the owner and the prior written consent of any permitted mortgagee.

(b) Lessor's Performance of Lessee's Obligations. In the event that Lessee fails to perform its obligations hereunder (including, but not limited to, Lessee's monetary obligations hereunder or under Lessee's Mortgage loan), Lessor may, at its option, and

without waiving any right it may have against Lessee, upon 15 days' written notice to Lessee, do or perform the same, whereupon Lessee shall pay or reimburse Lessor for all expenses and disbursements incurred or paid by Lessor in doing or performing the same, together with interest as provided hereunder from the time the expenses or disbursements were incurred or paid by Lessor. If Lessor performs, acquires or satisfies any lien, encumbrance or obligation of Lessee, Lessor shall be subrogated to all rights of the obligee against the Lessee or the Premises or both, and no merger shall be construed which would defeat such subrogation. In the case of subrogation to the rights of a mortgagee, the Lessor shall not have the right to foreclose, except upon assignment (if any) of the Mortgage to the Lessor by the mortgagee. All sums payable from Lessee to Lessor under the terms hereof, shall bear interest at a rate of interest equal to two percent above the Bank of America prime rate then in effect.

(c) Attorneys' Fees. If either party files any action or brings or is brought into any proceeding against or involving the other party arising out of this Lease, the Premises, the Improvements or for the declaration of any rights relating thereto, the party entitled to recover court costs from the other shall be entitled to reasonable attorneys' fees as part of such costs.

(d) Memorandum of Lease. This Lease shall not be recorded, but the parties shall execute a memorandum of this lease for recording concurrently with the execution of this Lease. The memorandum shall be in form and substance approved by Lessor and any title insurance company insuring Lessee's leasehold estate or the interest of a permitted mortgagee, and shall be sufficient to give constructive notice of the lease to subsequent purchasers and mortgagees. Either party may cause the memorandum to be recorded.

(e) Binding Effect; Successors. This Lease and the terms and conditions hereof shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors, representatives and assigns. No successor to Lessor's interest shall be entitled to receive rent payments until Lessee shall have been furnished with a notice signed by the transferor of such interest setting forth the name and address of the person or persons entitled to receive rent after the transfer.

(f) Notices. All notices or requests which are required or which may be given by either party to the other hereunder shall be served by U.S. mail, return receipt requested, addressed to each party at the address appearing under that party's signature or such other address as either party may designate by notice. Service of such notice shall be deemed to have been made on the date shown on the return receipt, and if there is no return receipt, on the third business day immediately following the date of posting in the United States mail.

(g) Right of Entry. Lessor shall have the right at all times during the term of this Lease to enter upon the Premises and the Improvements to examine or inspect the same for any purpose.

(h) Waste. Lessee shall not commit or suffer to be committed any waste of the Premises or the Improvements from time to time situated thereon or therein.

(i) Interpretation. The captions by which the paragraphs of this Lease are identified and the main headings under which particular paragraphs are placed are for convenience only and shall have no effect upon the interpretation of this Lease. If either party consists of more than one person, each person shall be jointly and severally liable hereunder.

(j) Partial Invalidity. In case any one or more of the provisions or parts of a provision contained in this Lease shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement, but this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted.

(k) Entire Agreement. This Lease constitutes the entire agreement of the parties with respect to its subject matter and supersedes any prior agreements, discussions, negotiations and understandings. This Lease cannot be amended except by a writing executed by Lessor and Lessee. It is the sole responsibility of the Lessee to notify the holder of any Mortgage of any amendment, and any lender will be deemed to have approved or consented to any amendment if no objection or disapproval is not given in writing within thirty (30) days after being notified.

[Signatures on following page]

<p>LESSOR:</p> <p>JS LANTERN DISTRICT LLC</p> <p>By: _____ _____, Property Manager</p>	<p>LESSEE:</p> <p>_____</p> <p>Printed Name:</p>
<p>ADDRESS:</p> <p>4040 MacArthur Blvd., Suite 300, Newport Beach, CA 92660</p>	<p>ADDRESS:</p> <p>_____</p> <p>_____</p> <p>_____</p>