LEASE

by and between

THE REDEVELOPMENT AGENCY OF THE
CITY OF FULLERTON, CALIFORNIA

("Landlord")

and

THE OLD SPAGHETTI FACTORY OF FULLERTON, INC.

("Tenant")

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L E A S E

THIS LEASE is entered into as of June 21, 1983, by and between THE REDEVELOPMENT AGENCY OF THE CITY OF FULLERTON, CALIFORNIA ("Landlord") and THE OLD SPAGHETTI FACTORY OF FULLERTON, INC., an Oregon corporation ("Tenant").

ARTICLE I

PREMISES

1.1 Lease of Premises. Landlord hereby leases and demises to Tenant and Tenant hereby hires from Landlord, for the term, at the rental and upon the conditions set forth herein, certain improved real property (hereinafter called "Premises") consisting of approximately 0.645 acres and located generally at the southeast corner of Harbor Boulevard and Santa Fe Avenue in the City of Fullerton, and more particularly described in Exhibit "A" hereto. During the term of this Lease, patrons, but not employees, of Tenant shall have a non-exclusive right to use for vehicular parking purposes the public parking lot designated on Exhibit "B" hereto free of charge, subject to the covenants set forth in Section 3.8; provided, that the City of Fullerton and Landlord shall have control over precise locations, time restrictions, validation procedures, and similar matters affecting the parking spaces. Employees of Tenant shall not park in the public parking lot designated on Exhibit "B". Landlord and Tenant shall cooperate in good faith with respect to Tenant's purchase of employee parking permits for parking in other nearby public lots.

The City Council, by its approval of this Lease, hereby determines pursuant to Section 15.56.170 of the Municipal

Code that the public parking lot described in Exhibit "B" will provide adequate offstreet parking for the Premises, as redeveloped in accordance with this Lease, and the Council therefore exempts the Premises from municipal on-site parking requirements that would otherwise apply.

1.2 Covenant of Quiet Enjoyment. Landlord covenants that, subject to the limitations expressly set forth herein, Tenant, upon paying the rent and performing the covenants in this Lease required to be performed by Tenant, may quietly have, hold, and enjoy the Premises during the term of this Lease, including any option periods, without hindrance or interruption by Landlord or any party claiming by, through, or under Landlord.

This Lease is subject to Exceptions 1 and 2 (easements for drainage, storm drain, sewer, water, public utility, and incidental purposes) as set forth in Preliminary Title Report No. 33150 of the Lawyers Title Insurance Corporation, dated June 8, 1981. Landlord agrees not to record any additional liens or encumbrances against the Premises prior to recordation of the Memorandum of Lease referred to in Section 11.15.

In addition to the foregoing, Tenant is informed that: (1) Landlord previously entered into an agreement to sell the Premises to a third party (the Eureka & Eel River Railway Company, Inc.); (2) that on or about January 4, 1983, Landlord terminated its agreement to convey the Premises to said third party because of an asserted material default by said third party; and (3) that said third party still claims or may claim an interest in the Premises adverse to that of Landlord and Tenant hereunder. Therefore, in order to clarify the rights and obligations of Landlord and Tenant in the event said third party prosecutes litigation which, if successful, would result in Landlord's breach of its covenant of quiet enjoyment, as set forth in this Lease, it is agreed that:

(i) Landlord agrees to diligently oppose any such litigation against Landlord at its sole expense.

(ii) Furthermore, Landlord shall indemnify and hold Tenant harmless from and against any claims or liabilities asserted against Tenant arising out of any cause of action to invalidate this Lease or enjoin performance by Tenant hereunder. Landlord shall defend Tenant against any such cause of action with counsel of Landlord's choosing.

(iii) Without Tenant's prior written consent, Landlord shall not agree or stipulate in any such litigation to any settlement or judgment which would result in Landlord's breach of its covenant of quiet enjoyment, as set forth in this Lease.

(iv) In the event that such litigation is instituted and, prior to final resolution thereof, timely performance by either Landlord or Tenant hereunder is rendered impossible or impracticable in the reasonable judgment of the party owing performance, as a result of such litigation, the times of performance hereunder, the term of the Lease, the provisions regarding the time and amount of rent payments, and all other obligations of both Landlord and Tenant hereunder, shall be tolled for the period of the delay for such cause. The party claiming a delay for such cause shall provide written notice to the other within thirty (30) days after the commencement of the cause. In the event of such a delay, and at the conclusion thereof, Landlord and Tenant shall execute such supplemental documents as may be reasonably required by either to memoralize the extended times of performance.

(v) In the event that a final judgment invalidates this Lease or permanently enjoins Landlord or Tenant from performing hereunder, Landlord's liability to Tenant for breach of its covenant of quiet enjoyment shall be limited to Tenant's out-of-pocket losses reasonably incurred in preparing to perform and performing under this Lease, less any income received by Tenant from the operation of the restaurant on the Premises, and subject to Tenant's normal duty to mitigate its damages. Landlord shall specifically not be responsible to Tenant for any of Tenant's alleged lost profits or any "bonus value" in this Lease (i.e., any alleged difference between the fair rental value and the contract rent). Tenant shall include a standard force majeure clause in any contract let by Tenant for construction work to be performed on the Premises under Section 3.3, which clause places on the contractor the risk of any delay in construction caused by possible litigation referenced in this Section 1.2.

ARTICLE II

TERM

2.1 Initial Term. The "Effective Date" of this Lease

9/12/83 ac

shall be the date that Tenant secures a building permit for the construction to be performed by Tenant, pursuant to Sections 3.2 and 3.4 hereof. Landlord shall convey possession of the Premises to Tenant on the Effective Date of the Lease. The term of this Lease shall commence on the Effective Date and shall expire at midnight on December 31,

2003. Landlord and Tenant will execute an appropriate recordable memorandum setting forth the Effective Date of this Lease upon either's request.

2.2 Option to Extend. Tenant may, at its option, extend the Lease for two (2) additional periods of five (5) years each, provided Tenant notifies Landlord in writing of its election to extend at least six (6) months prior to expiration of the term of lease last in effect. Notwithstanding anything to the contrary herein, if Tenant is in default in its obligations under this Lease on the date the notice to extend is given or the date the extended term is to commence, the extended term shall not commence and this Lease shall expire at the end of the last term in effect.

2.3 Exclusive Negotiating Agreement at End of Second Option Period. Landlord and Tenant shall, at Tenant's option, have an Exclusive Negotiating Agreement for the continued lease of the Premises by Landlord to Tenant, provided Tenant notifies Landlord in writing of its election to enter into such Exclusive Negotiating Agreement at least six (6) months prior to expiration of the second option period under Section 2.2. In such event, the terms of the Exclusive Negotiating Agreement shall be as set forth in this Section 2.3. The term shall commence on the date Tenant notifies Landlord as set forth herein and shall terminate on a date which is three (3) months prior to expiration of the second option period, unless terminated earlier by mutual written consent of the parties. During the period that the Exclusive Negotiating Agreement is in effect, Landlord and Tenant shall attempt in good faith to negotiate a new or revised lease or further extension of the existing lease, and Landlord shall not negotiate on this subject with any other prospective tenant; provided, that neither party shall be compelled to agree on terms which are not acceptable to it in its sole discretion. Upon termination of this Exclusive Negotiating Agreement, Landlord is free to negotiate with any other prospective tenant for the lease of the Premises, upon such terms as Landlord chooses, with no further obligation to Tenant. Notwithstanding anything to the contrary herein, if Tenant is in default in its obligations under this Lease on the date the notice to enter into this Exclusive Negotiating Agreement is given or at any time during the term thereof, the Exclusive Negotiating Agreement shall be automatically null and void.

2.4 Surrender; Holding Over. Upon the termination of this Lease, Tenant covenants to peaceably yield up and surrender the Premises, including all improvements under Section 3.7 which are to become the property of Landlord, in good order, repair and condition, reasonable wear and tear excepted.

ARTICLE III

DEVELOPMENT OF PREMISES

3.1 As-Is Condition. The Premises are leased in an as-is physical condition only. Not by way of limitation of the foregoing, Landlord does not warrant the suitability of the soils on the Premises for support of any improvements to be constructed thereon. Upon Tenant's request, Landlord shall assign to Tenant any right of action which Landlord may have against third parties responsible for work previously done for soils preparation and construction of the foundation for the building on the Premises, if Tenant determines that such work was negligently or improperly performed.

3.2 Approval of Development Plans; Prior Submittal of Final Building Plans to City. Concurrently with its approval of this Lease, Landlord is approving Tenant's Development Plans for the project, consisting of exterior elevations of structures, detailing colors and materials, floor plans, site plans, proposed signing, with dimensions, materials, colors and copy specified; and landscaping and irrigation concept plans, specifying sizes, locations, and names of all plant varieties and the method of serving them with water. If Tenant desires to make any substantial changes to such approved Development Plans, it shall submit such proposed changes to Landlord for review and approval.

Within the time set forth in the Schedule of Performance (Section 3.4), Tenant's building plans shall be submitted to and approved by the City of Fullerton and Tenant shall obtain a building permit from the City for Tenant's construction. If Tenant desires to make any substantial changes in its approved building plans, it shall submit the proposed changes to the City of Fullerton for review and approval in accordance with applicable requirements of law.

3.3 Tenant Responsible for Costs of Construction; Proof of Financing. Tenant shall construct the improvements as shown in the approved Development Plans and final building plans at Tenant's sole cost and expense. All construction shall be performed so as to preserve the historical and architectural integrity of the Union Pacific Depot Building.

Prior to the Effective Date of this Lease and within the time set forth in the Schedule of Performance (Section 3.4), Tenant shall submit to Landlord satisfactory proof of Tenant's financing for the project in an amount sufficient to cover the entire estimated cost of construction. As used herein, the term "satisfactory proof of Tenant's financing for the project" shall mean one or a combination of the following: (i) a performance bond or irrevocable letter of credit in favor of Landlord drawn upon a responsible financial institution doing business in the County of Orange and in a form acceptable to Landlord's attorney, (ii) an unconditional loan commitment by a responsible Lender acceptable to Landlord, or (iii) any other form of security approved in writing by the Executive Director of Landlord in his sole discretion. Landlord shall approve or disapprove Tenant's submittal within the time set forth in the Schedule of Performance. Failure by Landlord to act on Tenant's proof within such time period shall be deemed an approval; approval shall not be unreasonably withheld.

3.4 Schedule of Performance. Landlord and Tenant shall accomplish their respective tasks within the times specified herein. This schedule may be subject to revisions as mutually agreed upon in writing between Landlord and Tenant. The Executive Director of Landlord is authorized on behalf of Landlord to agree in writing to extensions of this schedule for a period or periods not exceeding one hundred eighty (180) days total.

During the period of construction, Tenant shall keep Landlord informed of the progress of construction when and as requested in writing by Landlord.

The schedule of performance shall be as follows:

Description of Work or Activity	Time of Performance
1. Landlord approval of Development Plans	Concurrently with Agency approval of Lease
2. Tenant submits final building plans to City of Fullerton for	Within two (2) months after Landlord approval of Lease
3. City approves final building plans	Within one (1) month after submittal
4. Tenant submits proof of financing to Landlord	Within fifteen (15) days after City approval of building plans
5. Landlord approves Tenant's financing; Tenant obtains building permit(s); and lease term commences ("Effective Date" of Lease)	Within fifteen (15) days after Landlord approval of Tenant's financing
6. Tenant commences constuction of project	Within one (1) month after commencement of lease term
7. Tenant completes construction, Certificate of Completion issued, and restaurant opens for business	Within nine (9) months after commencement of lease term

3.5 <u>Compliance with Local, State, and Federal Laws; Antidiscrimination During Construction</u>. Tenant agrees to carry out the construction of the project in conformity with all applicable governmental laws, rules, and regulations, including without limitation, all applicable federal and state labor standards. Tenant shall be responsible for procuring all necessary building, fire, safety, and other permits.

Tenant agrees that in carrying out the construction of the project it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, religion, sex, or marital status.

3.6 <u>Certificate of Completion</u>. Promptly after Tenant satisfactorily completes construction of the project, Landlord shall furnish Tenant with a Certificate of Completion for the Premises upon written request therefor by Tenant. A Certificate of Completion substantially in the form contemplated in this Section 3.6 is attached hereto as Exhibit "C". Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the project as required by this Lease, and of full compliance with the terms hereof with respect to construction of the project. The Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's Office of Orange County.

If Landlord refuses or fails to furnish a Certificate of Completion for the Premises, after written request from Tenant, Landlord shall, within fourteen (14) days of receipt of the written request, provide Tenant with a written statement of the reasons Landlord refused or failed to furnish a Certificate of Completion.

Such Certificate of Completion shall not be construed as Landlord's warranty of compliance with or satisfaction of any obligation of Tenant to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Certificate of Completion is not notice of completion as referred to in California Civil Code §3093.

3.7 <u>Tenant's Property During Lease; Restoration of Premises Upon Termination</u>. Any building, structure, or other improvement constructed or placed on the Premises after the commencement date of this Lease by Tenant shall be and remain the property of Tenant during the term of this Lease or any extension hereof. Upon the termination of this Lease, whether by lapse of time or otherwise, all such buildings, structures, and improvements permanently affixed to the Premises shall be and become the property of Landlord. Provided, that Tenant may remove decorative windows, doors, light fixtures, or other such items installed by Tenant and which are of a functional nature if Tenant replaces each such item with an item of comparable quality of a non-decorative nature.

All items of trade fixtures, furniture, furnishings, equipment, and other items of personal property purchased by Tenant for use in the project shall remain the property of Tenant upon termination. Tenant shall remove from the Premises all such items within thirty (30) days after the termination of the Lease. As used in this Lease, the term "trade fixtures" shall include all restaurant equipment and fixtures used in the preparation, storage, and serving of food, and shall also include decorative light fixtures, stained glass, decorative hardware, and all other such items of decor and decorative paraphernalia.

Upon termination of this Lease, if Tenant causes any damage to the improvements on the Premises by removing any property whatever, Tenant shall at its own expense repair or restore the Premises to the condition required in Section 6.1.

3.8 <u>Tenant Obligation for Payment of Portion of Landlord's Expenses for Maintenance and Repair of Public Parking Lot</u>. Commencing in calendar year 1984, and continuing thereafter during each calendar year during the entire term of this Lease, Tenant shall pay to Landlord an amount equal to fifty percent (50%) of Landlord's and/or City's "actual cost for the maintenance and repair" of the public parking lot identified in Exhibit "B" hereto during that year, provided that in the years 1984 through 1993, Tenant's contribution to such cost shall not exceed the sum of Five

Thousand Dollars ($5,000.00) per year, in the years 1994 through 2003, Tenant's contribution to such cost shall not exceed the sum of Ten Thousand Dollars ($10,000.00) per year, and during the option periods, if applicable, Tenant's contribution to such cost shall not exceed the sum of Fifteen Thousand Dollars ($15,000.00) per year.

The term "actual cost for maintenance and repair" shall include all expenses reasonably incurred for such purposes which include, without limitation, overhead expense, a proper allocation of payroll expenses and cost of equipment and supplies, and appropriate reserves for reasonably anticipated long-term maintenance requirements.

Payment by Tenant to Landlord for such purposes shall be made monthly, in advance, at the time rent is payable pursuant to Article V of this Lease, and shall constitute additional rent under Section 5.9.

Prior to each such calendar year, Landlord shall prepare or cause to be prepared and shall submit to Tenant an annual budget detailing (i) the anticipated actual cost for maintenance and repair of the public parking lot for the succeeding calendar year, and (ii) Tenant's portion of the total cost. Thereafter, Tenant shall pay one-twelfth (1/12) of its portion of the budgeted expense each month during said calendar year. Within thirty (30) days after the end of the year, Landlord shall provide an accounting to Tenant of the actual cost for maintenance and repair for said year, and an appropriate adjustment (including a credit or additional payment) shall be made. Tenant shall have the right to inspect Landlord's books and records to verify the accuracy of Landlord's figures, and Landlord shall cooperate by providing Tenant with information reasonably necessary for this purpose, at no expense to Tenant.

ARTICLE IV

USE OF PREMISES; ASSIGNMENT OF LEASE

4.1 Type of Use; Covenant to Operate. The Premises are being leased to Tenant for the construction, operation, and maintenance of a full-service sit-down restaurant, which shall be maintained in substantial accordance with Tenant's approved Development Plans. The restaurant shall be named "The Old Spaghetti Factory", and shall use the same federally registered service mark and logo type in use in other Old Spaghetti Factory restaurants owned or controlled by the Old Spaghetti Factory, International, Inc., on signs, promotional material, advertising, menus, business cards, stationery, and other uses. The restaurant shall utilize the same or substantially similar menus as are used in other restaurants bearing the Old Spaghetti Factory name, and shall also utilize the same recipes and methods of preparation of food and beverages for all of the items served. The restaurant shall be operated by Tenant in accordance with the standards of quality, production, appearance, repair, maintenance, cleanliness, and service as are followed by other restaurants bearing the Old Spaghetti Factory name. Landlord's personnel shall have the right to enter upon the Premises at any reasonable time for the purpose of examining such Premises, conferring with the management thereof, and inspecting and checking inventory, food, methods of preparation, furnishings, fixtures, and operating methods.

The restaurant shall be continuously open for dinner during normal restaurant dinner hours seven (7) days per week (holidays excepted) during the entire term of this Lease. Commencing no later than ninety (90) days after the initial opening of the restaurant, and continuing thereafter during the entire term of this Lease, the restaurant shall also be continuously open for lunch during normal restaurant lunch hours on weekdays (Monday through Friday, holidays excepted). However, if Tenant's gross receipts for its lunch business in any calendar year are less than Seventy Five Thousand Dollars ($75,000.00), Tenant at its sole option may terminate its lunch business; provided, that in such event, Tenant shall recommence its lunch business within two (2) years of such closure (subject again to a right to terminate and a duty to recommence on the same terms as set forth in this paragraph).

Tenant shall not use or suffer to be used the Premises for any other purpose or purposes without in each instance obtaining Landlord's prior written consent. Not by way of limitation of any other provision of this Lease, Tenant's failure to strictly comply with the provisions of this Section 4.1 shall constitute a material default under this Lease. Tenant shall pay to Landlord a sum equal to thirty percent (30%) of all gross receipts (not limited as in Article V) for any service or use that is not permitted by this Lease, at the time the next rental payment is due. Neither the existence of the 30% charge in this Section 4.1 nor the payment or receipt of money hereunder, shall constitute an authorization for a particular service or use or a waiver of Landlord's right to terminate such service or use.

4.2 Assignment and Subleasing.

(i) Tenant represents that it is a wholly owned subsidiary of The Old Spaghetti Factory, International, Inc., which parent corporation owns or controls a number of Old Spaghetti Factory restaurants in California and other states. Tenant understands that a material consideration to Landlord for this Lease is the reputation and expertise of Tenant's parent corporation and The Old Spaghetti Factory restaurants. Tenant shall not voluntarily or by operation transfer or encumber all or any part of Tenant's interest in the Lease or the Premises without Landlord's prior written consent, which approval shall be in the sole discretion of Landlord. Any transfer of fifty percent (50%) or more of the ownership interest of Tenant shall require Landlord's prior written consent. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void and constitute a breach of this Lease.

(ii) Notwithstanding anything to the contrary above stated, Tenant may sublease the Premises or assign its interest in this Lease to Fullerton Spaghetti Restaurant, Inc., a California corporation, which is owned by Chris Dussin and Letty Dussin, the son and daughter-in-law of Guss Dussin, principal in Tenant's parent company. Such sublease or assignment shall be permitted only upon Tenant submitting satisfactory proof to Landlord that Fullerton Spaghetti Restaurant, Inc., has a franchise agreement with Tenant's parent company which will authorize the use of the Premises for the purposes set forth in this Lease, including, without limitation, Section 4.1.

(iii) Notwithstanding anything to the contrary above stated, Landlord agrees that: (a) Tenant may encumber Tenant's interest in the Lease as set forth in Article IX hereof without Landlord's prior written consent provided no interest of Landlord in the Premises shall be subject to such lien except as expressly set forth in Article IX; and (b) Tenant may assign or sublet its interest in this Lease to a partnership, corporation or other entity, without Landlord's prior written consent, provided that Tenant retains control of the management of such entity and a majority interest in the equity of such entity. In either such instance, Tenant shall present written evidence of the assignment and qualification of the assignment for exemption from the requirement of Landlord's prior written consent.

(iv) In the event Tenant desires to assign or sublet its interest in the Lease to a person or entity other than those described in subparagraph (ii) or (iii) above, Tenant shall submit in writing to Landlord (a) the name of the proposed subtenant or assignee; (b) the nature of the proposed assignee's or subtenant's business and experience with same; (c) the proposed sublease or assignment; and (d) such financial and other information as Landlord may reasonably request concerning the proposed subtenant or assignee. If and only if Landlord determines in its reasonable discretion that the proposed tenant has suitable financial strength, experience and character for operation and control of the Premises will Landlord agree to grant consent to such proposed assignment.

(v) If an entity succeeding to Tenant's interest hereunder is deemed a public corporation under the then current guidelines of the California Corporations' Commissioner or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate of more than fifty percent (50%) shall be deemed an assignment within the meaning of provisions of this Section. In addition, if Tenant assigns its interest in this Lease to an entity without Landlord's written consent in accordance with subparagraph (ii) or (iii) above, a change thereafter resulting in Tenant's loss of the control of management or ownership of a majority interest in equity shall also be deemed an assignment requiring Landlord's written consent.

(vi) The consent of Landlord given pursuant to the terms hereof shall not relieve Tenant from its obligations or liabilities under this Lease nor act as a waiver of the requirement that such consent be obtained to any subsequent assignment or sublease. If the term of this Lease shall come to an end or shall be terminated or cancelled while any sublease is in effect, Landlord may, at its option, for a period of sixty (60) days thereafter, either terminate the sublease or succeed to all the rights of Tenant thereunder.

(vii) In the event Tenant shall assign or sublet the Premises or request the consent of Landlord to any assignment or subletting or if Tenant shall request the consent of Landlord for any act Tenant proposes to do, then Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection therewith, such attorneys' fees not to exceed Five Hundred Dollars ($500.00) for each such request.

4.3 <u>Obligation to Refrain from Discrimination</u>. There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, race, color, age, handicap, religion, national origin, marital status or ancestry in the sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, nor shall Tenant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Premises.

All such subleases or contracts shall contain or be subject to substantially the following non-discrimination or non-segregation clauses:

1. In subleases. "The sublessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this sublease is made and accepted upon subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of sex, race, color, age, handicap, religion, national origin, marital status or ancestry, in the subleasing, transferring, use, or enjoyment of the land herein subleased nor shall the sublessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of sublessees, subtenants or vendees in the land herein leased."

2. In contracts. "There shall be no discrimination against or segregation of, any person, or group of persons on account of sex, race, color, age, handicap, religion, national origin, marital status or ancestry in the sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or any person claiming under or through him, establish

or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of subtenants, sublessees or vendees of the land."

ARTICLE V

RENT

5.1 Effective Date to October 31, 1984. On the Effective Date of the Lease, Tenant shall pay rent to Landlord in advance for the period from the Effective Date to October 31, 1984, in the sum of One Dollar ($1.00).

5.2 November 1, 1984, to December 31, 1987. Tenant shall pay rent to Landlord for the period between November 1, 1984, and December 31, 1987, in the amount of Fifteen Thousand Dollars ($15,000.00) per year ($2,500.00 for November and December of 1984). Rent shall be payable monthly, in advance, in installments of One Thousand Two Hundred Fifty Dollars ($1,250.00).

5.3 January 1, 1988, to December 31, 1993. Tenant shall pay to Landlord rent for the six-year period between January 1, 1988, and December 31, 1993, in a sum equal to the greater of (i) minimum rent of Fifteen Thousand Dollars ($15,000.00) per year, or (ii) annual percentage rent in an amount equal to one and one-half percent (1-1/2%) on the first One Million Eight Hundred Thousand Dollars ($1,800,000.00) in "Gross Receipts" plus three percent (3%) on any "Gross Receipts" in excess of that amount.

During each such lease year, the Fifteen Thousand Dollar ($15,000.00) minimum annual rent shall be paid in monthly installments in advance.

Within fifteen (15) days after the end of each calendar quarter during each such lease year, Tenant shall furnish to

Landlord a statement in writing, certified by Tenant to be correct, showing the total gross receipts in, upon, or from the Premises during the preceding quarter, and on the first day of the calendar month next succeeding, Tenant shall pay to Landlord the amount, if any, by which percentage rent accrued through said quarter (on a pro rata basis) exceeds the amount of rent previously paid for the year.

Within one hundred twenty (120) days after the end of each such year, Tenant shall furnish Landlord an audited statement prepared by a member of a national accounting firm, showing the total gross receipts in, upon or from the Premises during such year. At that time any adjustment necessary shall be made between Landlord and Tenant so that the percentage rent, although payable quarterly, shall be computed on an annual basis. If Tenant shall have paid to Landlord an amount greater than Tenant is required to pay under the terms hereof, Tenant shall be entitled to have such amount credited against the next rentals coming due hereunder. If Tenant shall have paid an amount less than the rentals required to be paid hereunder, then Tenant shall forthwith pay such difference.

If Tenant shall fail to prepare and deliver any such written statement within the required time, and such failure shall continue after thirty (30) days' notice thereof by Landlord to Tenant, Landlord may cause, but shall not be obligated to cause, an audit to be made of all books, records, and accounts of business operations conducted in, on, or from the Premises for such delinquent accounting period and may prepare the statement or statements which Tenant shall have failed to prepare and deliver. Said audit or audits shall be in addition to the special audit provided for in Section 5.8. Tenant shall pay on demand all expenses of such audit and the preparation of any such statements and all sums as may be shown by such audit to be due as rent together with interest on the past due amounts in accordance with Section 5.12 hereof.

5.4 January 1, 1994, to December 31, 1998. Tenant shall pay rent to Landlord for the five-year period between January 1, 1994, and December 31, 1998, in a sum equal to the greater of (i) minimum annual rent equal to seventy-five percent (75%) of the average annual rent due and payable by Tenant to Landlord for the five (5) lease years immediately preceding the lease year in question, or (ii) annual percentage rent in an amount equal to two percent (2%) on the first One Million Eight Hundred Thousand Dollars ($1,800,000.00) in "Gross Receipts" plus three percent (3%) on any "Gross Receipts" in excess of that amount.

During each such lease year, the minimum annual rent shall be paid in monthly installments in advance. The percentage rent, if any, shall be paid at the times, in the manner, and subject to the same general terms and conditions as are set forth in Section 5.3.

5.5 January 1, 1999, to December 31, 2003. Tenant shall pay rent to Landlord for the five-year period between January 1, 1999, and December 31, 2003, in a sum equal to the greater of (i) minimum annual rent equal to seventy-five percent (75%) of the average annual rent due and payable by Tenant to Landlord for the five (5) lease years immediately preceding the lease year in question, or (ii) annual percentage rent in an amount equal to two and one-half percent (2-1/2%) on the first One Million Eight Hundred Thousand Dollars ($1,800,000.00) in "Gross Receipts" plus three percent (3%) on any "Gross Receipts" in excess of that amount.

During each such lease year, the minimum annual rent shall be paid in monthly installments in advance. The percentage rent, if any, shall be paid at the times, in the manner, and subject to the same general terms and conditions as are set forth in Section 5.3.

5.6 Option Periods. In the event Tenant exercises one or both of the five (5) year options to extend as provided in Section 2.2, the rental to be paid by Tenant to Landlord for such options period(s) shall be the fair rental value of the Premises (excluding any improvements constructed thereon by Tenant and excluding any improvements made by Tenant to the existing structure) if the same were made available on the open market for new leasing purposes for a comparable restaurant use, as agreed to by Landlord and Tenant at that time; provided, that in no event shall the percentage rent for the option period(s) be adjusted to less than the percentages in effect under Section 5.5.

After the negotiation of such minimum and percentage rent figures, and during each lease year during the option period(s), Tenant shall pay the rent to Landlord at the times, in the manner, and subject to the same general terms and conditions as are set forth in Section 5.3.

In the event that Landlord and Tenant are unable to agree upon the rental for the option period(s), the dispute shall be settled by arbitration in accordance with the following provisions:

(i) Within ninety (90) days prior to the expiration of the lease year immediately preceding the commencement of the option period in question, each side shall appoint an arbitrator who is a qualified real estate appraiser and give written notice thereof to the other, or in the case of the failure of either party to do so, the other party shall have the right to apply to the Superior Court of Orange County, California, to appoint an arbitrator to represent the defaulting party.

(ii) The two arbitrators thus appointed (in either manner) shall select and appoint in writing a third neutral and impartial arbitrator who is a qualified real estate appraiser and give written notice thereof to both parties, or if within ten (10) days after the appointment of the two arbitrators they shall fail to appoint a third, then either party hereto shall have the right to make application to said Superior Court to appoint such third arbitrator.

(iii) The third arbitrator so appointed (in either manner) shall promptly fix a convenient time and place in the County of Orange for hearing the matter to be arbitrated and shall give written notice thereof to each party at least ten (10) days prior to the date so fixed, and said arbitrator shall with reasonable diligence (and in no event later than sixty (60) days after he or she is appointed, without the written consent of both Landlord and Tenant) hear and determine the matter in accordance with the provisions hereof and of the statutes and judicial decisions of the State of California at the time applicable thereto, and shall execute and acknowledge his or her award thereon in writing and cause a copy thereof to be delivered to each of the parties.

(iv) The award of said arbitrator shall determine the question arbitrated, and a judgment may be rendered by said superior court confirming said award, or the same may be vacated, modified, or corrected by said court, at the instance of either of the parties to the arbitration, in accordance with the then existing statutes of the State of California applicable to arbitrations, the provisions of which statutes shall apply hereto as fully as though incorporated herein.

(v) If the arbitrator appointed as aforesaid shall fail to reach a decision in the determination of the matter in question, the same shall be decided by a new arbitrator, who shall be appointed and shall proceed in the same manner as hereinabove set forth, and said process shall be repeated until a decision is finally reached by the arbitrator selected.

(vi) Each of the parties to the arbitration shall pay for the services of its appointee and one-half (1/2) of the fee charged by the arbitrator selected by their appointee and of all other proper costs of arbitration, with the exception of attorneys' fees and witness fees.

(vii) In order to ensure a fair arbitration, each arbitrator (including each party-selected arbitrator) shall be a person who is not, nor has been, directly or indirectly, a business or social connection or friend of either party, and each arbitrator shall sign an oath so affirming.

5.7 Definition of "Gross Receipts". The term "Gross Receipts" as used in this Lease shall include the entire gross receipts of every kind and nature from sales and services made in, upon, or from the Premises, whether upon credit or for cash, whether operated by Tenant or by a subtenant or subtenants, or by a concessionaire or concessionaires, excepting therefrom meals furnished to employees without charge or to the extent of any discount therefor, any rebates and/or refunds to customers, and the amount of all sales tax receipts which are accounted for by Tenant to any government, or any governmental agency. Sales upon credit shall be deemed cash sales and shall be included in the Gross Receipts for the period which the merchandise is delivered to the customer, whether or not title to the merchandise passes with delivery.

5.8 Maintenance and Inspection of Tenant's Records to Verify Amount of Gross Receipts; Audit. Tenant shall keep and maintain and cause each of its sublessees, concessionaires, and licensees, if any, to keep and maintain full, complete and accurate books, records and accounts of all daily gross receipts, both for cash and on credit. In particular, Tenant shall install, and shall cause each of its sublessees, concessionaires, and licensees, if any, to install upon the Premises a cash register or registers equipped with a cumulative totaling device which shall be sealed and a daily dated continuous tape on which all gross sales shall be recorded and imprinted and which shall indicate any separate department by which such sales were made. Tenant shall retain or cause to be retained intact the daily dated continuous tapes from each such cash register for a period of one (1) year during which period Landlord shall be entitled to inspect the same.

Landlord and its designated agents and employees shall have the right at reasonable times upon request, no more than once in any calendar quarter, to examine and inspect all of the books and records of Tenant and any of its sublessees, licensees, or concessionaires, including any sales tax reports pertaining to the businesses conducted in, upon or from the Premises, for the purpose of investigation and verifying the accuracy of any statement of Gross Receipts.

In addition, Landlord may once in any calendar year cause an audit of the business of Tenant, or any of its sublessees, licensees, or concessionaires to be made by an independent certified accountant of Landlord's selection and if the statement of Gross Receipts previously made to Landlord shall be found to be inaccurate, then and in that event, there shall be an adjustment and one party shall pay to the other on demand such sums as may be necessary to settle in full the accurate amount of said percentage rent that should have been paid for the period or periods covered by such inaccurate statement or statements, together with interest on past due amounts in accordance with Section 5.12. Tenant shall keep and cause to be kept all said records for three (3) years. If said audit shall disclose an inaccuracy in favor of Tenant or its sublessee, concessionaire, or licensee of greater than a two percent (2%) error with respect to the amount of Gross Receipts reported by Tenant for the period of said report, then Tenant shall immediately pay to Landlord the cost of such audit; otherwise, the cost of such audit shall be paid by Landlord. If such audit shall disclose any willful inaccuracy with respect to Gross Receipts reported by Tenant, Tenant shall pay triple the amount due as a result of the audit, as liquidated damages.

If Landlord requests an inspection or makes an audit as set forth herein, the necessary books and records shall be produced on the Premises, or at Landlord's offices within seven (7) calendar days after request therefor.

In the event of an accounting dispute with respect to the determination of percentage rents, such dispute shall be settled by arbitration in accordance with the procedures set forth in Section 5.6, with the arbitrators each being a member of a nationally recognized accounting firm.

5.9 Additional Rent. All amounts of any kind or nature whatsoever payable from time to time by Tenant pursuant to the provisions of this Lease shall constitute additional rent, and upon the failure of Tenant to pay any of such amounts, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure to pay rent.

5.10 Net Rent. It is the intention of the parties that the rent herein specified shall be net to Landlord in each year during the term of this Lease, that all costs, expenses and obligations of every kind relating to the Premises which may arise or become due during the term of this Lease shall be paid by Tenant and that Landlord shall be indemnified by Tenant against such costs, expenses and obligations. It is the intention of the parties hereto that this Lease shall not be terminable for any reason by Tenant and that Tenant shall in no event be entitled to any abatement of or reduction in rent payable hereunder, except as herein expressly provided. Any present or future law to the contrary shall not alter this agreement of the parties.

Not by way of limitation of the foregoing, Tenant shall be responsible for and shall promptly pay when due and prior to delinquency all real and personal property taxes, possessory interest taxes, and assessments levied on the Premises or property located on the Premises. Tenant shall further pay when due all charges for water, gas, electricity, sewer, and rubbish collection services to the Premises.

5.11 Right to Contest Taxes. Tenant may at any time, in good faith and upon reasonable grounds, dispute or contest the validity of the whole or any part of taxes upon the Premises, the improvements thereon, or any personal property utilized or situated on the Premises, defend the same, or may in good faith diligently conduct any necessary proceedings to prevent or void or reduce the same. It is understood that Tenant shall not, in the event of and during the bona fide and diligent prosecution of such proceeding, be deemed to be in default in respect to the payment of any disputed taxes or similar impositions so long as Tenant complies with the provisions of this section. Tenant further agrees that any such contest shall be prosecuted to a final conclusion as speedily as is reasonably possible. Landlord further agrees to render to Tenant any and all reasonable assistance, at no cost to Tenant, except that Tenant shall reimburse all reasonable costs incurred by Landlord, in contesting the validity or amount of any such taxes, including joining in the signing of any protest or pleadings which Tenant may deem reasonably advisable to file. Tenant shall have the right to contest or protest payment of such taxes so long as:

(i) Neither the Premises nor any part thereof would by reason of such postponement or deferment be in the reasonable judgment of the Landlord, in danger of being forfeited, lost, or materially affected; and

(ii) Upon request by Landlord, Tenant shall have deposited with Landlord or at the election of Tenant a bank or trust company ("Escrow Agent") situated in Orange County, California, mutually acceptable to Landlord and Tenant, cash or an irrevocable letter of credit or a bond in the amount so contested and unpaid, together with all interest and penalties in connection therewith, and all charges that may or might be assessed against or become a charge on the Premises or any part thereof in such proceedings (to the extent that amounts of all such interest, penalties and charges are then ascertainable).

Upon the termination of any proceedings it shall be the obligation of Tenant to pay the amount of such taxes or part thereof as are finally determined in such proceedings, payment of which may be deferred during the prosecution of such proceedings, together with all costs, fees, interest, penalties or other liabilities in connection therewith, and, upon such payment, Landlord shall direct the Escrow Agent to return any amount deposited with it, not theretofore expended, with respect to such taxes; provided, however, Landlord, if requested by Tenant, shall direct that the Escrow Agent disburse the monies on deposit with it direct to the taxing authority to whom the taxes are payable. Tenant may endeavor at any time and from time to time to obtain a lowering of valuation of the Premises and any improvements situated thereon for the purpose of reducing taxes and impositions thereon, and in such event Landlord will, at the request of Tenant, reasonably cooperate in effecting such a reduction, provided that such assistance is at no cost to Landlord.

5.12 Late Payment. If any amount due by Tenant to Landlord hereunder is not paid within fifteen (15) days after it is due, the delinquent sum shall bear interest at the rate of ten percent (10%) per annum from the date due until paid. Payment of such interest shall not excuse or cure any default by Tenant under this Lease.

ARTICLE VI

ALTERATIONS, IMPROVEMENTS, MAINTENANCE, AND REPAIRS

6.1 Maintenance by Tenant. Tenant shall at its expense maintain all portions of the Premises and improvements located thereon in a neat, clean condition and in good order and repair throughout the term hereof, free and clear of litter and rubbish, reasonable wear and tear and casualty damage excepted. Landlord shall have no responsibility for maintenance or repair. Tenant expressly waives any right or privilege under statute or otherwise to require that repairs to the Premises to be performed by Landlord or at the expense of Landlord.

6.2 Alterations. In the event that either prior to or during the term hereof any alteration, addition, or change or otherwise to the improvements, or any portion thereof, is required by law or regulation or rule, the same shall be made by Tenant at Tenant's sole cost and expense and in keeping with the historic nature of the building. Subject to obtaining all requisite governmental permits and authorizations, Tenant shall have the right to make non-structural alterations to the interior of the building located upon the Premises, provided that the same when complete are of a character so as not to adversely affect the value of the improvements and the rental value thereof immediately before such alteration. Tenant shall not make or permit any structural or exterior alterations, additions or improvements to be made to or upon the Premises inconsistent with the approved development plans without first obtaining the written consent of Landlord. Any plans or changes submitted for review shall be deemed approved unless expressly disapproved within thirty (30) days of submittal, to the extent consistent with applicable laws, regulations, and ordinances. Landlord shall not arbitrarily withhold consent to any requested alteration, additions or improvements to the Premises. Any alterations, additions or improvements made by Tenant shall be diligently constructed, at no cost or expense to Landlord, and in a good and workmanlike manner according to and in conformity with any laws, rules and regulations of all governmental bodies and agencies.

6.3 Mechanic's Liens. Tenant agrees that it will pay or cause to be paid all costs for work done by it or caused to be done by it on the Premises and Tenant will keep the Premises free and clear of all mechanic's liens or other liens on account of work done or alleged to have been done by or for Tenant or persons claiming under Tenant, or else Tenant shall provide Landlord with a bond or deposit in the amount of One Hundred Twenty Five Percent (125%) of the amount of any contested lien. Landlord and its representatives shall have the right to post and keep posted on the premises such notices as Landlord may deem necessary for the protection of its interest in the Premises during the period that any work is being performed that might result in a lien being filed against the Premises. At least twenty (20) days prior to Tenant's placing any materials upon the Premises or causing any labor or work or construction of any alterations, additions or improvements or repairs having a cost in excess of Twenty Thousand Dollars ($20,000.00) to be performed, Tenant shall deliver to Landlord notification thereof specifying the nature and location of the intended work and the expected date of commencement thereof. All construction to be performed by Tenant or performed by or under Tenant shall be performed without cost or expense to Landlord.

ARTICLE VII

INSURANCE; INDEMNITY

7.1 Tenant's Insurance. Tenant agrees, as additional rent:

(i) To procure and maintain a policy or policies of comprehensive public liability, automobile liability, and property damage insurance (or an equivalent blanket policy) in a good and solvent insurance company or companies for the benefit of Tenant, Landlord, and other parties with an insurable interest that may be designated by Landlord and under and by the terms of which Landlord and such other designated parties are protected from and insured against any and all loss, damage or liability of whatsoever nature arising out of or in connection with the use of or operations on or from the Premises during the term hereof. The comprehensive public liability insurance shall include dram shop liability insurance. The limits of liability on any policy of public liability insurance upon the commencement of this Lease shall not be less than One Million Dollars ($1,000,000.00) for injury or death of one person, Two Million Dollars ($2,000,000.00) for injury or death of more than one person, and One Hundred Thousand Dollars ($100,000.00) property damage. The limits of liability on the automobile liability insurance shall be not less than One Million Dollars ($1,000,000.00) combined single limits. Any such policies shall provide that any loss shall be jointly payable to Landlord and any other named insureds designated by them, notwithstanding any act or negligence of Tenant which may otherwise result in a forefeiture of said insurance. Any such policies shall further require thirty (30) days written notice to Landlord prior to cancellation. The limits of liability covered by such policies shall be adjusted for adequate protection of interests of Landlord and Tenant as deemed reasonably appropriate by Landlord on advice of their insurance agent(s) not more frequently than once every three (3) years.

(ii) To procure and maintain a policy or policies of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, covering all improvements to the Premises and Tenant's trade fixtures, furnishings and equipment on the Premises in an amount equal to one hundred percent (100%) of replacement cost thereof.

7.2 Certificates of Insurance. Tenant shall file and maintain with Landlord at all times during the term of this Lease appropriate certificates of insurance verifying the information required to be included within the insurance policies pursuant to this Article VII.

7.3 Waiver of Subrogation. Landlord and Tenant each hereby waives any and all rights of recovery against the other, or against the employees, agents, and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Landlord and Tenant shall, upon obtaining such insurance, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

7.4 Indemnity. Tenant indemnifies and agrees to hold Landlord harmless from and against any and all claims arising from Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or elsewhere and shall further indemnify and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any negligence of Tenant, or any of Tenant's agents, contractors or employees and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceedings be brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord shall defend the same at Tenant's expense by counsel satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause or condition existing at the time this Lease is executed, and Tenant waives all claims in respect thereof against Landlord.

7.5 Exemption of Landlord from Liability. Tenant agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any person in or about the Premises, nor shall Landlord be liable for personal injury to Tenant's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or from any other cause or condition existing at the time this Lease is executed.

ARTICLE VIII

CASUALTY DAMAGE AND CONDEMNATION

8.1 Duty to Restore. If the Premises are totally or partially destroyed by any casualty, rendering the Premises totally or partially inaccessible or unusable, Tenant shall utilize available insurance proceeds and other necessary funds to restore the Premises to substantially the same condition as they were in immediately prior to such destruction. Restoration shall be commenced as soon as reasonably practicable, and in no event later than ninety (90) days after such destruction, and shall be diligently pursued to completion. Furthermore, in such event, Tenant shall, at its own expense, replace and repair all Tenant's trade fixtures, equipment, machinery, furnishings, furniture and inventory as soon as possible to permit the prompt continuation of Tenant's business from the Premises.

8.2 Abatement of Rent. In the event of a partial damage or destruction of the improvements on the Premises, there shall be no abatement of rent for a period of one year, and Tenant shall continue to utilize the improvements for the operation of its business to the extent it may be practicable to do so. If, after and despite diligent effort, Tenant is unable to fully repair and restore the Premises during said one year period, the minimum rent shall abate from the end of the one year period until the improvements on the Premises are fully repaired or restored, but only by that proportion that the unusable part of the improvements bears to the whole thereof.

8.3 Total Taking. If the entire Premises are taken for any public or quasi-public use under any statute by right of eminent domain, or by purchase by public authority in lieu thereof, the Lease shall terminate as of the date that possession of the Premises is taken by the public authority or Tenant is deprived of its practical use of the Premises, whichever date is earlier. The net proceeds of the award shall be distributed in the following order of priority:

(i) Landlord shall receive that portion of the award which shall constitute compensation for the value of its fee interest in the Premises as encumbered by the Lease;

(ii) If there are any outstanding leasehold mortgages on the Premises, the leasehold mortgagees shall receive whatever amounts are due under said leasehold mortgages;

(iii) Tenant shall be compensated for its interest in the Premises, including direct loss of investment in improvements constructed on the Premises, the cost of removal of any fixtures and equipment, and the loss of the economic benefit of Tenant's leasehold estate.

8.4 Partial Taking. If any portion of the Premises is taken for any public or quasi-public use under any statute by right of eminent domain, or by purchase by public authority in lieu thereof, and if the taking or purchase does not, in Tenant's reasonable judgment, substantially impair the operation of the restaurant on the Premises, then:

(i) The Lease shall continue in full force and effect, except that the minimum rent (but not the percentage rent) shall be reduced in the same proportion as the land area of the Premises taken bears to the total area of the Premises immediately prior to such taking; and

(ii) The net proceeds of the award shall be allocated in the following order of priority:

(a) the payment of the costs of prompt restoration by Tenant, subject to the rights of any leasehold mortgagees, of the improvements located on the Premises to substantially the same character and condition as prior to such taking, to the extent physically possible;

(b) compensation to Landlord for the value of its fee interest in the portion of the Premises taken as encumbered by the Lease;

(c) the payment of all amounts due to any leasehold mortgagee as a result of such taking;

(d) compensation to Tenant for its interest in the portion of the Premises taken, including direct loss of investment in improvements constructed on the Premises, the cost of removal and reinstallation of any fixtures and equipment, and the loss of the economic benefit of that portion of Tenant's leasehold estate;

(e) the remainder of the award shall be paid to Landlord.

If any portion of the Premises is taken for any public or quasi-public use under any statute by right of eminent domain, or by purchase by public authority in lieu thereof, and if the taking or purchase, in Tenant's reasonable judgment, renders it impractical to operate the remainder of the Premises, or substantially impairs the operation of Tenant's business thereon, Tenant shall have the option of terminating the Lease without further liability hereunder. If

Tenant so elects to terminate, it shall do so by written notice to Landlord no later than sixty (60) days after the date when possession of (a portion of) the Premises shall be taken by the condemnor or Tenant is deprived of its practical use thereof, which notice will specify the effective date of such termination (no earlier than sixty (60) days after the date of said notice). If Tenant elects to so terminate, the division of the award shall be made on the basis set forth in Section 8.5. If Tenant does not elect to terminate the Lease, the provisions of this Section 8.6 shall govern.

8.5 Temporary Taking. If all or a portion of the Premises shall be taken for any public or quasi-public use on a temporary basis, then:

(i) The Lease shall continue in full force and effect without reduction or abatement of the minimum rent or percentage rent; and

(ii) Tenant shall be entitled to claim, recover and retain any award with respect to such taking, except that if such taking shall be for a period extending beyond the expiration of the term of the Lease, Landlord shall be entitled to receive such portion of the award as shall be attributable to the period occurring after such expiration.

In the event, however, that any such taking on a temporary basis (or any other act of God, war, civil disorder, prolonged strike, adverse governmental action or other cause beyond the control of Tenant rendering, in Tenant's reasonable judgment, the Premises impractical to operate, or substantially impairing the operation of Tenant's business thereon) continues for a period in excess of one (1) year, then Tenant shall have the right to terminate the Lease, upon written notice to Landlord, without further liability hereunder.

8.6 Miscellaneous. Landlord and Tenant each agree to promptly notify the other party, and any leasehold mortgagee, upon receipt of any notice from a condemning authority or agency expressing an intention to commence a taking or condemnation of any part of the Premises. The foregoing shall include not only a formal service of legal process received by either Landlord or Tenant, but also any preliminary indication of such intent. Thereafter, Landlord and Tenant shall keep each other and any leasehold mortgagee fully informed as to all aspects of such proceedings and/or negotiations.

Landlord, Tenant, and all leasehold mortgagees shall each have the right to represent their respective interests in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of their respective claims. Landlord and Tenant each agree to execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of the Lease relating to condemnation.

ARTICLE IX

LEASEHOLD FINANCING; RIGHTS OF LEASEHOLD LENDER

9.1 Mortgage of Lease. Tenant shall have the right to encumber at any time and from time to time the estate created by this Lease by a mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits from the Premises, to secure repayment of any loan, and associated obligations, to Tenant from an institutional lender (which, for purposes of this Section 9.1, shall mean any national or state bank, foreign bank agency licensed in California, federal or state savings and loan association, trust company, insurance company, educational institution, pension, retirement, or welfare fund, charitable foundation, real estate investment trust, or any combination of the foregoing, or other mortgagee approved in writing by Landlord, such approval not to be unreasonably withheld). Provided, that in no event shall Tenant encumber the estate created by this Lease in an amount exceeding seventy percent (70%) of the estimated cost of improvements to be constructed on the Premises or seventy percent (70%) of the replacement cost of all improvements actually constructed on the Premises, as applicable. Upon request, Landlord shall cooperate with Tenant and promptly execute appropriate documents that may reasonably be required by a prospective Lender certifying as to whether the Leasehold Mortgage complies with the restrictions in this paragraph.

9.2 Definition of "Leasehold Mortgage" and "Lender". As used in this Lease, the term "Leasehold Mortgage" shall mean any mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits from the Premises, which constitutes a lien on the estate created by this Lease. The term "Lender" shall mean the owner and holder of the Leasehold Mortgage.

9.3 Rights of Lender. During the continuance of any Leasehold Mortgage and until such time as the lien of any Leasehold Mortgage has been extinguished:

(i) Notwithstanding any default by Tenant in the performance or observance of any agreement, covenant or condition of this Lease on the part of Tenant to be performed or observed, Landlord shall have no right to terminate this Lease unless an event of default shall have occurred and be continuing, Landlord shall have given Lender written notice of such event of default, and Lender shall have failed to remedy such default or acquire Tenant's estate created hereby or commence foreclosure or other appropriate proceedings in the nature thereof, all as set forth in, and within the time specified by, this Section 9.3.

(ii) Lender shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by Lender shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Tenant instead of by Lender.

(iii) Should any event of default under this Lease occur, Lender shall have sixty (60) days after receipt of notice from Landlord setting forth the nature of such event of default, and, if the default is such that possession of the Premises may be reasonably necessary to remedy the default, a reasonable time after the expiration of such sixty (60) day period, within which to remedy such default, provided that (a) Lender shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease within such sixty (60) day period and shall continue to pay currently such monetary obligations as and when the same are due and (b) Lender shall have acquired Tenant's estate in the Premises created hereby or commenced foreclosure or other appropriate proceedings in the nature thereof within such period, or prior thereto, and is diligently prosecuting any such proceedings. All rights of Landlord to terminate this Lease as the result of the occurrence of any such event of default shall be subject to, and conditioned upon, Landlord having first given Lender written notice of such event of default and Lender having failed to remedy such default or acquire Tenant's estate in the Premises created hereby or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this subparagraph (iii).

(iv) Any event of default under this Lease which in the nature thereof cannot be remedied by Lender shall be deemed to be remedied if (a) within sixty (60) days after receiving written notice from Landlord setting forth the nature of such event of default, or prior thereto, Lender shall have acquired Tenant's estate in the Premises created hereby or shall have commenced foreclosure or other appropriate proceedings in the nature thereof, (b) Lender shall diligently prosecute any such proceedings to completion, and (c) Lender shall have fully cured any default in the payment of any monetary obligations of Tenant hereunder which do not require possession of the Premises within such sixty (60) day period and shall thereafter continue to faithfully perform all such monetary obligations which do not require possession of the Premises, and (d) after gaining possession of the Premises Lender performs all other obligations of Tenant hereunder as and when the same are due.

In addition to the rights set forth in this subparagraph (iv), Lender shall have the option to be exercised by written notice to Landlord given within the aforesaid sixty (60) day period, to obtain a new lease of the Premises upon the following terms and conditions:

(a) Such new sublease shall be effective as of the date of the termination of this Lease and shall be for the remainder of the term of this Lease at the same rental and with the same terms, covenants and conditions as are set forth herein;

(b) In addition to paying all current rent under the new sublease, Lender shall pay all unpaid rental (net of any income Landlord may have received from the Premises during such period) due pursuant to Article V of this Lease which accrued on or after the date which is thirty (30) days prior to the date on which Lender first received written notification of the default by Tenant and Lender cures all defaults under this Lease that reasonably can be cured by Tenant;

In lieu of executing a new lease in its own name, Lender shall have the right to designate a nominee which shall become a lessee under the new lease so long as such assignee or nominee is approved by Landlord in writing.

(v) If Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in subparagraphs (iii) and (iv) above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition plus an additional period of sixty (60) days thereafter; provided, that Lender shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease and shall continue to pay currently such monetary obligations as and when the same fall due.

(vi) Landlord shall mail or deliver to Lender a duplicate copy of any and all notices which Landlord may from time to time give to or serve upon Tenant pursuant to the provisions of this Lease, and such copy shall be mailed or delivered to Lender simultaneously with the mailing or delivery of the same to Tenant. No notice by Landlord to Tenant hereunder shall be deemed to have been given unless and until a copy thereof shall have been mailed or delivered to Lender as herein set forth.

(vii) Foreclosure of a Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the estate in the Premises created hereby from Tenant to Lender through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of

Landlord or constitute a breach of any provision of or a default under this Lease, and upon such foreclosure, sale or conveyance Landlord shall recognize Lender, or any other foreclosure sale purchaser, as lessee hereunder. In the event Lender becomes lessee under this Lease, Lender shall assume the obligations of Tenant under this Lease or such new lease only for the period of time that Lender remains lessee thereunder, and Tenant shall be released from any liability therefor, provided prior defaults by Tenant have either been cured or waived. Lender's right thereafter to assign this Lease or such new lease shall be subject to Landlord's written approval. In the event that, consistent herewith, Lender subsequently assigns or transfers its interest under this Lease after acquiring the same by foreclosure or deed in lieu of foreclosure, and in connection with any such assignment or transfer Lender takes back a mortgage or deed of trust encumbering such leasehold interest to secure a portion of the purchase price given to Lender for such assignment of transfer, then such mortgage or deed of trust shall be considered a Leasehold Mortgage as contemplated under this Section 9.3 and Lender shall be entitled to receive the benefit of and enforce the provisions of this Section 9.3 and any other provisions of this Lease intended for the benefit of the holder of a Leasehold Mortgage.

9.4 Estoppel Certificates. Tenant and Landlord shall certify, without charge at any time and from time to time within fifteen (15) days of the receipt of the request of the other party or the Lender, by instrument duly executed and acknowledged:

(a) That the Lease is unmodified and in full force and effect, or if there have been any modifications, that the same are in full force and effect as modified and stating the modifications;

(b) Whether or not there are then any existing setoffs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof or any modifications hereof upon the part of any party to be performed or complied with and if so, specifying the same;

(c) The dates, if any, to which the minimum rent, percentage rent, and any additional rent have been paid, and a statement as to the advance payment of such sums, if any;

(d) The date of expiration of the current term;

(e) The amount of minimum rent, percentage rent, and additional rent, then payable under this Lease; and

(f) Such other matters as may reasonably be requested.

Any such certificate may be relied upon by any party to whom the certificate is directed. However, no party shall be estopped thereafter from asserting that a default has occurred, if at the time of making of the aforesaid certificate, such party had no knowledge of such default.

ARTICLE X

DEFAULT BY TENANT

10.1 Notice and Termination. Should Tenant at any time be in default hereunder with respect to any rental payments or other charges payable by Tenant hereunder, and should such default continue for a period of ten (10) days after written notice from Landlord to Tenant; or should Tenant be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained and should such default or breach of performance continue for more than a reasonable time (in no event to exceed thirty (30) days) after written notice thereof from Landlord to Tenant specifying the particulars of such default or breach of performance (except that if such default or breach is of such a nature that it cannot be rectified or cured within such period of thirty (30) days such breach or default shall be deemed to be rectified or cured if Tenant within said period of thirty (30) days shall commence and thereafter diligently prosecute such rectification and cure to completion); or should Tenant vacate or abandon the Premises or the Improvements thereon; or should any event occur which shall be a breach of any provision of Section 10.5 below; then the Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this Lease, and in addition to any or all other rights or remedies of the Landlord hereunder and by the law provided, and subject to the rights of any Lender under Article IX hereof, it shall be, at the option of the Landlord, without further notice or demand of any kind to Tenant or any other person:

(i) The right of Landlord to require strict performance of all the terms, covenants, agreements and obligations hereof as the same shall accrue and have the right of action therefor; and

(ii) The right of Landlord to declare the term hereof ended and to reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or thereunder; or

(iii) The right of Landlord without declaring this Lease ended to reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and to collect said rent and any other rent that may thereafter become payable; or

(iv) The right of Landlord, even though it may have reentered the Premises to thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

Should Landlord have reentered the Premises under the provisions of subparagraph (iii) above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay rent thereafter to accrue, or its liability for damages under any of the provisions hereof, by any such reentry or by any action in unlawful detainer, or otherwise, to obtain possession of the Premises unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease, and Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of the State of California and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election be evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.

10.2 Termination. Should Landlord elect to terminate this Lease under the provisions of Section 10.1 above, Landlord may recover from Tenant as damages:

(i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;

(iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to any costs or expenses incurred by Landlord in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new Tenant, any repairs or alterations to the Premises for such reletting, leasing commissions, or any other costs necessary or appropriate to relet the Premises, and

(v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California. As used in subparagraphs (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum.

As used in subparagraph (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the San Francisco Federal Reserve Bank at the time of award plus one percent (1%). For all purposes of this Section 10.2, the term "rent" shall be deemed to be the minimum rent, percentage rent and all additional rent generally described in Article V above.

For the purpose of determining the percentage rent which would be payable to Landlord by Tenant hereunder subsequent to Tenant's default, the percentage rent for each month of the unexpired term hereof shall be deemed to be an amount equal to the greater of the following: (i) the average, computed on and adjusted to a monthly basis, of the percentage rent payable by Tenant to Landlord hereunder annually during the three (3) full lease years immediately preceding the date of default or during such shorter period of time if there have not been three (3) full lease years immediately preceding the date of default; or (ii) the monthly installment of minimum rent payable during the lease year during which the default occurs.

For the purpose of determining the additional rent required to be paid by Tenant pursuant to the terms of this Lease, the additional rent for each month of the unexpired term hereof shall be deemed to be an amount equal to the average, computed on and adjusted to a monthly basis of the additional rent payable by Tenant to Landlord hereunder annually during the three (3) full lease years immediately preceding the date of default or during such shorter period of time if there have not been three (3) full lease years immediately preceding the date of default.

10.3 Waiver of Default. The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing. Landlord reserves the right to terminate this Lease at any time after default by Tenant by written notice to Tenant of its intention to do same.

The remedies given to Landlord in this Section shall be in addition and supplemental to all other rights or remedies which Landlord may have under the laws then in force.

10.4 Effect on Indemnification. Notwithstanding the foregoing, nothing contained in this Article X shall be construed to limit Landlord's right to indemnification with respect to liability arising out of personal injury or property damage as otherwise provided in this Lease.

10.5 Insolvency of Tenant. The filing of any petition in bankruptcy, or the adjudication of Tenant as a bankrupt or insolvent, or the appointment of a receiver or trustee to take possession of all or substantially all of the assets of Tenant, the Premises, or the leasehold estate created by this Lease, or a general assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any State or Federal insolvency or bankruptcy act, or any similar law now or hereafter in effect, including, without limitation, the filing of any petition for or in reorganization, or should the Premises, or any portion thereof be taken or seized under levy or execution or attachment against Tenant, and the continuance of the same in effect for a period of thirty (30) days, shall constitute a breach of this Lease by Tenant and in such event Landlord may at its option terminate this Lease upon written notice to Tenant.

10.6 Landlord's Right to Cure Default. It is further agreed that Landlord, at any time after Tenant commits a default, may cure the default at Tenant's cost, and otherwise take such action with respect thereto as Landlord shall deem reasonably necessary and Landlord shall have no liability therefor. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, or if Landlord incurs any expense, including attorney's fees, in instituting proceedings, or defending any action or proceeding instituted by reason of any default of Tenant hereunder, the sum or expense paid by Landlord, with all interest, costs, and damages, shall be due immediately from Tenant to Landlord as additional rent at the time the same is paid, and if not so immediately paid by Tenant, shall bear interest as provided in Section 5.12 above.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Notice. Any notice, demand, request, consent, approval or communication that Landlord or Tenant desires or is required to give to the other party shall be in writing addressed to such other party at the following addresses or such other address as may have been specified by notifying the other party of the change of address:

Landlord: The Redevelopment Agency of
the City of Fullerton
303 West Commonwealth Avenue
Fullerton, California 92632
Attention: Executive Director

Tenant: The Old Spaghetti Factory of
Fullerton, Inc.

5115 S.W. [illegible] St.
~~408 S.W. Second~~ Street
Portland, Oregon ~~97204~~ 97201

Notice shall be deemed served on the fourth (4th) business day following the day of mailing if mailed with the United States Postal Service, by certified mail, return receipt requested. All payments required under this Lease shall be deemed sufficiently paid if made by check collected on first presentation.

11.2 Time of Essence. Time is of the essence of each provision of this Lease.

11.3 Successors. This Lease shall be binding on and inure to the benefit of the parties and their successors except as may otherwise be provided herein.

11.4 California Law. This Lease shall be construed and interpreted in accordance with the laws of the State of California. Tenant covenants and agrees to submit to the personal jurisdiction of the Orange County Superior Court or the United States District Court, Central District of California, for any dispute, claim or matter arising out of or related hereto.

11.5 Integrated Agreement. This Lease contains or refers to all of the agreements of the parties and cannot be waived, amended, or modified except by written agreement. This Lease may be signed in counterparts.

11.6 Interpretation. The captions and the Table of Contents shall have no effect on the interpretation of this Lease. When required by the context of this Lease, the singular shall include the plural.

11.7 Severability. The unenforceability, invalidity or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

11.8 Attorney's Fees. If either party commences an action against the other party arising out of or in connectionwith this Lease, the prevailing party shall be entitled to request the court for an award of reasonable attorney's fees and costs of suit from the losing party.

11.9 Extraordinary Events. In any case where either party hereto is required to do any act, delays caused by or resulting from acts of God, war, civil commotion, fire, flood, earthquake, or other casualty, strikes or other extraordinary labor difficulties, shortages of labor or materials or equipment in the ordinary course of trade, government regulations or other causes not reasonably within such party's control and not due to the fault or neglect of such party shall not be counted in determining the time during which such act shall be completed, whether such time be designated by a fixed date, a fixed time or "a reasonable time", and such time shall be deemed to be extended by the period of such delay. Financial inability of any party shall not be considered to be a circumstance or cause beyond the reasonable control of that party.

11.10 Nonliability of Landlord's Officials and Employees. No member, official, or employee of Landlord or the City of Fullerton shall be personally liable to Tenant, or any successor in interest, in the event of any default or breach by Landlord or for any amount which may become due to Tenant or any successor on any obligation under the terms of this Lease.

11.11 Approvals. Except as elsewhere specifically provided herein, wherever this Lease requires either party to approve any contract, document, plan, drawing, or other matter or conduct, such approval shall be granted where to withhold approval would be unreasonable under the circumstances.

11.12 Broker's Commissions and Finder's Fees. Landlord and Tenant represent that neither has retained the services of a broker or finder in securing this Lease. Neither party shall be liable to the other party for the services of any broker or finder employed or retained by the other party. The parties agree to indemnify and hold one another harmless from and against any claim by any such broker or finder.

11.13 Security Deposit. Concurrently with its execution of this Lease, Tenant has deposited with Landlord a security deposit in the amount of Seven Thousand Five Hundred Dollars ($7,500.00) cash to be held by Landlord throughout the entire term of the Lease to secure Tenant's performance. Landlord shall place the security deposit in an interest bearing account. Landlord is authorized to utilize all or any portion of said security deposit, including any interest earned thereon, to cure any default by Tenant hereunder without prior notice to Tenant. In the event Landlord uses any portion of the security deposit to cure a default by Tenant, Tenant shall, upon notice by Landlord, restore to Landlord the portion of the deposit so used. Failure by Tenant to do so shall constitute a separate default. Any portion of the deposit, including interest, remaining upon termination of the Lease and not necessary to cure any default or pay any monetary obligation of Tenant shall be returned to Tenant.

11.14. Rights of Termination. In addition to their other remedies set forth herein, either party, upon thirty (30) days written notice to the other, may terminate this

Lease without any further rights against or liabilities to the other, unless Tenant:

(i) Obtains all necessary licenses and approvals to serve beer and wine to its restaurant and bar patrons for consumption on the Premises, such item to be accomplished prior to the date Tenant secures a building permit, or by that date Tenant waives the necessity of obtaining said approvals; and

(ii) Obtains a building permit from the City of Fullerton within the time requirements imposed by Sections 3.2 and 3.4 hereof.

Tenant shall exercise best efforts to timely accomplish both said items, and shall comply with all applicable laws, rules, and regulations in so doing.

11.15. Memorandum of Lease. On or prior to the Effective Date of this Lease, Landlord agrees to cause the recordation of a Memorandum of Lease in the form attached hereto as Exhibit "D" in the records of the Orange County Recorder's office.

WHEREFORE, the parties have executed this Lease on the date first set forth above.

THE REDEVELOPMENT AGENCY OF
THE CITY OF FULLERTON

By Linda LeQuire
Chairman

THE OLD SPAGHETTI FACTORY OF
FULLERTON, INC.

By Guss Dussin, Pres.

APPROVED AS TO FORM:

RUTAN & TUCKER

By ______________________
Jeffrey M. Oderman
Special Counsel to Redevelopment Agency of the City of Fullerton

APPROVED AS TO FORM:

By ______________________
James J. Damis
Attorney for the Old Spaghetti Factory of Fullerton, Inc.

RESTAURANT SITE

All that portion of the Atchison, Topeka and Santa Fe Railway Company right-of-way, 100 feet wide, and a portion of Block 33 in the City of Fullerton, County of Orange, State of California, both as shown on a map of the Townsite of Fullerton, Recorded in Book 22, Pages 3, 4 and 5 of Miscellaneous Records of Los Angeles County, State of California, and that portion of Santa Fe Avenue in the City of Fullerton, County of Orange, State of California, as described in the abandonment recorded in Book 14228, Page 1833 of Official Records of said County, more particularly described as follows:

> Parcel 1 as shown on Parcel Map 81-458 recorded in Book 166, Pages 4 and 5 of Parcel Maps filed in the office of said recorder of Orange County.

EXHIBIT "A"

PARKING LOT

Non-exclusive use for parking in and to that portion of the Atchison, Topeka and Santa Fe Railway Company right-of-way, 100 feet wide, and a portion of Block 33 in the City of Fullerton, County of Orange, State of California, both as shown on a map of the Townsite of Fullerton, Recorded in Book 22, Pages 3, 4 and 5 of Miscellaneous Records of Los Angeles County, State of California and that portion of Santa Fe Avenue in the City of Fullerton, County of Orange, State of California, as described in the abandonment recorded in Book 14228, Page 1833 of Official Records of said County, more particularly described as follows:

> Parcel 2 as shown on Parcel Map 81-458 recorded in Book 166, Pages 4 and 5 of Parcel Maps filed in the office of said recorder of Orange County.

EXHIBIT "B"