ADDENDUM TO STANDARD INDUSTRIAL/ COMMERCIAL SINGLE TENANT LEASE - NET

ADDENDUM TO STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE – NET
(The Old Spaghetti Factory of Fullerton)

THIS ADDENDUM TO STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE – NET ("Addendum") by and between the CITY OF FULLERTON, a California municipal corporation ("Lessor"), and FULLERTON SPAGHETTI RESTAURANT, INC., a California corporation ("Lessee"), is dated as of the date set forth on the first page of that certain Standard Industrial/Commercial Single-Tenant Lease – Net (the "Underlying Lease") between Lessor and Lessee, to which this Addendum is attached and incorporated by this reference. The terms and conditions set forth in this Addendum are intended to and shall have the same force and effect as if set forth at length in the body of the Underlying Lease. The Underlying Lease and this Addendum are periodically hereinafter referred to collectively as "the Lease" or "this Lease."

51. PREMISES AND PARKING

51.1 Lease of Premises. Subject to the terms and conditions of this Lease, Lessor hereby leases and demises to Lessee and Lessee hereby hires from Lessor, for the term, at the rental and upon the conditions set forth in the Lease, 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" attached hereto and incorporated by this reference.

(a) Lessor Right to Relocate Premises. Lessor shall have the right to relocate the Premises in accordance with the following: (i) the new premises shall be substantially the same in size as the Premises described in this Lease and shall be located within the general area of the Fullerton Transportation Center ("FTC") and shall be a "free-standing building," which for purposes of this Lease means a one or two story commercial building structure in which: (A) the Lessee's restaurant is located on the street level, (B) the commercial building structure may have below street level parking, and (C) the commercial building structure is not abutting any other structure, except it may abut a parking garage; (ii) the physical relocation of the Premises shall be completed by Lessor at Lessor's costs in accordance with the following: (A) Lessor shall reimburse Lessee for all reasonable expenses incurred by Lessee in making such relocation, including pre-approved necessary tenant improvements and pre-approved net cost of putting the new Premises in reasonably similar condition as the current Premises, after crediting the salvage value of any fixtures or other removable property removed by Lessee from the current Premises, and (B) such reimbursement shall occur within thirty (30) days following Lessor's receipt and approval of invoices for such relocation expenses of Lessee, containing a detailed description thereof and indicating payment therefor, and (C) prior to incurring any relocation expenses or Lessor having any obligation to pay for any costs incurred by Lessee for relocation to the new Premises or necessary tenant improvements or other reasonable expenses incurred, Lessee shall submit for Landlord's review and approval (which shall not be unreasonably withheld) a good faith and detailed estimate of the relocation expenses; (iii) Lessor shall give Lessee at least sixty (60) days' notice of Lessor's intention to relocate the Premises and the location of the proposed new Premises; (iv) Lessee shall have the right to continue to open and operate the current Premises for the uses authorized pursuant to this Lease until Lessor has obtained all necessary provisions (such as occupancy permits, use agreements, and the like) that would allow for the commencement of the relocation from the current Premises to the new location; (v) Lessor shall diligently pursue the relocation of the Premises, and the total amount of Rent shall be abated for a period of either: (A) the date of closing the current Premises until the date of opening the new Premises, or (B) ninety (90) days from the date of closing the current Premises, whichever period is shorter; (vi) all incidental business relocation costs incurred by Lessee as a result of the relocation, including costs incurred in changing addresses on stationery, business cards, directories, advertising, and other such items, shall be paid by Lessor in a sum not to exceed One Thousand Dollars ($1,000.00); and (vii) the terms and conditions of the Lease shall remain in full force and effect, except that the Premises shall be the new location, and the new location shall be inserted in place of the description in Paragraph 1.2 and Attachment "A" of this Addendum, and shall be incorporated herein. In the event that the Premises are relocated pursuant hereto, replacement parking shall be located in accordance with Paragraph 51.3 of this Lease.

(b) Lessee Right to Terminate Prior to Relocation. Lessee may elect not to be relocated by Lessor pursuant to Paragraph 51.1(a) above by giving Lessor written notice of such election within twenty (20) days of delivery of written notice from Lessor of Lessor's election to exercise its right to relocate the Premises. In the event that Lessee elects not to be relocated, then Lessor may elect to terminate this Lease by giving written notice of such termination to Lessee at any time within forty (40) days of Lessor's receipt of such notice from Lessee. Upon any such termination, Rent shall be prorated and paid until the date of such termination. Any such termination shall become effective thirty (30) days following delivery of such notice of termination from Lessor to Lessee.

(c) Memorandum of Lease for New Premises. In the event that the Premises are relocated pursuant to this Paragraph 51.1, and the Premises are located on a parcel of land that has a different legal description than the Premises identified in the "Memorandum of Lease" that must be recorded pursuant to Paragraph 62 of this Lease, then upon the completion of the relocation of Lessee, Lessor and Lessee shall execute, and Lessor shall record or cause to be recorded, an instrument terminating the Memorandum of Lease as it applies to the original Premises, and Lessor and Lessee shall execute, and Lessor shall record or cause to be recorded, a new Memorandum of Lease, substantially in the form of Exhibit "C" attached hereto, excepting that the legal description of the real property shall be the parcel on which the Premises have been relocated.

51.2 Use of Public Parking Lot; Lessee Obligation for Payment of Portion of Lessor's Expenses for Maintenance and Repair of Public Parking Lot. During the term of this Lease, patrons, but not employees, of Lessee shall have a non-exclusive right to use for vehicular parking purposes the public parking lot designated in Exhibit "B" attached hereto and incorporated by this reference (the "Public Parking Lot") free of charge, subject to the covenants set forth in this Lease; provided, that Lessor shall have control over precise locations, time restrictions, validation procedures, and similar matters affecting the parking spaces. Employees of Lessee shall not park in the Public Parking Lot. Lessor and Lessee shall cooperate in good faith with respect to Lessee's purchase of employee parking permits for parking in other nearby public lots.

(a) Commencing on the Start Date, and continuing thereafter during each portion of and full calendar year during the entire Term of this Lease, Lessee shall pay to Lessor an amount equal to fifty percent (50%) of Lessor's "actual cost for the maintenance and repair" of the Public Parking Lot identified in Exhibit "B" hereto during that year (or portion thereof), provided that Lessee's contribution to such cost shall not exceed the sum of Fifteen Thousand Dollars ($15,000.00) per year, and during the Option Extension Periods, if applicable, Lessee's contribution to such cost shall not exceed the sum of Twenty-Five Thousand Dollars ($25,000.00) 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.

(b) Payment by Lessee to Lessor for such purposes shall be made monthly, in advance, at the time Base Rent is payable pursuant to this Lease, and shall constitute additional Rent under Paragraph 4.1 of the Lease.

(c) Prior to each calendar year, Lessor shall prepare or cause to be prepared and shall submit to Lessee 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) Lessee's portion of the total cost. Thereafter, Lessee 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, Lessor shall provide an accounting to Lessee of the actual cost for maintenance and repair for said year, and an appropriate adjustment (including a credit or additional payment) shall be made. Lessee shall have the right to inspect Lessor's books and records to verify the accuracy of Lessor's figures, and Lessor shall cooperate by providing Lessee with information reasonably necessary for this purpose, at no expense to Lessee.

51.3 Replacement Parking. Notwithstanding Lessor's grant to Lessee of a license to use of the Public Parking Lot pursuant to Paragraph 51.2 above, parking rights and obligations shall be subject to the following:

(a) Lessee acknowledges that, during the Term, the Public Parking Lot may be closed permanently to allow for improvements thereon as proposed by the adopted Framework Plan ("Framework Plan") prepared by Johnson Fain and approved by the Board of Directors of the Fullerton Redevelopment Agency ("Agency") on June 25, 2007, for the redevelopment of the Fullerton Transportation Center ("FTC") by a third party developer. The Framework Plan proposed the construction of new parking and related facilities on the Public Parking Lot. Furthermore, Lessee acknowledges and has agreed to Lessor's right to relocate the Premises in accordance with Paragraph 51.1 of this Lease.

(b) In the event that construction on the Public Parking Lot is approved and implemented pursuant to law, or in the event that Lessor relocates the Premises pursuant to Paragraph 51.1 above, or both, then on the date that the City of Fullerton closes the Public Parking Lot (the "Public Parking Lot Closing Date"), all of the respective rights and obligations of Lessor and Lessee relating to the Public Parking Lot's use, restrictions, maintenance, and any other provisions shall terminate and be of no further force and effect.

(c) Provided Lessee is not in Default or Breach of the Lease, no later than sixty (60) days prior to the issuance of the Public Parking Lot Closing Date, Lessor shall locate and designate public parking lot(s) (the "Replacement Parking Lot(s)") at or near the FTC that can accommodate the same number of parking spaces as Lessee had been allocated for Lessee's patrons at the Public Parking Lot. Upon designation of a Replacement Parking Lot(s), a general description or depiction of the location of the Replacement Parking Lot(s) shall be attached to this Lease and shall replace Exhibit "B", and shall be incorporated herein. Upon designation of a Replacement Parking Lot(s), patrons (but not employees) of Lessee shall have a non-exclusive right to use for vehicular parking purposes said Replacement Parking Lot(s) free of charge, subject to the covenants set forth in Paragraph 51.3(d) below; provided however, that Lessor shall have control over precise locations, time restrictions, and validation procedures, and similar matters affecting the parking spaces. A Replacement Parking Lot(s) shall provide adequate off-street parking as required by the City of Fullerton Municipal Code. As to the location of the Replacement Parking Lot(s), Lessor acknowledges that it is critically important for the success of Lessee's restaurant that such parking be within short walking distance to the Premises. Therefore, Lessor acknowledges its obligation and commitment to Lessee (for the mutual benefit of Lessor and Lessee) to exert its best, bona fide efforts to obtain location(s) for the Replacement Parking Lot(s) as close as reasonably possible to the Premises.

(d) Commencing on the Public Parking Lot Closing Date and until the expiration or early termination of this Lease, Lessee shall have the obligation to pay to Lessor an amount equal to fifty percent (50%) of Lessor's "actual cost for the maintenance and repair" of any designated Replacement Parking Lot(s), provided that Lessee's contribution to such cost shall not exceed the sum of Fifteen Thousand Dollars ($15,000.00) per year, and during the Option Extension Periods, if applicable, Lessee's contribution to such cost shall not exceed the sum of Twenty-Five Thousand Dollars ($25,000.00) per year. The term "actual cost for maintenance and repair" shall have the same meaning set forth in Paragraph 51.2(a) of this Lease. Payment by Lessee to Lessor for such purposes shall be made monthly, in advance, at the time Base Rent is payable pursuant to this Lease and shall constitute additional Rent. Upon the designation of a Replacement Parking Lot(s), and each calendar year after such designation, Lessor shall prepare or cause to be prepared and shall submit to Lessee an annual budget detailing (i) the anticipated actual cost for maintenance and repair of the Replacement Parking Lot(s) for the succeeding year (or portion of the remaining current year in which a Replacement Parking Lot(s) is designated), and (ii) Lessee's portion of the total cost. Lessee shall pay to Lessor a pro-rated amount based upon one of the following: (A) for budgets detailing anticipated costs for maintenance and repair for the succeeding year, Lessee shall pay one-twelfth (1/12) of Lessee's portion of the budgeted expense each month during said calendar year; or (B) for budgets detailing anticipated costs for maintenance and repair for a portion of the remaining current year in which a Replacement Parking Lot(s) is designated, Lessee shall pay each month for the remaining current calendar year the amount equal to Lessee's portion of the budgeted expense multiplied by a fraction, the numerator of which is one (1) and denominator of which is the number of full (not partial) calendar months remaining in the current calendar year. Within thirty (30) days after the end of the year, Lessor shall provide an accounting to Lessee of the actual cost for maintenance and repair for said year, and an appropriate adjustment (including a credit or additional payment) shall be made. Lessee shall have the right to inspect Lessor's books and records to verify the accuracy of Lessor's figures, and Lessor shall cooperate by providing Lessee with information reasonably necessary for this purpose, at no expense to Lessee.

(e) Lessee acknowledges and consents that its right to occupy the Premises is expressly conditioned upon Lessee's agreement to Lessor's right to relocate the Premises and to close the Public Parking Lot for a Replacement Parking Lot(s), according to the terms and conditions of this Lease. Except for Lessor's contractual obligation to pay the relocation expenses to Lessee for relocation of the Premises pursuant to Paragraph 51.1 of this Lease, Lessee (and its agents, assigns and related entities) fully releases Lessor and Agency (collectively the "Released Agencies") and the officers, directors, employees, attorneys, accountants, other professionals, insurers and agents of the Released Agencies (collectively "Released Agents"), and Lessee (and its agents, assigns and related entities) knowingly and voluntarily waives as against the Released Agencies and Released Agents, all rights, claims, demands, actions or causes of action which Lessee now has or may have against the Released Agencies and Released Agents arising from the relocation from the Premises, Public Parking Lot, to or from any Replacement Parking Lot(s), and from the termination of Lessee's parking rights under any other prior lease, including without limitation rights, claims, demands, actions or causes of action for: disruption of Lessee's business resulting from a relocation to a Replacement Parking Lot(s), relocation benefits and assistance under any relocation laws (including but not limited to the Uniform Relocation Act (42 U.S.C. § 4601 *et seq.*) and implementing regulations, California Government Code Section 7260 *et seq.*, and implementing regulations, and the Community Redevelopment Law (California Health & Safety Code § 33000 *et seq.*), loss of any bonus value, loss of business goodwill, lost income (past or future), severance damages, pre-condemnation or condemnation damages, economic or consequential damages, professional consultant fees, attorney's fees and costs, expert witness fees and costs, interest, and any and all compensable interests, and/or damages, and/or claims, of any kind and nature, claimed or to be claimed, suffered or to be suffered, by Lessee by reason of Lessor's relocation from the Premises, Public Parking Lot, to or from any Replacement Parking Lot(s), and from the termination of Lessee's parking rights under any other prior lease (collectively "Released Claims"). Lessee represents and warrants that Lessee is the holder of all rights to payments relating to the Released Claims, including without limitation relocation assistance and benefits and loss of business goodwill, and that none of the Released Claims has been sold, assigned, transferred, or otherwise set over, in whole or in part, to any other person or entity. This release is intended as a full and complete release and discharge of any and all such claims that Lessee has or might have against any of the Released Agencies and the Released Agents arising from the Released Claims.

Lessee expressly waives all rights under Section 1542 of the Civil Code of the State of California, which Lessee understands provides as follows:

> *A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.*

Lessee's Initials CJ

51.4 Post-Acquisition Tenancy. Lessee hereby consents to being deemed a "post-acquisition" tenant as defined in Title 25 of the California Code of Regulations Sections 6008 and 6034 and thus shall not be eligible for any relocation benefits or assistance, except for the expenses for relocating the Premises as set forth in Paragraph 51.1 of this Lease, when Lessee vacates (whether voluntarily or involuntarily, or upon termination of this Lease for any reason) the Premises, the Public Parking Lot, and/or any Replacement Parking Lot(s). Lessee expressly, knowingly, and voluntarily enters into this Lease in full awareness and agreement that Lessee shall not be entitled to any relocation benefits or assistance (except for the expenses for relocating the Premises as set forth in Paragraph 51.1 of this Lease) or loss of goodwill under any applicable law upon vacating the Premises, the Public Parking Lot, and/or any Replacement Parking Lot(s), or the termination of this Lease for any reason, and Lessee waives any right to receive any relocation benefits or assistance or loss of goodwill upon such vacation of the Premises, the Public Parking Lot, and/or any Replacement Parking Lot(s), or termination of this Lease for any reason.

52. RENT.

52.1 Base Rent and Percentage Rent. For the Original Term, Base Rent and Percentage Rent shall be subject to the following:

(a) Base Rent. "Base Rent" (or "minimum rent") shall be the amount equal to seventy-five percent (75%) of the average annual Rent that was due and payable by Lessee to Lessor for use of the Premises for the five (5) years immediately preceding the lease year in question, divided into twelve (12) equal monthly installment payments for the lease year in question. In the event that, for the first or second month (or both) of the lease year in question, Lessee does not yet have complete records of the total Rent paid for the year immediately prior, then Lessee may, for the first or second month (or both) of the lease year in question, pay the monthly Base Rent amount from the prior lease year and, upon completion of the records to verify Lessee's total Rent paid for the year immediately prior, then adjust the amount that is due and payable to Lessor as Base Rent for the lease year in question by an adjustment to the payment made in the third month's payment of Base Rent. Lessee shall not delay the completion of the records to verify total Rent paid for the year immediately prior for more than two (2) months after the commencement of the current lease year in which Base Rent is due.

(b) Percentage Rent. "Percentage Rent" shall be the annual percentage rent according to the following amounts:

(i) From April 1, 2010, through March 30, 2015, the annual percentage rent in an amount equal to three and one-half percent (3.5%) of Gross Receipts, as defined in Paragraph 52.2 below; and

(ii) From April 1, 2015, through March 30, 2020, the annual percentage rent in an amount equal to three and three-quarters percent (3.75%) of Gross Receipts; and

(iii) From April 1, 2020, through March 30, 2025, the annual percentage rent in an amount equal to four percent (4%) of Gross Receipts.

(c) Payment Obligations. Lessee shall pay Lessor Base Rent on the first day of each month commencing on the Commencement Date. Lessee shall pay Lessor Percentage Rent pursuant to Paragraphs 52.4 and 52.5 below. Base Rent and Percentage Rent shall be included in the definition of Rent set forth in Paragraph 4.1 of this Lease.

52.2 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 Lessee or by a sublessee or sublessees, 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 Lessee 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.

52.3 Maintenance and Inspection of Lessee's Records to Verify Amount of Gross Receipts; Audit. Lessee 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, Lessee shall install and shall cause each of its sublessees, concessionaires, and licensees, if any, to install upon the Premises "point of sale" equipment or cash register or registers equipped with a cumulative totaling device, which shall be saved or sealed, and a daily dated continuous tape or digital record on which all gross sales shall be recorded and imprinted and which shall indicate any separate department by which such sales were made. Lessee shall retain or cause to be retained intact the daily dated continuous tapes or digital records from each such point of sale or cash register for a period of no less than two (2) years in the City of Fullerton and no less than seven (7) years at corporate headquarters for the Old Spaghetti Factory in Portland, Oregon, during which periods Lessor shall be entitled to inspect the same.

(a) Lessor 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 Lessee 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, Lessor may once in any calendar year cause an audit of the business of Lessee, or any of its sublessees, licensees, or concessionaires to be made by an independent certified accountant selected pursuant to Paragraph 52.3(c) below. If the audit conducted pursuant to this paragraph 52.3(a) shows Rent to be due, Lessee shall pay to Lessor on demand all Rent together with interest on the past due amounts in accordance with Paragraph 13.5 of the Lease. If said audit shall disclose an inaccuracy in favor of Lessee or its sublessee, concessionaire, or licensee of greater than a two percent (2%) error with respect to the amount of Rent reported by Lessee for the period of said audit, then Lessee shall immediately pay to Lessor the cost of such audit; otherwise, the cost of such audit shall be paid by Lessor. If such audit shall disclose any willful inaccuracy with respect to Gross Receipts reported by Lessee, Lessee shall pay triple the amount due as a result of the audit, as liquidated damages.

(b) If Lessor requests an inspection or makes an audit as set forth in this Paragraph 52.3, the necessary books and records shall be produced on the Premises, or at Lessor's offices within fourteen (14) calendar days after request therefor.

(c) In the event that Lessor seeks to conduct an audit as authorized by this Lease, Lessor shall select an independent Certified Public Accountant from a list of qualified accountants and/or auditors that are from time to time retained by the City of Fullerton or Fullerton Redevelopment Agency for such purpose. Lessor shall deliver to Lessee written notice of Lessor's selection. Lessee shall have ten (10) days from delivery of said notice to object to Lessor's selection by delivering to Lessor written notice thereof, and if Lessee fails to timely deliver a written objection, then Lessee shall be deemed to consent to Lessor's selection. In the event that Lessee timely delivers a written objection, Lessor and Lessee shall meet and confer in good faith within ten (10) days of delivery of Lessee's written objection to select a different independent Certified Public Accountant. In the event that Lessor and Lessee cannot agree to a different accountant within ten (10) days of concluding the good faith meet and confer session, then Lessor shall select one independent Certified Public Accountant and Lessee shall select one independent Certified Public Accountant, and each of those two accountants shall select a third, different Certified Public Accountant that is known and reputable to both Lessor's and Lessee's chosen accountants. The third, different Certified Public Accountant shall then proceed with the audit. Notwithstanding any provisions in this Paragraph 52.3(c) to the contrary, Lessor may designate, upon Lessee's consent (which may be granted or denied in Lessee's sole and absolute discretion), Lessor's Department of Administrative Services (or successor department responsible for accounting services for the City of Fullerton) to conduct an audit as authorized by this Lease.

52.4 Installment Payments for Percentage Rent. Percentage Rent shall be paid in quarterly installments pursuant to Paragraph 52.5 of this Lease.

52.5 Calculation and Verification of Percentage Rent. From the Start Date until the Expiration Date or early termination of the Lease, the Percentage Rent shall be calculated and subject to the following terms and conditions:

(a) Within fifteen (15) days after the end of each calendar quarter during each lease year, Lessee shall furnish to Lessor a statement in writing, certified by Lessee 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, Lessee shall pay to Lessor 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.

(b) Within one hundred twenty (120) days after the end of each such lease year, Lessee shall furnish Lessor a review opinion prepared by Lessee's Chief Financial Officer (or other designated officer of Lessee responsible for financial reports to be kept pursuant to federal or state law) showing the total Gross Receipts in, upon or from the Premises during such year. At that time any adjustment necessary shall be made between Lessor and Lessee so that the Percentage Rent, although payable quarterly, shall be computed on an annual basis. If Lessee shall have paid to Lessor an amount greater than Lessee is required to pay under the terms hereof, Lessee shall be entitled to have such amount credited against the next rentals coming due hereunder. If Lessee shall have paid an amount less than the Rent required to be paid hereunder, then Lessee shall forthwith pay such difference. Lessor shall have the right to request at Lessee's expense, and no more often than twice in any five (5) year period, an audited statement, prepared by an independent certified accountant selected pursuant to Paragraph 52.3(c) of this Lease, for the prior year's total Gross Receipts.

(c) If Lessee shall fail to prepare and deliver to Lessor any review opinion prepared by Lessee's Chief Financial Officer (or other designated officer of Lessee responsible for financial reports to be kept pursuant to federal or state law) within the required time set forth in Paragraph 52.5(b) above, and such failure shall continue after thirty (30) days' notice thereof by Lessor to Lessee, Lessor 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 Lessee shall have failed to prepare and deliver. Said audit or audits shall be in addition to the special audit provided for in Paragraph 52.3 of this Lease. The audit shall be conducted by an independent certified accountant selected pursuant to Paragraph 52.3(c) of this Lease. If the audit conducted pursuant to this Paragraph 52.5(c) shows Rent to be due, Lessee shall pay to Lessor on demand all Rent together with interest on the past due amounts in accordance with Paragraph 13.5 of the Lease. If said audit shall disclose an inaccuracy in favor of Lessee or its sublessee, concessionaire, or licensee of greater than a two percent (2%) error with respect to the amount of Rent reported by Lessee for the period of said audit, then Lessee shall immediately pay to Lessor the cost of such audit; otherwise, the cost of such audit shall be paid by Lessor. If such audit shall disclose any willful inaccuracy with respect to Gross Receipts reported by Lessee, Lessee shall pay triple the amount due as a result of the audit, as liquidated damages.

53. USE OF PREMISES; ASSIGNMENT OF LEASE.

53.1 Type of Use; Covenant to Operate. The Premises are being leased to Lessee for the use, operation, and maintenance of a full-service sit-down restaurant, which shall be maintained in substantial accordance with Lessee's development plans approved by Lessor as referenced in the original lease by and between the Fullerton Redevelopment Agency and Lessee, dated June 21, 1983. 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 OSF 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 Lessee 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. Lessor'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.

(a) The restaurant shall be continuously open for dinner during its normal restaurant dinner hours seven (7) days per week (holidays excepted) during the entire term of this Lease. The restaurant shall also be continuously open for lunch during its normal restaurant lunch hours on weekdays (Monday through Friday, holidays excepted) during the entire term of this Lease. However, if Lessee's Gross Receipts for its lunch business in any calendar year are less than Seventy Five Thousand Dollars ($75,000.00), Lessee at its sole option may terminate its lunch business; provided, that in such event, Lessee 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 53).

(b) Lessee shall not use or suffer to be used the Premises for any other purpose or purposes without in each instance obtaining Lessor's prior written consent. Not by way of limitation of any other provision of this Lease, Lessee's failure to strictly comply with the provisions of this Paragraph 53 shall constitute a material Default under this Lease. Lessee shall pay to Lessor a sum equal to thirty percent (30%) of all Gross Receipts (not limited by any other terms and conditions in this Lease) for any service or use that is not permitted by this Lease at the time the next payment of Rent is due. Neither the existence of the 30% charge in this Paragraph 53.1 nor the payment or receipt of money hereunder shall constitute an authorization for a particular service or use or a waiver of Lessor's right to terminate such service or use.

53.2 Assignment and Subleasing.

(a) Lessee understands that a material consideration to Lessor for this Lease is the reputation and expertise of OSF International, Inc., which owns and controls many Old Spaghetti Factory restaurants in California and in the United States. Lessee represents that it has owned and operated, and that it will continue to own and operate, an Old Spaghetti Factory restaurant on the Premises pursuant to a licensing agreement with OSF International, Inc., which licensing agreement authorizes Lessee to use "The Old Spaghetti Factory" service mark (registered with the United States Patent Office) for Lessee's restaurant, and which requires Lessee to comply with all quality controls established by OSF International, Inc. Lessee shall not voluntarily or by operation of law transfer or encumber all or any part of Lessee's interest in the Lease or the Premises without Lessor's prior written consent. Any transfer of forty percent (40%) or more of the ownership of Lessee shall require Lessor'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.

(b) Lessee represents that 45% of the outstanding stock of Lessee is owned by Chris Dussin, who is the Chief Executive Officer and (in essence) the principal owner of OSF International, Inc. (because Chris Dussin is the Manager of, and (with his mother) the principal owner of Dussin Family Holdings, LLC, an Oregon limited liability company that owns 98.72% of OSF International, Inc.). Fifty percent of Lessee's stock is owned by Chris Dussin's former wife, Letty Hiller, and when Chris Dussin and Letty were divorced in 1992, they entered into a still-effective Shareholders Agreement pursuant to the terms of which Chris Dussin has had, and continues to have, operational control of the Lessee corporation. (The Shareholders

Agreement ensures that Letty receives 50% of the Lessee's Sub-Chapter S income). The remaining 5% interest in the Lessee's corporate stock is owned by a former employee.

(c) Notwithstanding anything to the contrary in Paragraph 53.2(a) above, Lessor agrees that: (i) Lessee may encumber Lessee's interest in the Lease as set forth in Paragraph 56 hereof without Lessor's prior written consent provided no interest of Lessor in the Premises shall be subject to such lien; and (ii) Lessee may assign or sublease its interest in this Lease to a partnership, corporation or other entity, without Lessor's prior written consent, provided that Lessee retains control of the management of such entity and a majority interest in the equity of such entity. In either such instance, Lessee shall present to Lessor written evidence of the assignment and qualification of the assignment for exemption from the requirement of Lessor's prior written consent.

(d) In the event Lessee desires to assign or sublease its interest in the Lease to a person or entity other than those described in Paragraph 53.2(c) above, Lessee shall submit in writing to Lessor (i) the name of the proposed sublessee or assignee; (ii) the nature of the proposed assignee's or sublessee's business and experience with same; (iii) the proposed sublease or assignment; and (iv) such financial and other information as Lessor may reasonably request concerning the proposed sublessee or assignee. Lessor shall determine whether the proposed sublessee or assignee has suitable financial strength, experience, and character for operation and control of the Premises, and based upon those determinations Lessor may agree, in its reasonable discretion, to grant consent to such proposed assignment.

(e) If an entity succeeding to Lessee's interest hereunder is deemed a public corporation under the then current guidelines of the California Corporations Commissioner (or successor State agency), 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 forty percent (40%) shall be deemed an assignment within the meaning of this Paragraph 53. In addition, if Lessee assigns its interest in this Lease to an entity without Lessor's written consent in accordance with the provisions of this Lease, a change thereafter resulting in Lessee's loss of the control of management or ownership of a majority interest in equity shall also be deemed an assignment requiring Lessor's written consent.

(f) The consent of Lessor given pursuant to the terms of this Lease shall not relieve Lessee 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, Lessor may, at its sole discretion, for a period of sixty (60) days thereafter, either terminate the sublease or succeed to all the rights of Lessee thereunder.

(g) In the event that Lessee shall assign or sublease the Premises or request the consent of Lessor to any assignment or subleasing, or if Lessee shall request the consent of Lessor for any act Lessee proposes to do, then Lessee shall pay Lessor's reasonable attorneys' fees incurred in connection therewith.

53.3 Obligation to Refrain from Discrimination.

(a) There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the lease, sublease, transfer, use, occupancy, or enjoyment of the Premises, nor shall Lessee 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 or any portion thereof.

(b) 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 or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the sublessee himself or herself, or any person claiming under or through him or her, 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 premises herein leased."

(2) In contracts. "There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, 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. The foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the contract."

54. OPTIONS TO EXTEND TERM OF THE LEASE.

54.1 Options to Extend. Lessee may, at its discretion, extend the Original Term of this Lease for two (2) additional periods of five (5) years each (each, an "Option Extension Period"), provided Lessee notifies Lessor in writing (by an "Option Notice") of its election to extend no less than one hundred eighty (180) days prior to the expiration of the Original Term or the applicable Option Extension Period then in effect. Notwithstanding anything to the contrary in this Lease, if Lessee is in Default or Breach on the date that the Option Notice is delivered to Lessor or the date the Option Extension Period is to commence, the extended term shall not commence and this Lease shall expire at the end of the Original Term or the applicable Option Extension Period then in effect.

54.2 Rent Adjustments. In the event that Lessee timely delivers to Lessor an Option Notice to extend the Original Term or the first Option Extension Period as provided herein, then for each Option Extension Period, Base Rent and Percentage Rent shall be replaced by an adjusted monthly rent (the "Adjusted Rent") equal to the Fair Market Rental Value (defined below) for rental of the Premises. Except as provided in Subsection 54.2(b) below, the Adjusted Rent shall be applied and become effective on the commencement date for the applicable Option Extension Period (each, a "Rental Adjustment Date") and shall remain in effect for the duration of the applicable Option Extension Period. The Adjusted Rent shall be determined pursuant to Paragraph 54.2(a) below:

(a) Calculation of Adjusted Rent. Not later than one hundred twenty (120) days prior to the applicable Rental Adjustment Date, Lessor and Lessee shall meet to negotiate, in good faith, the Fair Market Rental Value of the Premises as of such Rental Adjustment Date. If Lessor and Lessee have not agreed upon the Fair Market Rental Value of the Premises at least ninety (90) days prior to the applicable Rental Adjustment Date, the Fair Market Rental Value shall be determined by the following appraisal method:

(i) If Lessor and Lessee are not able to agree upon the Fair Market Rental Value of the Premises within the time period described above, then Lessor and Lessee shall attempt to agree in good faith upon a single appraiser not later than seventy-five (75) days prior to the applicable Rental Adjustment Date. If Lessor and Lessee are unable to agree upon a single appraiser within such time period, then Lessor and Lessee shall each appoint one appraiser not later than sixty-five (65) days prior to the applicable Rental Adjustment Date, and Lessor and Lessee shall each give written notice to the other of such appointment at the time of such appointment. Within thirty (30) days thereafter, the two appointed appraisers shall appoint a third appraiser. If either Lessor or Lessee fails to appoint its appraiser and to give written notice thereof to the other Party within the prescribed time period, the single appraiser appointed shall determine the Fair Market Rental Value of the Premises. If both Parties fail to appoint appraisers within the prescribed time periods, then the first appraiser thereafter selected by a Party (such selection to be by written notice thereof to such appraiser and the other Party) shall determine the Fair Market Rental Value of the Premises. Each Party shall bear the cost of its own appraiser and the Parties shall share equally the cost of the single or third appraiser if applicable. All appraisers shall have at least five (5) years' experience in the appraisal of commercial/industrial real property in the area in which the Premises are located and shall be members of professional organizations such as MAI or its equivalent.

(ii) For the purposes of this Lease, the term "Fair Market Rental Value" shall mean the price that a ready and willing lessee would pay, as of the applicable Rental Adjustment Date, as monthly rent, to a ready and willing lessor of property comparable to the Premises if such property were available for lease on the open market for a time equivalent to the Original Term and cumulative Option Extension Periods as provided herein, and taking into account all of the purposes for which such property may be used. The Fair Market Rental Value shall consider the then-prevailing calculation for rental of commercial restaurant property per square foot of property equal in amount to the square footage of the Premises, and shall consider the rent to be "triple net" to Lessor if such is the prevailing practice for comparable property with similar uses in the vicinity of the Premises, but the Fair Market Rental Value shall exclude the value attributable to Lessee's Trade Fixtures as defined in Paragraph 7.3. If a single appraiser is chosen, then such appraiser shall determine the Fair Market Rental Value of the Premises. Otherwise, the Fair Market Rental Value of the Premises shall be the arithmetic average of the two (2) of the three (3) appraisals which are closest in amount, and the third appraisal shall be disregarded. Lessor and Lessee shall instruct the appraiser(s) to complete their determination of the Fair Market Rental Value not later than thirty (30) days prior to the applicable Rental Adjustment Date. If the Fair Market Rental Value is not determined prior to the applicable Rental Adjustment Date, then Lessee shall continue to pay to Lessor the Rent applicable to the Premises immediately prior to such Rental Adjustment Date until the Fair Market Rental Value is determined. When the Fair Market Rental Value of the Premises is determined, Lessor shall deliver notice thereof to Lessee, and Lessee shall pay to Lessor, within ten (10) days after receipt of such notice, the difference between the Rent actually paid by Lessee to Lessor for the period after the Rental Adjustment Date and the new Adjusted Rent determined hereunder, effective as of the Rental Adjustment Date. In the event that Lessee must pay a difference between the Rent actually paid for the period after the Rental Adjustment Date and new Adjusted Rent, Lessee may, if in accordance with any applicable law, back-date and attribute equal portions of said difference to prior payments of Rent that had been paid after the Rental Adjustment Date.

(b) Payment Obligations During Option Extension Periods. In the event that Lessee timely delivers to Lessor an Option Notice to extend the Original Term for the first Option Extension Period, then Lessee shall pay Lessor the Adjusted Rent (as calculated pursuant to Paragraph 54.2(a) above) on the first day of each month, commencing on the Rent Adjustment Date and for the duration of the first Option Extension Period. In the event that Lessee timely delivers to Lessor an Option Notice for the second Option Extension Period, then Lessee shall pay Lessor the Adjusted Rent (as calculated pursuant to Paragraph 54.2(a) above) on the first day of each month, commencing on the Rental Adjustment Date and for the duration of the second Option Extension Period. In the event that the Adjusted Rent has not been determined by the Rental Adjustment Date for any applicable Option Extension Period, then Rent shall be paid to Lessor in accordance with Paragraph 54.2(a)(ii) above until the Adjusted Rent has been determined. Notwithstanding any provisions in this Paragraph 54 to the contrary, in no event shall the Adjusted Rent be below the Base Rent and Percentage Rent applicable to the Premises immediately prior to the Rental Adjustment Date for the first Option Extension Period, and in no event shall the Adjusted Rent for the second Option Extension Period be below the Adjusted Rent for the first Option Extension Period.

(c) Rent Defined. During any Option Extension Period, "Rent" shall have the same meaning set forth in Paragraph 4.1 of this Lease.

54.3 Definition of "Term." In the event that Lessee timely exercises an option to extend the Original Term or an Option Extension Period as provided herein, then "Term" and "term" of the Lease as defined and used in this Lease shall include the duly exercised Option Extension Period.

55. BUSINESS IMPROVEMENT DISTRICT; OBLIGATIONS OF LESSEE.

In the event that a business improvement district ("BID") is established pursuant to law (including but not limited to the Parking and Business Improvement Law of 1989 (Streets and Highways Code section 36500 *et seq.*) or the Property and Business Improvement District Law of 1994 (Streets and Highways Code section 36600 *et seq.*)) in the downtown Fullerton area, such that the BID would include businesses and properties located in the general vicinity of the Premises, then Lessee shall participate in the activities for improvements and funding of the BID. If required by law, Lessee shall be a business that participates in the submittal of a petition to form a BID, and in no event shall Lessee obstruct or cause the obstruction of the establishment of a BID in the downtown Fullerton area or the collection of any assessment lawfully levied pursuant thereto.

56. SIGNS.

All signs on the Premises, with dimensions, materials, colors and copy, shall be maintained in substantial accordance with Lessee's development plans approved by Lessor as referenced in the original lease by and between the Fullerton Redevelopment Agency and Lessee, dated June 21, 1983. Notwithstanding the previous sentence, Lessor consents to the existing signs on the Premises as of January 1, 2010. In no event shall Lessee permit or authorize, or enter into any agreement that would permit or authorize, the posting on the Premises of any "Billboard" as defined in the City of Fullerton Municipal Code (whether standard copy or digital) or similar type of sign or medium of communication containing advertising copy not related to the Agreed Use of the Premises. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last six (6) months of the Lease Term. Lessee shall comply with all other requirements for signs as set forth in the City of Fullerton Municipal Code.

57. INSURANCE.

57.1 Automobile Insurance. In addition to the insurance obligations elsewhere in the Lease, Lessee shall obtain and keep in force a policy or policies of automobile liability insurance for not less than One Million Dollars ($1,000,000.00) combined single limits ("Automobile Insurance"). Lessee may satisfy this insurance obligation with an equivalent blanket policy covering the other insurance obligations set forth in this Lease. Lessee shall add Lessor as an additional insured under the Automobile Insurance policy. The Automobile Insurance policy shall comply Paragraph 8.5 of this Lease, and Paragraphs 8.6, 8.7, 8.8, and 8.9 shall apply to the Automobile Insurance obligations herein.

57.2 Dram Shop Insurance. In addition to the insurance obligations elsewhere in the Lease, the Commercial General Liability required to be obtained and carried by Lessee pursuant to Paragraph 8.2(a) shall include dram shop liability insurance ("Dram Shop Insurance.")

57.3 Worker's Compensation. In addition to the insurance obligations elsewhere in the Lease, Lessee shall obtain and keep in force worker's compensation insurance in accordance with all applicable laws.

58. CASUALTY DAMAGE AND DESTRUCTION.

58.1 Duty to Restore. If the Premises are partially destroyed by any casualty, rendering the Premises partially inaccessible or unusable, Lessee shall utilize available insurance proceeds to restore the Premises to substantially the same condition as they were immediately prior to such destruction. Restoration shall be commenced as soon as reasonably practicable, and in no event later than six (6) months after such destruction, and shall be diligently pursued to completion. Furthermore, in such event, Lessee shall, at its own expense, replace and repair all Lessee's Trade Fixtures, Lessee Owned Alterations and Utility Installations as soon as possible to permit the prompt continuation of Lessee's business from the Premises. In the event that the Premises are partially destroyed, and such partial destruction would not be an Insured Loss of Lessee, then Paragraph 9.3 shall apply.

58.2 Rent Abatement for Partial Damage or Destruction. Notwithstanding any provision in Paragraph 9.6 to the contrary, 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 (1) year, and Lessee 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, Lessee is unable to fully repair and restore the Premises during said one (1) year period, Rent shall be abated pursuant to Paragraph 9.6(a) as "Premises Partial Damage" from the end of the one (1) year period until the improvements on the Premises are fully repaired or restored.

59. BROKER'S COMMISSIONS AND FINDER'S FEES.

Lessor and Lessee represent and warrant to the other 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 shall indemnify, defend, and hold one another harmless from and against any claim by any such broker or finder.

60. CHOICE OF COUNSEL AND INDEMNITY.

Except if expressly limited in the Lease, any obligation in this Lease of one Party to indemnify the other Party shall survive the expiration or early termination (for any reason) of this Lease. Any duty to defend for the benefit of Lessor as provided in this Lease shall be so provided with counsel of Lessor's choosing. Any duty to defend for the benefit of Lessee as provided in this Lease shall be so provided with counsel of Lessee's choosing.

61. NO LIABILITY FOR LESSOR'S OFFICIALS AND EMPLOYEES.

No member, official, employee, or agent of Lessor or Agency shall be personally liable to Lessee, or any successor in interest, in the event of any Default or Breach by Lessor or for any amount which may become due to Lessee or any successor on any obligation under the terms of this Lease.

62. RECORDING OF MEMORANDUM OF LEASE.

On or before the Start Date, Lessor shall record or cause to be recorded in the Office of Official Records for Orange County, California, the Memorandum of Lease in a form that is substantially similar to Exhibit "C" attached hereto and incorporated herein by this reference.

63. NOTICES.

All notices shall be delivered pursuant to Paragraph 23 of the Lease, and in addition to the addresses listed on the signature page to the Underlying Lease, all notices shall be delivered to the following:

To Lessor:	City of Fullerton 303 W. Commonwealth Ave. Fullerton, CA 92832 Attn: City Clerk FAX: (714) 525-8071
With a copy to:	Rutan & Tucker, LLP 611 Anton Blvd. Suite 1400 Costa Mesa, CA 92626 Attn: Jeffrey M. Oderman, Esq. FAX: (714) 546-9035
To Lessee:	Fullerton Spaghetti Restaurant, Inc. d/b/a The Old Spaghetti Factory 110 E. Santa Fe Ave. Fullerton, CA 92832 Attn: Chief Executive Officer Fax: (714) 526-7301
And to:	Fullerton Spaghetti Restaurant, Inc. c/o The Old Spaghetti Factory/OSF International 408 S.W. Second Street Portland, OR 97204 Attn: Chief Executive Officer FAX: (503) 226-6214

With a copy to: James J. Davis, Esq.
620 SW Fifth Avenue, #1010
Portland, OR 97204
FAX: (503) 226-3072

64. REASONABLENESS REQUIRED.

Unless otherwise expressly provided herein to the contrary, whenever the consent of a Party is required as a condition to any act or conduct of the other Party, such consent shall be granted if it would be unreasonable to withhold it under the circumstances.

65. ARBITRATION OF DISPUTES.

65.1 Disputes to be Arbitrated. If any dispute arises between Lessor and Lessee that arises out of, or that relates (directly or indirectly) to this Lease, or to any alleged Breach, the dispute shall be resolved by arbitration in accordance with the provisions in this paragraph set forth below, but with the following exceptions: (a) the determination of the Adjusted Rent in each Option Extension Period, which determination shall be controlled by the mechanism set forth in paragraph 54.2, (b) any dispute encompassed in an unlawful detainer action commenced in court by Lessor, (c) any dispute involving a mechanic's lien or design professional's lien filed in any court, (d) any matter within the jurisdiction of a probate, small claims, or bankruptcy court, and (e) any and all judicial rights to discovery and appeal for disputes identified in clauses (b)-(d) above.

65.2 Arbitrator Section. Arbitration shall be by a panel of three arbitrators selected as follows: Upon notice from the other Party, and within thirty (30) days thereafter, each Party shall select a neutral arbitrator and shall advise the other Party of such selection. The two arbitrators thus selected shall select a third arbitrator, or if they are unable within ten (10) days to agree upon such third arbitrator, the presiding judge of the highest state trial court for the county in which the Premises are located, upon request of either Party, shall designate a third arbitrator. If either Party fails or refuses to designate its arbitrator within the thirty (30) day period above provided, upon request of the other Party, the said presiding judge shall designate such arbitrator, and such designation shall not impair the authority of said presiding judge, if necessary, also to designate the third arbitrator as provided in the preceding sentence.

The "third" arbitrator shall act as the chief arbitrator and shall set the time and place of the hearing.

If the matter in controversy is less than One Hundred Thousand Dollars ($100,000) or if the Parties stipulate that the dispute shall be resolved by a sole arbitrator, and if the Parties have not agreed upon a sole arbitrator, then the arbitration shall be conducted by the "third" arbitrator selected by the procedure set forth above, and the two neutral arbitrators shall have no further duties in connection with the arbitration proceeding after the "third" arbitrator has been selected, and the "third" arbitrator, sole arbitrator, shall conduct the arbitration and render an award.

65.3 Arbitrator Qualifications/Oath. In order to ensure an experienced and impartial panel, each arbitrator (including each Party-selected arbitrator) shall be a person who is able to sign, and who shall sign, the following oath:

> "I, the undersigned arbitrator, being duly sworn, hereby accept my appointment as arbitrator in this dispute and will faithfully and fairly hear and examine the matters in controversy, and will make a just award according to the best of my understanding.
>
> I declare that I am a current or former judge, justice, JAMS-approved arbitrator, or an attorney with a minimum of 10 years private practice in the greater Fullerton area and that I am experienced in the field of commercial real estate law.
>
> I declare that I know of no facts or circumstances which would affect my ability to render an unbiased and impartial award.
>
> I declare that I will disclose and explain below if I am aware of any present or past relationship of significance between me and:
>
> 1. any party, or
>
> 2. any principal, officer, or representative of any party, or
>
> 3. any proposed witness, or
>
> 4. any attorney of any party, except for the occasional incidental contacts which arise between individuals living within the same community, and among professionals practicing in the same city, and which are not likely to influence or prejudice me in any way."

65.4 Arbitration Hearing. The arbitration shall take place within the Los Angeles/Orange County metropolitan area. Each party shall be entitled to discovery, which shall be conducted in accordance with state trial court rules, except that motions requesting or limiting discovery shall be decided by the (chief) arbitrator. The arbitrator(s) shall not have any power to amend or modify any of the terms of this Lease nor to grant any remedy which is either prohibited by the terms of this Lease, or not available in a court of law. The arbitrator(s) shall have the power to grant provisional remedies. The arbitrator(s) shall have no power or authority to award, and the parties hereby waive their rights to, punitive damages. Attorney's fees and costs may be awarded to the prevailing party, in the discretion of the arbitrator(s). The failure, refusal or inability of a party to cooperate with the arbitration proceeding or to attend the hearing shall not preclude the arbitrator(s) from rendering an award based upon the evidence presented at the hearing. The arbitrator(s) shall strive to reach a decision (a verdict by any two of them) within thirty (30) days of the selection or designation of the "third" arbitrator.

65.5 Cost. The cost of the arbitration shall be borne equally by the parties.

65.6 Statutory Notice. NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE SPECIFIED DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP SOME RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OF JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, EXCEPT TO THE EXTENT THAT SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Lessor's Initials LW   Lessee's Initials GD

66. EXECUTION; COUNTERPARTS.

The Underlying Lease and Addendum shall be executed by the complete execution of the signature page attached to this Addendum, which may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute the Lease and one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, Lessor and Lessee have caused their duly authorized representatives to execute this Lease as of the date first above written.

CITY OF FULLERTON, a California municipal corporation

By: ______________________

Name: CHRIS MEYER

Its: CITY MANAGER

"Lessor"

ATTEST:

____
City Clerk

APPROVED AS TO FORM:

RUTAN & TUCKER LLP

____
William H. Ihrke, Special Counsel to the City of Fullerton

FULLERTON SPAGHETTI RESTAURANT, INC., a California corporation

By: ______________________

Name: Chris Dussin

Its: managing member

By: ______________________

Name: ______________________

Its: ______________________

"Lessee"

EXHIBIT "A"

DESCRIPTION OF THE PREMISES

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, Page 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.

<u>EXHIBIT "B"</u>

THE PUBLIC 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.

<u>EXHIBIT "C"</u>

MEMORANDUM OF LEASE

(Attached)

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

City of Fullerton
303 West Commonwealth Ave.
Fullerton, CA 92832
Attn: City Clerk

(Space Above Line for Recorder's Use)

This Memorandum of Lease is recorded at the request and for the benefit of the City of Fullerton and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") by and between the CITY OF FULLERTON, a California municipal corporation ("Lessor"), and FULLERTON SPAGHETTI RESTAURANT, INC., a California corporation ("Lessee"), is dated this ___ day of _____________, 2010. Lessor and Lessee are hereinafter periodically referred to individually as a "Party" and collectively as the "Parties."

RECITALS

NOTICE IS HEREBY GIVEN that Lessor has entered into that certain Standard Industrial/Commercial Single-Tenant Lease – Net and Addendum thereto with exhibits and attachments (collectively, the "Lease") dated April 5, 2010, with Lessee covering certain real property and improvements located at 110 East Santa Fe Avenue located the City of Fullerton, County of Orange, State of California, more particularly described in Attachment 1 to this Memorandum, incorporated herein by this reference (the "Premises"), for the term and at the rental and upon the conditions set forth in the Lease. Lessor has further granted to Lessee certain non-exclusive rights to use a public parking lot, as set forth in the Lease.

NOW, THEREFORE, pursuant to the terms and conditions of the Lease, the Parties hereby agree and affirm the following:

(1) Pursuant to Paragraph 1 of the Lease, the Commencement Date of the Original Term is April 1, 2010, with Lessee having a right to early possession on the date of execution of the Lease (the "Early Possession Date").

(2) Pursuant to Paragraph 1 of the Lease, the date upon which the Original Term of the Lease expires is March 30, 2025, subject to early termination as provided in the Lease.

(3) Pursuant to Paragraphs 39 and 54 of the Lease, Lessee has the option to extend the Original Term of the Lease for two (2) additional periods of five (5) years each (each, an "Option Extension Period"), upon the terms and conditions provided in the Lease.

(4) The Lease contains the entire agreement between the Parties, and this Memorandum does not alter, amend, modify, or change the Lease in any manner or in any respect.

This Memorandum is executed by the Parties solely for the purpose of recordation in the Office of the Official Records for Orange County, California, with the Premises being located in said county. It is the intention of the Parties that this Memorandum give notice of and confirm the Lease and all of its terms to the same extent as if all of the provisions of the Lease had been fully set forth herein. The Lease is hereby incorporated into this Memorandum by this reference. A copy of the Lease is available for viewing during regular business hours at the City Clerk's Office in City Hall for the City of Fullerton, 303 East Commonwealth Avenue, Fullerton, CA 92832, and copies of the Lease may be obtained in accordance with applicable law and procedures (including standard copying fees) upon request.

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Memorandum as of the date first above written.

CITY OF FULLERTON, a California municipal corporation

By: ______________________________

Name: ______________________________

Its: ______________________________

"Lessor"

ATTEST:

____
City Clerk

APPROVED AS TO FORM:

RUTAN & TUCKER LLP

____
William H. Ihrke, Special Counsel to the City of Fullerton

FULLERTON SPAGHETTI RESTAURANT, INC., a California corporation

By: ______________________________

Name: ______________________________

Its: ______________________________

By: ______________________________

Name: ______________________________

Its: ______________________________

"Lessee"

ATTACHMENT 1
TO MEMORANDUM OF LEASE

DESCRIPTION OF THE PREMISES

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, Page 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.

State of California)
County of ______________)

On ____________________, before me, ______________________________, Notary
(here insert name and title of the officer)
Public, personally appeared ____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature____________________________________

(seal)

State of California)
County of _______________)

On _______________________, before me, _________________________________, Notary
(here insert name and title of the officer)
Public, personally appeared ____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature____

(seal)