

RECORDING REQUESTED BY  
FIRST AMERICAN TITLE INSURANCE CO.

83-35190  
JUL 8 2 26 PM '83

82-30940  
JUL 27 1 30 PM '82

RECORDING REQUESTED BY &  
WHEN RECORDED RETURN TO

GOLETA UNION SCHOOL DISTRICT  
401 North Fairview Avenue  
Goleta, California 93117

OFFICIAL RECORDS  
SANTA BARBARA CO., CALIF.  
HOWARD C. MENZEL  
CLERK-RECORDER

OFFICIAL RECORDS  
SANTA BARBARA CO., CALIF.  
HOWARD C. MENZEL  
CLERK-RECORDER

Attn: Robert A. Brown  
Assistant Superintendent  
Business Services

7/03/83

7 11 510

RE-RECORD

NO FEE PER  
C. CODE 6103

Space above this line for Recorder's Use Only

NO TAX DUE

GROUND LEASE

(Short Form - Memorandum)

THIS GROUND LEASE (Short Form - Memorandum) dated as of the 20th  
day of July, 19 82, by and between Goleta Union School  
District, with its principal office located at 401 North Fairview Avenue,  
Goleta, California 93117, hereinafter referred to as "Lessor," and  
M. Timm, Inc. with their principal  
office located at 233 E. Carrillo St, Suite D Santa Barbara, CA 93101  
hereinafter referred to as "Lessee".

W I T N E S S E T H:

1. Lessor does hereby lease to Lessee that certain real property  
(hereinafter referred to as the "leased land") located in the County of  
Santa Barbara, State of California, known as Santa Barbara County Assessor's  
Parcel Number 65-090-26 approximately 9 acres of land, located on the  
easterly side of San Ricardo Drive (Approximately 1,000 ft. to the south of  
Hollister), which is more particularly described in the Preliminary Title  
Report (Exhibit D) attached hereto,

MAIL TAX STATEMENTS TO:

M. TIMM, INC.  
233 East Carrillo Street  
Santa Barbara, California 93101

Attention: Richard A. Nightingale  
Treasurer

\*\*\*

This document is being rerecorded to attach a legal description referred to in  
Exhibit "D" above, an also to attach the General Conditions to Ground Lease  
dated July 20, 1982, incorporated herein as Exhibit "F".

at the rental and upon all of the terms and conditions set forth in that certain Lease dated July 20, 1982 between the parties hereto, which is incorporated herein by this reference, (the "Lease").

2. Said land is leased for a term of ninety-nine (99) years commencing on the 20th day of July, 1982 and ending on the 19th day of July, 2081 subject to earlier termination as provided in the Lease.

3. Said Lease provides among other things that the Lessee hereunder shall pay all or some portion of all taxes, general and special assessments and other charges of every description which during the term of this Lease may be levied upon or assessed against the leased land and all interest therein and all improvements and other property thereon, whether belonging to the Lessor or the Lessee.

4. The Lease provides among other things that the Lessee shall not encumber, assign or otherwise transfer this Lease, or any right or interest hereunder (other than to or by purchasers or lessees, of residential units as provided in the Lease), without the prior written consent and approval of the Lessor. Any such encumbrance, assignment or other transfer without such prior written consent and approval shall be void and shall confer no rights whatsoever.

5. Should there be any inconsistency between the terms of this instrument and the Lease incorporated herein, the terms of said Lease shall prevail.

IN WITNESS WHEREOF, each of the parties hereto has executed this Ground Lease (Short Form - Memorandum), as of the day and year first above written.

GOLETA UNION SCHOOL DISTRICT

By Frank M. Shultz

By R. A. Brown  
"Lessor"

M. Timm, Inc.

By Milan E. Timm  
Milan E. Timm

By Richard A. Nightingale  
"Lessee"

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF SANTA BARBARA)

On July 15, 1982 before me, the undersigned,  
a Notary Public in and for said County and State, personally appeared  
Frank M. Shultz known to me to be the  
Superintendent, and Robert A. Brown known to  
me to be the Ass't. Supt., Business Services of the Goleta Union School  
District, the governmental entity that executed the within instrument, and  
known to me to be the persons who executed the within instrument on behalf  
of said governmental entity acknowledged to me that said governmental  
entity executed the within instrument pursuant to Section 39360 et seq.  
of California Education Code.

WITNESS my hand and official seal.

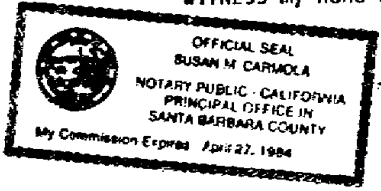


Helga A. Stach  
Notary Public in and for said  
County and State

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF SANTA BARBARA)

On July 12, 1982 before me, the undersigned,  
a Notary Public in and for said County and State, personally appeared  
Milan E. Timm known to me to be the  
President, and Richard A. Hightingale known  
to me to be the Treasurer of M. Timm, Inc.  
the corporation that executed the within instrument,  
and known to me to be the persons who executed the within instrument on  
behalf of said corporation,  
and acknowledged to me that said corporation  
executed the within instrument pursuant to its Articles of Incorporation  
or \_\_\_\_\_

WITNESS my hand and official seal.



Susan M. Carmola  
Notary Public in and for said  
County and State

FIRST AMERICAN TITLE INSURANCE COMPANY  
 3704 State Street - P.O. Box 3977 - Santa Barbara, California 93105  
 (Area 805) 687-1581

M. TIMM INC.  
 233 East Carrillo Street, "D"  
 Santa Barbara, California  
 ATTN: MIKE TIMM

Your No. The Village  
 Our Order No. SB-1334258  
 Form of Policy Requested: Subdivision Guarantee

In response to the above referenced application for a policy of title insurance, this Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy of Title Insurance in the form specified above, describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy form.

This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of September 22, 1982 at 7:30 A.M.

  
 SKIP SANTY, Title Officer

Title to said estate or interest at the date hereof is vested in:

M. TIMM, INC., as to a Leasehold Estate created by that certain ground lease dated July 20, 1982 by and between Goleta Union School District, as Lessor, and M. Timm Inc., as Lessee, recorded July 27, 1982 as Instrument No. 82-30940 of Official Records.

The estate or interest in the land hereinafter described or referred to covered by this report is:

Leasehold

At the date hereof exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy form would be as follows:

SEE ATTACHED.....

Exhibit "D"

DESCRIPTION:

All that certain land situated in the State of California in the unincorporated area of the County of Santa Barbara, described as follows:

Lots 1 thru 41, inclusive, of Tract No. 13287, in the County of Santa Barbara, State of California, according to the map thereof recorded in Book 123, Pages 33 thru 35 of Maps, in the Office of the County Recorder of said County.

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SS:ks  
Maps Enclosed

7/1/83

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GENERAL CONDITIONS TO GROUND LEASE  
"THE VILLAGE AT SANTA BARBARA"  
SCHOOL DISTRICT GROUND LEASE, SAN RICARDO DRIVE

INDEX

Article	Page
1. TENANT's Operations	1
2. Requirements as to Improvements	1
3. Taxes and Assessments	6
4. Utility Charges	7
5. Repairs and Upkeep	8
6. GOLETA's Nonliability and Indemnity	9
7. Insurance	9
8. Restoration	12
9. Liens and Claims	13
10. Substitute Performance of Payment by GOLETA	14
11. Assignments and Sublettings	14
12. Encumbrances by TENANT	17
13. Defaults and Remedies, Attornment	19

Exhibit "F"

14.	Transfers and Financing by GOLETA	23
15.	Surrender, Removal and Title to Improvements	24
16.	Holding Over	25
17.	Eminent Domain	26
18.	Mineral and Water Rights Reservations	27
19.	Safety and Health	28
20.	Statement of TENANT and GOLETA	28
21.	Arbitration	29
22.	Miscellaneous Provisions	29
22.1	Notices	29
22.2	Prorations	29
22.3	Interest on Late Payments	30
22.4	Accord and Satisfaction	30
22.5	Waiver	30
22.6	Surrender or Cancellation	30
22.7	Broker's Commission	30
22.8	Recording	30
22.9	Corporate Authority	30
22.10	Entire Agreement	31
22.11	Amendment to Lease	31
22.12	Certain Rules of Construction	31
22.13	Specific Performance	31
22.14	Execution of Lease; No Option	32
22.15	Controlling Law	32
22.16	Changes Requested by Lender	32

GENERAL CONDITIONS TO GROUND LEASESAN RICARDO "THE VILLAGE"

The following General Conditions to Ground Lease are incorporated in and made a part of that certain Ground Lease dated July 20, 1982, by and between GOLETA UNION SCHOOL DISTRICT as "GOLETA" and M. Timm Inc. as "TENANT", (the "Lease") as though fully set forth at length therein, to wit:

## ARTICLE 1

TENANT'S OPERATIONS

The Premises and all improvements constructed and maintained thereon shall be used by TENANT for the use or uses specified in the Lease and for no other use or purpose. TENANT shall not itself use or permit any other person or entity to use the Premises, or any part thereof, for any purposes which may materially damage or harm the Premises or any improvements on or adjacent thereto, or the image or attractiveness thereof, or for any improper, offensive or immoral use or purpose, or in any manner which shall constitute waste, nuisance or public annoyance; and TENANT shall conform to, and cause all persons using or occupying any part of the Premises to comply with, all public laws, ordinances and regulations from time to time applicable thereto and to all operations thereon.

## ARTICLE 2

REQUIREMENTS AS TO IMPROVEMENTS

2.1 GOLETA's Approval of Improvements. As used herein, the terms "improvements" or "structures" shall mean and include without limitation all buildings, outbuildings, parking or loading areas, roadways or walkways, separate display or storage areas, truckage, fences, walls, poles, signs, exterior lighting, canopies, awnings, antennas, billboards, marquees, hedges, mass or large plantings, and all other structures of any kind located above the ground level of any site, and any replacements, additions, repairs or alterations thereto of any kind whatsoever. No improvement of any nature whatsoever (including but not limited to any alteration or addition to any Improvements existing from time to time) shall be constructed, placed or assembled and maintained on the Premises until GOLETA has first approved the



exterior design, density, size, appearance and location thereof. Before commencing any work of Improvement or applying for any governmental permit or approval with respect thereto, TENANT shall first deliver or cause to be delivered to GOLETA for approval as provided below, two (2) sets of schematic plans and preliminary specifications including at least grading and drainage plans, exterior elevations, roof plans and site plans, showing in reasonable detail existing topography and proposed type of use, size, land coverage, shape, height, location, material, color scheme and elevation of each proposed Improvement, all proposed ingress and egress to public or private streets or roads, all utilities and service connections, and all proposed landscaping, parking, exterior lighting, signs, cut and fill, finished grade, run-off and concentration points. After such approval by GOLETA but prior to commencing any such work, TENANT shall also submit to GOLETA for approval final plans and specifications for any proposed Improvements in the same manner as provided in this paragraph with respect to schematic plans and preliminary specifications. All plans and specifications for grading or Improvements to be submitted to GOLETA hereunder shall be prepared by a duly licensed or registered architect or engineer, as the case may be. TENANT shall, prior to commencing any work of construction, deliver to GOLETA the written approval of the plans and specifications by the financial institution or other lender that shall have made the commitment for financing the construction of the Improvements. GOLETA shall not unreasonably withhold, condition, or delay its approval of any such plans or specifications. GOLETA shall be conclusively deemed to have given its approval thereof unless, within thirty (30) days after all such plans and specifications have been received, by GOLETA's principal or other person designated by GOLETA, GOLETA shall give TENANT written notice specifying in reasonable detail why it has disapproved. Unless so disapproved, GOLETA shall give its approval on at least one set of plans and specifications submitted by TENANT. Notwithstanding the foregoing, GOLETA shall permit TENANT to alter, repair or reconstruct any Improvement which has been approved if such plans were previously approved by GOLETA, provided that such repair, replacement, reconstruction or reconstruction is substantially identical to the original plans and specifications approved.

GOLETA shall not be liable in any way for its approval or disapproval of any plans and specifications for approval of any Improvement, or for any action, omission, cost, expense, tenant, licensee, contractor, subcontractor or other person affected by this lease, on account of its approval or disapproval of any plans or specifications submitted by TENANT, or for any construction, reconstruction or reconstruction by TENANT of any work on the premises, whether or not pursuant to approved plans and specifications, or for any mistake in judgment, negligence or other error in fact or law relating to GOLETA's rights, powers, duties or obligations hereunder or (iv) the enforcement or non-enforcement of any of the provisions contained herein. Every set of plans and specifications submitted to GOLETA for approval

agrees by submission of such plans or specifications -- and every owner, tenant, licensee or other occupant of the Premises, Improvements or any portion thereof agrees by acquiring its interest therein -- not to bring any suit or action against GOLETA seeking to recover any such damages. GOLETA's approval of such plans and specifications shall not constitute the assumption of any responsibility by GOLETA or its representatives for the accuracy, efficacy or sufficiency thereof, and TENANT shall be solely responsible therefor.

2.3 Inspection Rights. GOLETA or its authorized representatives may from time to time, at any reasonable hour, enter upon and inspect the Premises, site or any portion thereof or Improvements thereon to ascertain compliance with this Lease, but without obligation to do so or liability therefor.

2.4 Certificates of Compliance and Presumption. Prior to Commencement of any such work of Improvements, TENANT shall supply to GOLETA a certificate from a licensed civil engineer or land surveyor verifying that the proposed Improvements will be located on the correct parcel and in accordance with plans previously approved by GOLETA. Upon completion of any such Improvements, TENANT shall supply to GOLETA a further certification by TENANT's architect (including the landscape architect in the case of Improvements consisting of landscaping) that the Improvements as designed by the architect have been completed in accordance with the plans previously approved by GOLETA. TENANT shall also supply to GOLETA one (1) set of as-built grading plans showing all underground installations. Notwithstanding anything to the contrary herein contained, after the expiration of one year from the date of issuance of a building permit by County or other governmental authority for any Improvement, said Improvement shall, in favor of purchasers and encumbrancers in good faith and for value, be deemed to be in compliance with all provisions of Section 2.1 above, unless actual notice of such noncompliance or noncompletion, executed by GOLETA, shall appear of record in the office of the County Recorder of Santa Barbara, California, or unless legal proceedings shall have been instituted to enforce compliance with these provisions.

2.5 Financing. TENANT shall deliver to GOLETA true copies of all documents evidencing the commitment of financing for any construction from an acceptable recognized lender as defined in Section 12.1 herein. The term "financing" means the construction (or interim) financing (loan) and the take-out (also called permanent or long-term) financing. GOLETA may require by notice that no construction commence until the take-out financing is firmly committed but may disapprove the financing only if it violates an express provision of this Lease.

2.6 Diligent Completion and Compliance. After commencement of construction of any Improvements, the same shall be diligently prosecuted to completion, to the end that such Improvement shall not remain in a partly finished condition any

longer than reasonably necessary for completion thereof, and shall comply with all applicable governmental laws, ordinances and other requirements and with any and all recorded covenants, conditions and restrictions affecting the Premises, all at the sole cost and expense of TENANT and without any cost, expense or liability whatsoever to GOLETA. TENANT shall provide GOLETA with copies of any Notice of Completion issued in connection with said Improvements not later than ten (10) days after date of issue.

2.7 Exterior Materials and Fences. Without limiting the generality of the foregoing provisions, all exterior walls shall be painted or suitably treated in a manner acceptable to GOLETA, and no exterior walls of sheet or corrugated iron, steel or other metal or asbestos shall be permitted. No fence or wall shall be made of any such material or of security chain link, and no fence or wall shall exceed six (6) feet in height without the prior approval of GOLETA.

2.8 Signs. TENANT shall affix and maintain upon the glass panes and supports of windows, and within twelve (12) inches of any windows or upon the exterior walls of any structure, only such signs, advertising placards, names, insignia, trademarks and descriptive words or materials (collectively the "signs" or "sign") as shall have first received the written approval of GOLETA as to size, type, color, location, copy, nature and display qualities. No sign readily visible from the exterior of the Premises shall be permitted on or within the Premises or Improvements other than those described below (not to exceed one sign per category without GOLETA's prior written approval):

(a) A sign identifying the name, business or products of the person or entity using or occupying any site, Improvements thereof or any portion thereof; or

(b) A sign offering all or any portion of such site or Improvements for lease or sale; or

(c) A sign identifying the construction lender(s) and/or general contractor(s), but only during the course of the construction.

2.9 Grading and Excavation. No excavation shall be made on the Premises except in connection with construction of an Improvement pursuant to grading and drainage plans approved by the County of Santa Barbara as provided in Section 2.1 above. In addition thereto, TENANT shall cause a soils investigation and report to be prepared by a licensed soils engineer or geologist, and GOLETA at its election may require that the same be submitted to GOLETA for its information; provided, however, that GOLETA shall not have any responsibility or liability for any matters relating to said investigation or report. Upon completion of the grading work or after a 180-day stop in construction, all exposed openings shall be backfilled and disturbed ground shall be restored to its original condition as of the date of this Lease

unless otherwise mutually agreed between GOLETA and TENANT. However, if grading is completed and construction has not ceased for 180 days and the orderly sequence of construction justifies keeping graded openings or "disturbed ground" being in other than its original condition, then such exposed openings and disturbed ground shall be permitted.

2.10 Drainage. TENANT shall not drain or discharge water from the Premises or Improvements thereon -- and shall not interfere with the drainage established as of the date of this Lease -- in or over any other property adjacent to the Premises, except in accordance with plans therefor approved by all public agencies having jurisdiction; provided, that TENANT shall not drain or discharge water onto or divert water from any adjacent lands owned by GOLETA, except through established drainage channels or new drainage improvement approved by GOLETA. TENANT acknowledges that portions of the Premises, or the Premises in their entirety, may lie within a Drainage Assessment Area which may or may not require an acreage assessment at present or during the term of the Lease. TENANT agrees to pay any and all such charges which may be levied by applicable public agencies or municipalities, as may be required.

2.11 Utility Installations. TENANT, at its sole cost and expense, shall determine the availability of, and shall cause to be installed in, on, and about the Premises, all facilities necessary to supply thereto all water, sewage, gas, electricity, telephone and other like services required in TENANT's operations hereunder. All such utility lines shall be installed underground, except that transformer or terminal equipment related thereto may be installed above ground if screened from view of adjacent streets and properties. TENANT agrees to pay all connection or acreage assessments or charges levied by any public utilities, agencies or municipalities with respect to their services. Notwithstanding the foregoing, TENANT shall not enter into any contract or agreement with any city, county or other governmental agency or body or public utility with reference to water lines or connections relating to the premises, without the prior written consent of GOLETA, which consent shall not be unreasonably withheld, conditioned or delayed. GOLETA hereby gives its approval in advance for TENANT to enter into any contract or agreement TENANT deems necessary or appropriate with any city, county or other governmental agency or body or public utility with reference to sewer lines or connections, street improvements (including but not limited to curbs, gutters, parkways, street lighting or other utility connections, lines or easements) or other non-water utilities relating to the premises. GOLETA also consents to sign any necessary applications or approvals for the permits and approvals referenced in the preceding sentence.

2.12 Landscaping. Every site improved with a building or other substantial structure shall be landscaped as approved by the County of Santa Barbara within ninety (90) days of TENANT's

occupancy or completion of such structure, whichever occurs first, and maintained thereafter in a sightly and well-kept condition. In particular, all improved areas within setback lines shall be fully and adequately landscaped. TENANT shall provide hose bibs, sprinklers and other reasonable and adequate landscape maintenance facilities in the vicinity of all landscaped areas.

### ARTICLE 3

#### TAXES AND ASSESSMENTS

3.1 Taxes. TENANT shall be responsible for, and agrees to pay, not later than ten (10) days prior to delinquency, any and all taxes, assessments, levies, fees and other governmental charges of every kind or nature (hereinafter collectively called "taxes") levied or assessed by any municipal, county, state, federal or other taxing or assessing authority upon, against or with respect to (i) the Premises, (ii) all furniture, fixtures, equipment and any other personal property of any kind placed, installed or located within, upon or about the Premises, (iii) all alterations, additions or improvements of whatsoever kind or nature, if any, made to the Premises, and (iv) rentals or other charges payable by TENANT to GOLETA, irrespective of whether any of the items described in clauses (i) through (iv) above are assessed as real or personal property, and irrespective of whether any of such items are assessed to or against GOLETA or TENANT, but expressly excluding any general net income, franchise, inheritance or ad valorem tax levied upon or payable by GOLETA. TENANT shall, not later than the ten (10) day period described above, or upon written request of GOLETA if payment is made earlier, furnish to GOLETA a copy of the receipted tax bill or other proof of said payment. TENANT hereby agrees to protect and hold harmless GOLETA and the Premises and all improvements in, on or about the same from all liability for any and all such taxes, together with any interest, penalties or other sums thereby imposed, and from any sale or other proceeding to enforce payment thereof. TENANT shall cause all taxes imposed upon any personal property situated in, on or about the Premises to be levied or assessed separately from said Premises and not as a lien thereunder. TENANT hereby appoints GOLETA as its attorney-in-fact for the limited purpose of performing, at TENANT's sole cost and expense, all acts necessary to cause the Premises to be separately assessed from other lands of GOLETA, and TENANT agrees to pay GOLETA, within thirty (30) days of the date of billing, any and all costs reasonably incurred by GOLETA in performing such acts. If at any time during the term of this Lease any of such taxes are not so levied and assessed separately and directly to TENANT, TENANT shall pay to GOLETA its proportionate share thereof, being that portion of such taxes that the area of the Premises bears to the total area of all land within the entire tax assessment parcel, as determined by GOLETA. TENANT recog-

nizes and understands that this Lease may create a possessory interest subject to property taxation and that TENANT may be subject to the payment of property taxes levied on such interest. TENANT agrees to pay all such taxes.

3.2 Taxes on Rentals. Should the State of California or any political subdivision thereof or any governmental authority having jurisdiction (by way of substitution for all or any part of the "taxes" otherwise required to be paid in whole or in part by TENANT pursuant to Section 3.1, or in addition thereto), impose a capital levy or a tax, assessment and/or surcharge of any kind or nature upon, against, in connection with or with respect to the rentals or other charges payable to GOLETA by TENANT or on the income of GOLETA derived from the Premises or on GOLETA's ownership of the Premises or any portion thereof or interest therein, or otherwise, then, in any such case, such tax, assessment and/or surcharge shall be deemed to constitute a tax and/or assessment against the Premises and TENANT shall pay to GOLETA its proportionate share thereof as defined in Section 3.1, as billed by GOLETA.

3.3 Prorations. All such taxes and assessments for the first and last year of this Lease shall be prorated between GOLETA and TENANT on the basis of the fiscal year of the appropriate governmental authority or authorities.

3.4 Bonds. With respect to any assessment which may be levied upon the Premises and which under any applicable law then in force may be evidenced by bond or bonds payable in annual installments, the taxes payable by TENANT hereunder shall be limited to such installments (including interest) as may be due and payable during each such year and the same shall be prorated as of the end of the term with respect to the last year of the term hereof.

#### ARTICLE 4

##### UTILITY CHARGES

TENANT shall pay all charges for gas, water, sewer, electricity, telephone and other utility services used on the Premises during the lease term, and shall indemnify GOLETA and the Premises from and against any such charges or liens arising therefrom. If any such charges are not paid when due, GOLETA may pay the same, and any amount so paid by GOLETA shall thereupon become due to GOLETA from TENANT as additional rent, together with interest thereon as provided in Article 10 below.

## ARTICLE 5

REPAIRS AND UPKEEP

5.1 No Obligations of GOLETA. GOLETA shall not be required or obligated to make any changes, alterations, additions, improvements or repairs in, on or about the Premises, or any part thereof, during the term of this Lease.

5.2 TENANT Obligations. At all times during said term TENANT shall, at its sole cost and expense, keep and maintain the Premises and all improvements thereon and all facilities appurtenant thereto in first-class condition, order and repair at least equal in quality to that maintained by GOLETA and other owners of high-class properties of similar class and condition in Santa Barbara County, and the entire Premises, improvements thereto and all landscaping and undeveloped areas thereon, in a clean, sanitary, orderly and attractive condition, free from weeds, rubbish and debris. TENANT agrees to keep in full force and effect throughout the term hereof a contract or other arrangement satisfactory to GOLETA in its sole discretion for maintenance of all landscaping, which contract shall be maintained with such company or companies, person(s) or entities as GOLETA shall approve and in compliance with such requirements as are imposed therewith by any insurance company as provided in Article 7 hereof. All repairs, alterations, replacements or additions to Improvements shall be at least equal to the original work in class and quality. The necessity and adequacy of such repairs and other work shall be measured by the same standard as set forth above for the original construction and maintenance. TENANT shall also be responsible at all times for determining that all Improvements and the plans and specifications therefor conform and comply in all respects with these provisions, all matters of record, all applicable governmental requirements, and all exterior architectural design, location and color criteria as may be approved by GOLETA. TENANT shall indemnify and save harmless GOLETA against all actions, claims and damages by reason of TENANT's failure to comply with any of the foregoing provisions.

5.3 Cure by GOLETA. Notwithstanding Sections 5.1 and 5.2 above, in the event TENANT fails within fifteen (15) days after the date of a notice in writing from GOLETA so to do, to comply with the provisions of Section 5.2 above, GOLETA shall be entitled, but shall not be obligated, to enter the Premises and perform such work as may be necessary to restore the Premises and improvements to the condition required by Section 5.2 above, and all of GOLETA's expenses in connection with such work shall be paid by TENANT to GOLETA upon demand, together with interest thereon as provided in Article 10 below.

## ARTICLE 6

GOLETA'S NON-LIABILITY AND INDEMNITY

6.1 GOLETA's Non-liability. GOLETA shall not be liable for any loss, damage or injury of any kind or character to any person or property (a) arising from any use of the Premises, or any part thereof, (b) caused by any defect in any building, structure or other improvement thereon or in any equipment or other facility located therein, (c) caused by or arising from any act or omission of TENANT, or of any of its agents, employees, licensees or invitees, (d) arising from any accident on the Premises or any fire or other casualty thereon, (e) occasioned by the failure of TENANT to maintain the Premises in safe condition, or (f) arising from any other cause whatsoever, except as occasioned by the act or omission or neglect of any duty by GOLETA or its employees. TENANT, as a material part of the consideration of this Lease, hereby waives on its behalf all claims and demands against GOLETA for any such loss, damage or injury of TENANT.

6.2 Indemnity by TENANT. TENANT shall indemnify GOLETA and save it harmless from and against any and all claims, actions, damages, active and passive liability and expenses, including attorney's fees, in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by TENANT of the Premises or any part thereof, or any "common facilities" (as defined in the Lease, if applicable), or arising from or out of TENANT's failure to comply with any provision of this Lease, or otherwise occasioned wholly or in part by any act or omission of TENANT, its agents, representatives, contractors, employees, servants, customers or licensees. In case GOLETA shall, without fault on its part, be made a party to any litigation commenced by or against TENANT, then TENANT shall protect and hold it harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by GOLETA in connection with any such litigation. GOLETA may, at its option, require TENANT to assume GOLETA's defense in any action covered by this Section through counsel satisfactory to GOLETA.

## ARTICLE 7

INSURANCE

7.1 Policy Form and Evidence of Coverage. All policies of insurance provided for herein shall be written as primary policies (without "contribution" or "solely in excess of coverage carried by GOLETA" provisions) with responsible and solvent insurance companies authorized to do business in California with a policyholder's rating of "A" (Excellent) or better and a financial rating of "X" or better in Bests, Insurance Reports--



Fire and Casualty. Prior to the commencement of the term hereof, TENANT shall supply GOLETA (and at all times during the term of the Lease keep on file with GOLETA) a true and correct copy of all such policies or a certificate of insurance accurately reflecting the coverage required hereby together with satisfactory evidence showing that all premiums thereon have been paid, and thereafter, as additional premiums become due, TENANT shall supply GOLETA with satisfactory evidence that said premiums have been paid. Notwithstanding anything to the contrary contained within this provision, TENANT's obligations to carry insurance as provided herein may be brought within the coverage of a so-called "blanket" policy or policies of insurance carried and maintained by TENANT, so long as such policy or policies segregates the amount of coverage applicable to the Premises. In the event that TENANT fails to procure, maintain and/or pay for at the times and for the durations specified in this Lease, any insurance required by this Lease, or fails to carry insurance required by law or governmental regulation, GOLETA may (but without obligation to do so) at any time or from time to time, and without notice, procure such insurance and pay the premiums therefor, in which event TENANT shall repay GOLETA all sums so paid by GOLETA together with interest thereon as provided in Article 10 below and any costs or expenses incurred by GOLETA in connection therewith, within ten (10) days following GOLETA's written demand to TENANT for such payment. If the County of Santa Barbara ("COUNTY") is the TENANT herein, GOLETA agrees that any provisions of this Article 7 may be satisfied by COUNTY giving GOLETA a letter stating that the COUNTY is self-insured for all or any portion of the insurance requirements herein as COUNTY deems appropriate.

7.2 Types and Limits of Coverage. TENANT, at its sole cost and expense, shall, during the entire term hereof, procure, pay for and keep in full force and effect: (i) comprehensive general liability and property damage insurance with respect to the Premises and the operations of, or on behalf of TENANT in, on or about the Premises, including but not limited to owned and non-owned automobile (vehicle) liability, personal injury, XCU, blanket contractual, owner's protective, broad form property damage and product/completed operations liability coverage, for not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, death, and property damage liability; (ii) worker's compensation coverage as required by law, together with employer's liability coverage, with limits not less than One Million Dollars (\$1,000,000); (iii) with respect to improvements, alterations, and the like required or permitted to be made by TENANT hereunder, contingent liability and builder's all-risk insurance, in amounts satisfactory to Lessor; and (iv) insurance against fire, vandalism, malicious mischief and such other additional perils as now are or hereafter may be included in a standard all-risk policy and special extended coverage endorsement from time to time in general use in Santa Barbara County, fixtures, furnishings, equipment and other items of personal property of TENANT located on or in the Premises, in an amount equal to no less than ninety percent (90%) of the actual replacement cost thereof.

7.3 Specific Provisions. Each policy evidencing insurance required to be carried by TENANT pursuant to this Article shall contain the following provisions and/or clauses: (i) a cross-liability clause; (ii) a provision that such policy and the coverage evidenced thereby shall be primary and noncontributing with respect to any policies carried by GOLETA and that any coverage carried by GOLETA shall be excess insurance; (iii) a provision including GOLETA and any other parties in interest designated by GOLETA as an additional insured; (iv) a waiver by the insurer of any right to subrogation against GOLETA, its agents, employees and representatives which arises or might arise by reason of any payment under such policy or by reason of any act of omission of GOLETA, its agents, employees or representatives; (v) a severability clause; (vi) a provision that the insurer will not cancel or change the coverage provided by such policy without first giving GOLETA thirty (30) days prior written notice; (vii) to the extent obtainable, a provision to the effect that any amounts payable by virtue of loss of rentals shall be computed and stated separately in any settlement entered into by the insurer under the policy involved. All net insurance proceeds may be paid to an applicable "Lender" (as defined in Article 12 of the General Conditions), so long as adequate provision reasonably satisfactory to GOLETA has been made in each case for the use of all proceeds for the repair and restoration of damaged or destroyed improvements on the Premises.

Any insurance coverage for the residential townhouse units and other improvements shall provide for a separate loss payable endorsement in favor of the mortgagee of the townhouse unit or other improvement so insured.

7.4 Modifications. GOLETA shall have the right to review the coverage, form and amount of insurance required hereby at five (5) year intervals from and after the commencement date hereof. If, in the opinion of GOLETA, the insurance required hereby to be maintained by TENANT does not provide adequate protection for GOLETA, then, subject to the rights of TENANT to demand arbitration as set forth below, GOLETA may require TENANT to obtain insurance sufficient in coverage, form and amount to provide adequate protection to GOLETA. If TENANT does not agree with the changes requested by GOLETA, TENANT shall have the right to demand arbitration of the reasonableness of the proposed change. Such arbitration shall be conducted as nearly as practicable in accordance with the provisions of Article 21 of these General Conditions, except that the arbitrators need not meet the qualifications specified in Section 21.1(a) but the arbitrators shall be persons who by reason of their background and experience are knowledgeable in the types of insurance required by this article.

## ARTICLE 8

RESTORATION

8.1 TENANT'S Obligations. If any building or improvement erected by TENANT on the Premises, or any part thereof, shall be damaged or destroyed by fire or other casualty during the term of this Lease, TENANT shall, at its own cost and expense, repair or restore the same according to the original plans thereof or according to such modified plans as shall be previously approved in writing by GOLETA, and such work of repair or restoration shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed with due diligence but not longer than one (1) year after such work is commenced plus force majeure, and such work shall be otherwise done in accordance with the requirements of the provisions hereof pertaining to the construction of improvements upon the Premises, and all insurance proceeds collected for such repairs or restoration, and if (i) there are no insurance proceeds or (ii) the same shall be insufficient for said purpose, TENANT shall make up the deficiency out of its own funds. Should TENANT fail or refuse to make the repairs or restoration as hereinabove provided, then in such event said failure or refusal shall constitute a default under the covenants and conditions hereof and all insurance proceeds so collected shall be forthwith paid over to and be retained by GOLETA on its own account and GOLETA may, but shall not be required to, use and apply the same for and to the repair or restoration of said Premises and/or improvements, and GOLETA may, at its option, terminate this Lease as elsewhere provided herein.

If insurance proceeds are not to be used to repair or restore, they must be used to satisfy existing encumbrances. GOLETA'S interest in the improvements is the ratio of the expired term over the total term.

8.2 TENANT'S OPTION TO TERMINATE. Notwithstanding anything to the contrary contained in the preceding paragraph, if during the last five (5) years of the term hereof any building erected on said Premises shall be damaged by fire or other casualty and if the cost of repairing or restoring the same shall exceed the insurance proceeds payable for such damage, then TENANT shall have the option, to be exercised within thirty (30) days after such event, to repair or restore said building as hereinabove provided, or to terminate this Lease by written notice thereof to GOLETA (subject to obtaining the prior consent of any Lender provided for in Article 12 hereof, if said Lender's consent is required), which option to terminate shall be conditioned as follows:

(a) TENANT shall, at its expense, within ninety (90) days after the damage occurs, tear down and remove all parts of said building and other improvements then remaining and the debris resulting from such fire or other casualty and otherwise clean up and restore the Premises, as far as practicable, to its original condition, free and clear of liens; and

(b) Within ten (10) days after completion of said clean-up and restoration TENANT shall surrender to GOLETA possession of the Premises, cleaned up and restored as aforesaid, and shall pay to GOLETA (i) any rent accruing to the date of said surrender, (ii) TENANT's pro rata share of all unpaid taxes and assessments that then shall have become a lien upon said Premises, and (iii) any other charges properly owing GOLETA; and

(c) Thereupon, but not before, said Lease shall terminate. The insurance proceeds collected and paid for such damage, to the extent available for said purposes, shall be applied first to pay the then balance due any authorized encumbrancer, if any, second to the cost of such clean-up and restoration, and the unexpended balance thereof, if any, shall be paid to GOLETA.

## ARTICLE 9

### LIENS AND CLAIMS

9.1 Mechanics' Liens. TENANT shall not suffer or permit to be enforced against the Premises, or any part thereof, or any Improvements thereon, any mechanics', materialmen's, contractors' or subcontractors' liens arising from or any claim for damage growing out of the work of any construction, repair, restoration, replacement or improvement, or any other claim or demand howsoever the same may arise, but TENANT shall pay or cause to be paid all of said liens, claims or demands before any action is brought to enforce the same against said Premises or Improvements. TENANT agrees to indemnify and hold GOLETA and Premises free and harmless from all liability for any and all such liens, claims, demands and actions (collectively, the "Liens") together with reasonable attorneys' fees and all costs and expenses in connection therewith.

9.2 Right to Contest. Notwithstanding the foregoing, if TENANT shall in good faith contest the validity of any such Lien, then TENANT shall at its sole expense defend itself and GOLETA against the same and shall pay and satisfy any adverse expense or cost or any adverse judgment that may be rendered thereon before the enforcement thereof against GOLETA or the Premises, upon the condition that if GOLETA shall require, TENANT shall furnish to GOLETA a surety bond satisfactory to GOLETA in an amount at least equal to such contested Lien indemnifying GOLETA against liability for the same, and holding the Premises free from the effect of such Lien or if GOLETA shall request, TENANT shall procure and record the bond provided for in the California Civil Code, or any comparable statute hereinafter enacted providing for a bond freeing the Premises from the effect of such Lien.

9.3 Bonding and Notices. Before the commencement of any work of Improvement on the Premises, in addition to its other obligations herein provided, TENANT shall give to GOLETA thirty (30) days prior written notice thereof, specifying as precisely as possible the expected date of commencement thereof or any change thereof. GOLETA reserves the right at any time and from time to time to post and maintain on the Premises such notices of non-responsibility or other notices as may be necessary to protect GOLETA against liability for all such liens and claims. At the request of GOLETA, TENANT shall also deposit with GOLETA a certificate or other evidence satisfactory to GOLETA showing that TENANT has furnished a bond or that TENANT's building contractor, if any, has furnished a bond in favor of GOLETA, with a surety approved by GOLETA, guaranteeing the completion of said work free and clear of all liens.

## ARTICLE 10

### SUBSTITUTE PERFORMANCE OR PAYMENT BY GOLETA

In the event TENANT shall fail to pay and discharge or cause to be paid and discharged, when due and payable, any tax, assessment, or other charge upon or in connection with the Premises, or any lien or claim for labor or material employed or used in, or any claim for damages arising out of the construction, repair, restoration, replacement, maintenance and use of the Premises and the improvements thereon, or any judgment on any contested lien or claim, or any insurance premium or expense in connection with the Premises and improvements, or any other claim, charge or demand which TENANT has agreed to pay or cause to be paid under the covenants and conditions of this Lease, and such failure continues for thirty (30) days following written notice from GOLETA so to do, then, in addition to any other remedies specified herein, GOLETA may at its option pay any of the aforementioned sums, or settle or discharge any action therefor, or judgment thereon. All costs, expenses and other sums incurred or paid by GOLETA in connection with any of the foregoing shall be paid by TENANT to GOLETA within ten (10) days following demand therefor, together with interest thereon at the rate of ten percent (10%) per annum from the date incurred or paid, and any default in such repayment shall constitute a breach of the covenants and conditions of this Lease in the same manner as failure to pay rent when due.

## ARTICLE 11

### ASSIGNMENTS AND SUBLETTING

11.1 Prohibition. Neither TENANT nor any trustee, receiver or other successor to TENANT shall, either voluntarily

or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of TENANT's leasehold estate hereunder, or permit the Premises to be occupied by anyone other than TENANT or TENANT's employees, or sublet the Premises to be occupied by anyone other than TENANT or TENANT's employees, or sublet the Premises or any portion thereof, without GOLETA's prior written consent in each instance. Notwithstanding the above, GOLETA's consent shall not be required for any subletting of space within any Improvement constructed by TENANT on the Premises in accordance with the terms of this Lease, provided such sublease is for the uses permitted hereunder, is made in the ordinary course of TENANT's leasing business, and is on a standard form sublease approved in advance by GOLETA in writing. Consent by GOLETA to one or more assignments of this Lease or to one or more sublettings of the Premises shall not operate to limit GOLETA's rights under this paragraph in any way. If TENANT is a corporation which, under the then current guidelines published by the Commissioner of Corporations of the State of California is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation, whether in one transaction or a series of transactions, of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning and provisions of this Article.

11.2 Required Information. In connection with requesting GOLETA's consent to an assignment of this Lease or subletting of the Premises or any portion thereof for which GOLETA's consent is required, TENANT shall submit in writing to GOLETA: (i) the name of the proposed subtenant or assignee; (ii) the nature of the proposed subtenant's or assignee's business, if any, to be carried on in the Premises; (iii) the terms and provisions of the proposed sublease or assignment; and (iv) if the proposed sublease or assignment is to a business entity, such reasonable information as GOLETA may request concerning the proposed subtenant or assignee for the two-year period preceding the request for GOLETA's consent and, if appropriate, a written statement in reasonable detail as to the business experience of the proposed subtenant or assignee during the five years preceding the request for GOLETA's consent. The requirement of this subparagraph (iv) shall not apply if the proposed sublease or assignment is to a governmental agency or homeowners' association or the like.

11.3 GOLETA's Options. At any time within thirty (30) days after GOLETA's receipt of the information specified in Section 11.2 above, GOLETA may by written notice to TENANT elect to (i) consent to the subletting or assignment upon the terms and to the subtenant or assignee proposed; (ii) condition such consent upon the assumption by such assignee or sublessee of all obligations hereunder and such other reasonable conditions as GOLETA may impose; or (iii) refuse to give its consent and state its reasons for such refusal. GOLETA shall not unreasonably

withhold or condition its approval to an assignment or sublease. TENANT further agrees that no assignment or subletting consented to by GOLETA shall impair or diminish any covenant, condition or obligation, imposed upon the new tenant who is the assignee or subtenant or any right, remedy or benefit afforded GOLETA by this Lease. If GOLETA consents to such assignment or subletting, TENANT may thereafter within ninety (90) days after the expiration of said thirty (30) day period enter into a valid assignment or sublease of the Premises or portion thereof, upon the terms and conditions described in the information required to be furnished by TENANT to GOLETA, pursuant to Section 11.2 above or other terms not less favorable to TENANT; provided, however, that any material change in the terms of such subletting or assignment from those approved by GOLETA shall be subject to GOLETA's consent as provided in this Article.

11.4 Invalidity. No transfer or assignment, whether voluntary or involuntary, by operation of law, under legal process or proceedings, or otherwise (other than pursuant to "foreclosure remedies" as defined in Section 12.3(b) below), shall be valid or effective without such prior written consent and approval. Should TENANT attempt to make or suffer to be made any such transfer, assignment or subletting, except as aforesaid, or should any of TENANT's rights under this Lease be sold or otherwise transferred by or under court order or legal process or otherwise, or should TENANT be adjudged insolvent or bankrupt, then and in any of the foregoing events GOLETA may, at its option, terminate this Lease forthwith by written notice thereof to TENANT. Should GOLETA consent to any such transfer, assignment or subletting, such consent shall not constitute a waiver of any of the restrictions of this Article, and the same shall apply to each successive transfer, assignment or subletting hereunder, if any.

11.5 TENANT'S Liability. Unless otherwise agreed in writing by GOLETA and TENANT, no subletting or assignment, even with the consent of GOLETA, shall relieve TENANT of its rental or other obligation to be performed by TENANT hereunder; provided that, GOLETA hereby agrees that after (1) it has approved such assignment and (2) construction of the Improvements required to be built have been completed, then TENANT's assignment to the homeowners' association of the residential development built on the Premises and construction of the Improvements required to be built shall relieve the TENANT from any further liability on this Lease. See also subparagraph 7(c) of the Ground Lease. The acceptance by GOLETA of any payment due hereunder from any other person shall not be deemed to be a waiver by GOLETA of any provision of this Lease or to be a consent to any assignment or subletting.

11.6 Transfer Fee. If GOLETA consents to any transfer or assignment by TENANT hereunder, TENANT shall pay a transfer fee to GOLETA of \$1,000 (except as provided in Section 12.4 below) in connection with the processing and documentation thereof.

## ARTICLE 12

ENCUMBRANCES BY TENANT

12.1 Definitions. As used in this Lease, "Lender" shall mean any bank, savings and loan association, insurance company, trustees of a pension trust, or any other person or entity approved by GOLETA in writing and making a loan to TENANT secured, in whole or in part, by a Trust Deed; and "Trust Deed" shall mean any deed of trust, mortgage or other security instrument imposing a first lien on TENANT's leasehold estate and securing such loans advanced solely for the construction of Improvements on the Premises as provided herein or as a permanent loan following completion of such Improvements (including but not limited to such so-called "soft costs" as loan interest, taxes, assessments, broker's commissions, insurance premiums, amounts payable to or on behalf of GOLETA pursuant to the terms of this Lease, lender's fees and interim and permanent financing, legal and accounting fees, premiums for performance bonds, contingencies and the like).

Lender shall also include the beneficiary of any trust deed or mortgage for the 40 individual townhouse residences that are the improvements on the Premises, including but not limited to the Federal National Mortgage Association (FNMA), as to any mortgage or trust deed for which it is beneficiary.

12.2 Conditions to Encumbrance. Notwithstanding the provisions of Article 11 above, if requested by TENANT in writing, GOLETA shall execute its written consent to an assignment or hypothecation of this Lease under a Trust Deed for the benefit of a Lender upon and subject to the following covenants and conditions:

(a) The Trust Deed and all rights acquired thereunder shall be subject to each and all of the covenants, conditions, restrictions and provisions set forth in this Lease and to all rights and interest of GOLETA hereunder, except as herein otherwise provided. GOLETA may condition such consent upon receipt from TENANT and said Lender expressly agreeing in a writing satisfactory to GOLETA to be so bound and subject to such matters as to themselves and their respective successors and assigns. In the event of any conflict between the provisions of this Lease and any provisions of any Trust Deed, the provisions of this Lease shall control. Any notice to Lender of TENANT's default or of termination of this Lease provided for in this paragraph may be given concurrently with or after GOLETA's notice of default of TENANT as provided in Article 13.

(b) Immediately after the recording of the Trust Deed, TENANT, at TENANT's expense, shall cause to be recorded in the office of the Recorder of Santa Barbara County, California, a



written request executed and acknowledged by GOLETA for a copy of any notice of default and of any notice of sale under the Trust Deed as provided by the statutes of the State of California. Concurrently with the execution of said consent, TENANT shall furnish to GOLETA a complete copy of the Trust Deed and note secured thereby and all other instruments evidencing or securing the indebtedness secured thereby, together with the name and address of the holder thereof. No such encumbrance shall be valid or effective unless and until GOLETA shall execute its written consent thereto.

12.3 Lender Rights on Default. If GOLETA elects to declare a default by TENANT or to terminate this Lease as to TENANT because of any default, breach or event of bankruptcy or insolvency described in Section 13.1(d) below (collectively herein, the "default") hereunder on the part of TENANT, any permitted Lender may nonetheless have the following rights within sixty (60) days after service of written notice on Lender by GOLETA of any such default and/or termination:

(a) Lender may cure such default and either have the Lease continue in effect with respect to such Lender (but not with respect to TENANT) or enter into a new lease with GOLETA on the same terms, conditions and provisions contained herein (effective as of the date of GOLETA's termination of this Lease), but only if (i) Lender has served on GOLETA a request for written notice from GOLETA of Lease termination for TENANT's default; and (ii) Lender has, within such sixty (60) day period, either cured such default (other than the bankruptcy or insolvency of TENANT), if the same can be cured by the payment of money, or if the default is otherwise curable but cannot be remedied within the sixty (60) day period, then such Lender shall have commenced in good faith to cure such default or breach and thereafter diligently prosecuted the same to completion; or

(b) If such default is not so curable, Lender may cause in good faith the trustee under the Trust Deed to commence and thereafter to diligently pursue to completion all appropriate steps and proceedings for judicial foreclosure, the exercise of the power of sale under and pursuant to the Trust Deed in the manner provided by law, or the obtaining from TENANT of an assignment of this Lease in lieu of foreclosure (collectively the "foreclosure remedies"); provided that

(c) Subject to the foregoing provisions, Lender shall keep and perform all of the covenants, conditions and provisions of this Lease herein required to be kept and performed by TENANT until such time as the leasehold estate created by this Lease shall be sold upon exercise of any of the foreclosure remedies; provided further, that should the trustee under the Trust Deed or Lender be precluded by the bankruptcy laws of the United States or by process or issue of any court having jurisdiction in connection with any bankruptcy or insolvency proceeding involving TENANT during the above sixty (60) day

period from commencing and pursuing to completion steps and proceedings for any such foreclosure remedies, then GOLETA shall extend said period for the pursuing of such foreclosure remedies, provided that Lender is diligently and in good faith exerting all reasonable efforts to obtain an appropriate release from any court order or restraint with respect to such proceeding involving TENANT, and further provided that upon such release, Lender shall in good faith immediately cause to have commenced and to diligently pursue to completion all steps and proceedings for consummation of such foreclosure remedies.

(d) If the leasehold estate hereunder shall be transferred by exercise of any of such foreclosure remedies, the transferee or transferees thereof shall thereupon and thereby assume the performance of and be bound by each and all of the covenants, conditions, restrictions, obligations and provisions herein provided to be kept and performed by TENANT during the period such transferee or transferees shall hold title to said leasehold estate.

Notwithstanding the foregoing provisions, if any Lender shall fail or refuse at any time to comply with any and all of the applicable provisions of this Section, then and thereupon GOLETA shall be released from any covenant not to terminate the Lease with respect to such Lender.

12.4 Transfer Fee. The prior written consent of GOLETA shall not be required for transfer of the leasehold estate created by this Lease to a purchaser at a foreclosure sale or to the Lender's immediate transferee should the Lender be the successful bidder at the foreclosure sale for a bid not in excess of the sum of all amounts then secured by its Trust Deed or otherwise specified in California Civil Code Section 2924(c), or should the Lender receive the leasehold estate created by this Lease by assignment in lieu of foreclosure, provided that the Lender forthwith gives notice to GOLETA in writing of any such transfer setting forth the name and address of the transferee, the effective date of such transfer and the express agreement of the transferee assuming and agreeing to perform all of the obligations under this Lease, together with a copy of the document by which such transfer was made and the payment to GOLETA of a transfer fee of \$100.00 in lieu of the transfer fee as provided under Article 11. Any subsequent transfer of the leasehold estate created by this Lease shall not be made without the prior written consent of GOLETA and shall be subject to the conditions relating thereto as set forth in Article 11 above.

## ARTICLE 13

### DEFAULTS AND REMEDIES, ATTORNMENT

13.1 Defaults. The occurrence of any one or more of

the following events shall constitute a default hereunder by TENANT:

(a) Abandonment of the Premises. Abandonment is herein defined to include, but is not limited to, any absence by TENANT from the Premises for five (5) consecutive days or longer while in default of any provision of this Lease.

(b) Failure by TENANT to make any payment of rent or other payment or charge required to be made by TENANT hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof from GOLETA to TENANT; provided, however, that any such notice provided above or in (c) below shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161, as amended.

(c) Failure by TENANT to perform any other express or implied covenants or provisions herein contained (other than any breach under the Article entitled "Assignment and Subletting" for which immediate notice of termination may be given) and should such failure continue for thirty (30) days after written notice thereof from GOLETA to TENANT specifying the particulars of such default; provided further, that if the nature of TENANT's default is such that more than thirty (30) days are reasonably required for its cure, then TENANT shall not be deemed to be in default if TENANT shall commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion.

(d) TENANT's (i) application for, consent to, or suffering of the appointment of a receiver, trustee or liquidator for all or for a substantial portion of its assets; (ii) making a general assignment for the benefit of creditors; (iii) admitting in writing its inability to pay its debts or its willingness to be adjudged a bankrupt; (iv) becoming unable to or failing to pay its debts as they mature; (v) being adjudged a bankrupt; (vi) filing a voluntary petition or suffering an involuntary petition under any bankruptcy, arrangement, reorganization or insolvency law (unless in the case of an involuntary petition, the same is dismissed within thirty (30) days of such filing); (vii) convening a meeting of its creditors or any class thereof for purposes of effecting a moratorium, extension or composition of its debts; or (viii) suffering or permitting to continue unstayed and in effect for ten (10) consecutive days any attachment, levy, execution or seizure of all or a substantial portion of TENANT's assets or of TENANT's interest in this Lease.

13.2 Remedies. In any of such events of default and in addition to any or all other rights or remedies of GOLETA hereunder or by the law provided, GOLETA may exercise the following remedies at its sole option:

(a) Termination. Terminate TENANT's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and TENANT shall immediately surrender possession of the Premises to GOLETA. In such event GOLETA shall be entitled to recover from TENANT:

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

(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 loss that TENANT proves could have been reasonably avoided;

(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 loss that TENANT proves could have been reasonably avoided;

(iv) Any other amount necessary to compensate GOLETA 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 the cost of recovering possession of the Premises, expenses of reletting, including necessary repair, renovation and alteration of the Premises, reasonable attorney's fees, and any other reasonable costs.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) above shall be computed by allowing interest at ten percent (10%) per annum from the dates such amounts accrued to GOLETA. The worth at the time of award of the amount referred to in subparagraph (iii) above shall be computed by discounting such amount at one (1) percentage point above the discount rate of the Federal Reserve Bank of San Francisco at the time of award.

(b) Reletting. Without terminating or effecting a forfeiture of this Lease or otherwise relieving TENANT of any obligation hereunder in the absence of express written notice of GOLETA's election to do so, GOLETA may, but need not, relet the Premises or any portion thereof at any time or from time to time and for such terms and upon such conditions and rental as GOLETA in its sole discretion may deem proper. Whether or not the Premises are relet, TENANT shall pay to GOLETA all amounts required by TENANT hereunder up to the date that GOLETA terminates TENANT's rights to possession of the Premises; provided, however, that following a default, GOLETA shall not unreasonably withhold its consent to an assignment of this Lease or subletting of the Premises requested by TENANT, unless GOLETA shall also elect to terminate this Lease and TENANT's right to possession of the Premises as provided in Section 13.2(a) above. Such payments by TENANT shall be due at the times provided in this Lease, and GOLETA need not wait until the termination of this Lease to

recover them by legal action or in any other manner. If GOLETA relets the Premises or any portion thereof, such reletting shall not relieve TENANT of any obligation hereunder, except that GOLETA shall apply the rent or other proceeds actually collected by it for such reletting against amounts due from TENANT hereunder to the extent such proceeds compensate GOLETA for non-performance of any obligation of TENANT hereunder. GOLETA may execute any lease made pursuant hereto in its own name, and the new tenant thereunder shall be under no obligation to see to the application by GOLETA of any proceeds to TENANT, nor shall TENANT have any right to collect any such proceeds. GOLETA shall not by any re-entry or other act be deemed to have accepted any surrender by TENANT of the Premises or TENANT's interest therein, or be deemed to have terminated this Lease, or to have relieved TENANT of any obligation hereunder, unless GOLETA shall have given TENANT express written notice of GOLETA's election to do so as set forth herein.

13.3 No Obligation or Liability of GOLETA. GOLETA shall be under no obligation to observe or perform any covenant of this Lease on its part to be observed or performed which accrues after the date of any default by TENANT hereunder. If GOLETA shall elect to re-enter the Premises, GOLETA shall not be liable for any damages by reason of such re-entry.

13.4 Rent During Unlawful Detainer. In any action for unlawful detainer commenced by GOLETA against TENANT by reason of any default hereunder, the reasonable rental value of the Premises for the period of the unlawful detainer shall be deemed to be the amount of rent, additional rent and other charges or payments to be made by TENANT under this Lease for such period, unless TENANT shall prove to the contrary by competent evidence.

13.5 Cumulative Rights. The rights and remedies reserved to GOLETA hereunder, including those not specifically described, shall be cumulative, and except as otherwise may be provided by California statutory law in effect at the time, GOLETA may pursue any or all of such rights and remedies, at the same time or separately.

13.6 No Waiver. No delay or omission of GOLETA to exercise any right or remedy shall be construed as a waiver of any such right or remedy or of any default by TENANT hereunder. The acceptance by GOLETA of rent or any other payments hereunder shall not be a waiver of any preceding breach or default by TENANT of any provision hereof, other than the failure of TENANT to pay the particular rent or any other payments accepted, regardless of GOLETA's knowledge of such preceding breach or default at the time of acceptance of such rent or any other payments, or a waiver of GOLETA's right to exercise any remedy available to GOLETA by virtue of such breach or default.

13.7 Expenses and Legal Fees. If either party incurs any expense, including reasonable attorney's fees, in connection

with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its said reasonable expenses from the other party. For purposes of this provision, in any unlawful detainer or other action or proceeding instituted by GOLETA based upon any default or alleged default by TENANT hereunder, GOLETA shall be deemed the prevailing party if in any action or proceeding arising in connection with any default or alleged default by TENANT hereunder; (a) judgment is entered in favor of GOLETA; or (b) prior to trial or judgment TENANT shall pay all or any portion of the rent and charges claimed by GOLETA, eliminate the condition, cease the act, or otherwise cure the omission claimed by GOLETA to constitute a default by TENANT hereunder.

13.8 Attornment. Master Lessor, by approval of these General Conditions, agrees not to terminate any Sublease for default if the Sublessee is not in default as to his or her Sublease. Lessor agrees to each such Sublessee attorning to Master Lessor under terms and provisions more specifically provided in the standard form Sublease And Transfer Of Residential Townhouse, the form of which has been approved by Master Lessor.

#### ARTICLE 14

##### TRANSFERS AND FINANCING BY GOLETA

14.1 Transfers. The term "GOLETA" as used in this Lease, so far as covenants or obligations on the part of GOLETA are concerned, shall mean and include only the fee owner or owners of the Premises at the time in question, and in the event of any transfer or transfers of the title to said land, GOLETA (and in the case of any subsequent transfers or conveyances, the then grantor), except as hereinafter provided, shall be automatically freed and relieved, from and after the date of such transfer and conveyance, of all covenants or obligations on the part of GOLETA contained in the Lease thereafter to be performed; provided, however, that any funds in which TENANT has an interest which are in the hands of GOLETA or the then grantor at the time of such transfer shall be turned over to the grantee and any amount then due and payable to TENANT by GOLETA or the then grantor under any provisions of this Lease shall be paid to TENANT. The covenants and obligations contained in this Lease on the part of GOLETA shall, subject to the foregoing, be binding on GOLETA, its successors and assigns, only during and in respect to their respective successive periods of ownership. No holder of a mortgage and/or deed of trust to which this Lease is or may be subordinate, and no landlord under a so-called sale-leaseback, shall be responsible in connection with any security deposited hereunder, unless such mortgagee or holder of such deed of trust or landlord shall have actually received the security deposited hereunder.

14.2 Attornment. In the event any proceedings are brought for the foreclosure of, or in the event of the conveyance by deed in lieu of foreclosure of, or in the event of exercise of the power of sale under, any mortgage and/or deed of trust made by GOLETA covering the Premises, or in the event GOLETA sells, conveys or otherwise transfers its interest in the Premises, TENANT hereby attorns to, and covenants and agrees to execute an instrument in writing reasonably satisfactory to the new owner whereby TENANT attorns to such successor in interest and recognizes such successor as the landlord under this Lease.

14.3 Subordination. GOLETA shall have the right to place any mortgage or deed of trust on the Premises; provided that, any such mortgage or deed of trust placed by GOLETA on the Premises shall expressly provide that it is subject and subordinate to this Lease and TENANT and any subtenant's rights herein, or under any sublease, to any mortgage then in existence on the Improvements and the leasehold estate as permitted by this Lease, and to TENANT's right as permitted by this Lease subsequently to encumber the Improvements and the leasehold estate.

## ARTICLE 15

### SURRENDER, REMOVAL AND TITLE TO IMPROVEMENTS

15.1 Removal or Demolition. Within ninety (90) days after the expiration or earlier termination of this Lease, GOLETA, at its option, may require TENANT at its expense to promptly and diligently remove, demolish and/or clear off from the Premises all or any designated portion of the Improvements and other property of whatsoever nature placed or owned by TENANT or any successors in interest thereon, whether or not affixed to the Premises or to any Improvements thereon, and after such removal or clearance, TENANT shall restore the surface of the ground to a graded, properly filled, level and uniform condition, free from all excavations and debris; provided, however, that if TENANT at such time shall be in default in the payment of rents or any other charges hereunder, GOLETA shall have a lien on said Improvements to secure payment of such rents or charges. If GOLETA exercises such option, TENANT shall promptly commence and diligently complete such demolition and clearing, which work shall be done in accordance with all provisions of this Lease governing the performance of changes, alterations or other such work to the Premises and Improvements.

15.2 Conveyance or Release of Improvements. Should GOLETA not require TENANT to remove or demolish any such Improvements as provided in Section 15.1, then title to the same shall automatically pass to GOLETA, free of any right, title, interest or estate of TENANT therein, or its successors or assigns, without the necessity of executing any further

instrument and without the necessity of any allowance, compensation, or consideration of payment by GOLETA therefor. TENANT hereby grants, releases, transfers, sets over, assigns and conveys to GOLETA all of its right, title and interest in and to all such Improvements, to be effective for all purposes upon any such termination of this Lease. Notwithstanding the foregoing, TENANT agrees to execute, acknowledge and deliver to GOLETA upon the expiration of such 90-day period a proper recordable instrument quitclaiming and releasing to GOLETA any right, title and interest of TENANT in and to the Premises and all Improvements remaining thereon, and giving such further assurances of title as may be required by GOLETA or its successors, assigns or title insurers. Nothing herein contained, however, shall adversely affect any right that TENANT may have to quiet enjoyment and possession so long as the Lease shall continue in force and effect and TENANT shall not be in default hereunder. TENANT shall upon such lease termination surrender and deliver the Premises and all remaining Improvements not removed as provided above to the possession and use of GOLETA, without delay and in good order, condition and repair, ordinary wear and tear excepted, and in a neat and clean condition, excepting only TENANT's or any subtenant's personal property. TENANT shall also deliver to GOLETA all leases, lease files, plans, books, records, registers and other documents necessary or appropriate for the proper operation, maintenance and management of the Premises and Improvements.

#### ARTICLE 16

##### HOLDING OVER

This Lease shall terminate and become null and void without further notice upon the expiration of the term herein specified, and any holding over by TENANT after such expiration shall not constitute a renewal hereof or give TENANT any rights hereunder or in or to the Premises, except as otherwise herein provided, it being understood and agreed that this Lease cannot be renewed, extended or in any manner modified except by a writing signed by both parties hereto. If TENANT shall hold over for any period after the expiration of said term, GOLETA may, at its option, exercised by written notice to TENANT, treat TENANT as a tenant from month-to-month commencing on the first day following the expiration of this Lease and subject to the terms and conditions herein contained except that the monthly rental, which shall be payable in advance, shall be one hundred and fifty percent (150%) of the monthly rental applicable at the said expiration date plus any prorated Percentage Rent or additional rent if provided herein. If TENANT fails to surrender said Premises upon expiration of this Lease despite demand to do so by GOLETA, TENANT shall indemnify and hold GOLETA harmless from all loss or liability, including without limitation any claims made by any succeeding tenant, founded on or resulting from such



failure to surrender, and GOLETA shall be entitled to the benefit of all provisions of law respecting summary recovery of possession to the same extent as if such statutory or other notice has been given.

## ARTICLE 17

### EMINENT DOMAIN

17.1 Definition of Terms. The term "total taking" as used in this Article means the taking of the entire Premises under the power of eminent domain or taking of so much of said Premises as to prevent or substantially impair the conduct of TENANT's business, if any, thereon. The term "partial taking" means the taking of a portion only of said Premises which does not constitute a total taking as above defined.

17.2 Total Taking. If during the term hereof there shall be a total taking by public authority under the power of eminent domain, then the leasehold estate of TENANT in and to the Premises shall cease and terminate as of the date the actual physical possession thereof shall be taken.

17.3 Partial Taking. If during said term there shall be a partial taking of the Premises, this Lease shall terminate as to the portion of said Premises taken upon the date upon which actual possession is taken pursuant to said eminent domain proceedings, but said Lease shall continue in force and effect as to the remainder of said Premises. The basic rental payable by TENANT for the balance of said term shall be abated in the ratio that the square footage ground area of the Premises taken bears to the total ground area of said Premises at the time of such taking.

17.4 Allocation of Award. The award shall be apportioned equitably between GOLETA and TENANT and other parties such as lenders and homeowners in accordance with their respective interests in the fee interest in the Premises, the leasehold interest in the Premises and the fee interest in the Improvements, taking into consideration the fact that GOLETA's interest in the Premises is burdened by the terms of the Lease and that the leasehold interests and Improvements are or will be encumbered with various Deeds of Trust. In the event no apportionment of the award is made by the condemning authority and the parties cannot agree on what is an equitable apportionment of the award, the apportionment shall be determined in accordance with the arbitration provisions in Article 21 of this Lease; provided, however, that if the total amount of the award or the apportionment of the award among the various parties made by the condemning authority is challenged by any party in a judicial action involving the condemning authority as a party, any litigated issues shall be determined by the Court and GOLETA and TENANT agree to be parties in said judicial action.

17.5 Effect of Termination. If this lease is terminated, in whole or in part, pursuant to any of the provisions of this Article, all rentals and other charges payable by TENANT to GOLETA hereunder and attributable to the Premises taken, shall be paid up to the date upon which actual physical possession shall be taken by the condemnor, and the parties shall thereupon be released from all further liability in relation thereto.

17.6 Voluntary Conveyance. A voluntary conveyance by GOLETA to a public entity having the power of eminent domain in lieu of formal proceedings shall be deemed a taking within the meaning of this Article 17. Such conveyance required in connection with TENANT's development of the Premises shall not be deemed a taking.

## ARTICLE 18

### MINERAL AND WATER RIGHTS RESERVATIONS

(a) GOLETA reserves and excepts from all property leased hereunder unto itself, its successors and assigns, together with the exclusive right to grant and transfer all or a portion of the same:

Any and all oil, oil rights, petroleum, minerals, mineral rights, natural gas rights, and other hydrocarbon substances by whatsoever name known, geothermal steam, and all products derived from any of the foregoing, that may be within or under the land, together with the perpetual right of drilling, mining, exploring, prospecting and operating therefor and storing in and removing the same from the Premises or any other land, including the right to whipstock or directionally drill and mine from lands other than those conveyed hereby, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Premises, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; without, however, the right to enter, drill, mine, store, explore and operate on or through the surface or the upper 500 feet of the subsurface of the Premises.

(b) TENANT shall have the exclusive right to such water service as may be available to the Premises from the water meter(s) or permit(s) obtained pursuant to TENANT's (or TENANT's predecessor's) application to the Goleta Water District. TENANT shall not drill any water wells or relinquish the right to any water meter(s) from the Goleta Water District without the prior consent having been obtained from GOLETA, which consent may be granted or withheld in GOLETA'S sole discretion. GOLETA reserves

unto itself all water rights, except for those specifically given above, however, GOLETA hereby agrees that it shall not (1) assign or sell any other water rights it has relating to the land to any party other than the Tenant unless it sells its entire interest in the property to a third party and transfers its water rights and interests in the property to that purchaser incidental to that transfer, or (2) use it for any other property other than the Premises.

## ARTICLE 19

### SAFETY AND HEALTH

TENANT shall comply with all laws and regulations promulgated by all relevant governmental authorities, including but not limited to the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 661 et seq. and any analogous legislation in California (collectively, "OSHA") to the extent that OSHA applies to the Premises and any activities thereon. Without limiting the generality of the foregoing, TENANT shall maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of OSHA, including such requirements as would be applicable with respect to agents, employees or contractors of TENANT who may from time to time be present upon the Premises. TENANT shall indemnify and hold harmless GOLETA from any liability, claims or damages arising as a result of a breach of the covenants of this Article and from all costs, expenses and charges arising therefrom including, without limitation, attorney's fees and court costs incurred by TENANT in connection therewith, which indemnity shall survive the expiration or termination of this Lease.

## ARTICLE 20

### STATEMENT OF TENANT AND GOLETA

20.1 Contents and Effect. GOLETA AND TENANT shall, at any time and from time to time, upon not less than ten (10) days written notice by the other party, execute, acknowledge and deliver to the requesting party a statement in writing certifying that this Lease is unmodified and in full force and effect (or, if there has been modification thereof, that the same is in full force and effect as modified and stating the modification or modifications) and that the party requesting is not in default, except as specified in such statement, in regard to any of its covenants or obligations under this Lease, and further setting forth, if applicable, the dates to which all sums payable as rental hereunder have been paid in advance, if any, and such other statements relating to delivery and acceptance of the

Premises as the requesting party's lender, lienor, encumbrancer or purchaser may require. Each party represents and warrants that any such statement delivered pursuant to this Article will be accurate and binding upon the party making it and may be relied upon by any such person. Neither party shall be taken to have waived any defaults by the other party occurring before the date of such statement and not set forth therein.

20.2 Effect of TENANT's or GOLETA's Failure. Either party's failure to execute and deliver such statement within such time shall be conclusive evidence (i) that this Lease is in full force and effect, without modification except as may be represented by the other party, (ii) that there are no uncured defaults in the requesting party's performance, and (iii) that not more than one installment of basic rent has been paid in advance; provided, however, that at the option of the requesting party, the other party's failure to execute and deliver any statements or instruments necessary or desirable to effectuate the foregoing provisions of this Article or Section 14.2 or 14.3 above, within ten (10) days after written request so to do by the requesting party, shall constitute a breach of this Lease.

## ARTICLE 21

### ARBITRATION

If arbitration of any matter is required under the Lease, it shall be conducted in Santa Barbara County, California, in accordance with the rules and procedures of the American Arbitration Association.

## ARTICLE 22

### MISCELLANEOUS PROVISIONS

22.1 Notices. Any notice, election, demand or other communication to be given by either party to the other hereunder may be delivered in person to an authorized representative of the other party, or may be deposited in the United States mail, duly registered or certified, with postage prepaid, return receipt requested, and addressed to the party for whom intended as follows: To GOLETA at the address set forth beneath its signature on the attached Lease, and to TENANT at the Premises or at such other address set forth beneath its signature in the attached Lease. Either of the parties hereto may hereafter respectively designate another address as above. Service of any such written notice shall be deemed complete at the time such notice is received by the party being given notice.

22.2 Prorations. All payments required to be made under the terms of this Lease which require proration shall be prorated on the basis of one-twelfth (1/12th) of the amount for

each full month and one-three hundred and sixtieth (1/360th) of the amount for each day to be prorated.

22.3 Interest on Late Payments. Any installment of rent accruing under the provisions of this Lease or any other payment which shall not be paid when due shall bear simple interest at the rate of twelve percent (12%) per annum accruing from and after the due date thereof.

22.4 Accord and Satisfaction. No payment by TENANT or receipt by GOLETA of a lesser amount than the rent and other payments herein stipulated shall be deemed to be other than on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and GOLETA shall accept such check or payment without prejudice to GOLETA's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

22.5 Waiver. One or more waivers of any covenant or condition by GOLETA shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by GOLETA to or of any act by TENANT requiring GOLETA's consent or approval shall not be deemed to render unnecessary GOLETA's consent or approval to or any subsequent similar act by TENANT. No breach by TENANT of a covenant or condition of this Lease shall be deemed to have been waived by GOLETA unless such waiver is in a writing signed by GOLETA. The rights and remedies of GOLETA under this Lease shall be cumulative and in addition to any and all other rights and remedies which GOLETA has or may have.

22.6 [Blank, Provision Deleted]

22.7 Broker's Commission. TENANT warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease except as may otherwise be specifically stated in this Lease. TENANT agrees to indemnify GOLETA and hold GOLETA harmless from all liabilities arising from any claim by any other broker or finder allegedly representing TENANT, including, without limitation, the cost of attorneys' fees in connection therewith. Such agreement shall survive the termination of this Lease.

22.8 Recording. TENANT shall not record this Lease without the prior written consent of GOLETA. GOLETA, upon the request of TENANT, shall execute and acknowledge a "short form" memorandum of this Lease, in form and substance satisfactory to GOLETA, for recording purposes.

22.9 Corporate Authority. If TENANT is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, and

that this Lease is binding upon said corporation in accordance with its terms. TENANT shall, at GOLETA's request, deliver a certified copy of its Board of Directors' resolution authorizing such execution.

22.10 Entire Agreement. This Lease and the exhibits hereto cover in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning the Premises, and all preliminary negotiations and agreements of whatsoever kind with respect to the Premises, except those contained herein, are superseded and of no further force or effect. No person, firm or corporation has at any time had any authority from GOLETA to make any representations or promises on behalf of GOLETA, and TENANT expressly agrees that if any such representations or promises have been made by GOLETA or others, TENANT hereby waives all right to rely thereon. No verbal agreement or implied covenant shall be held to vary the provisions hereof, notwithstanding any statute, law, or custom to the contrary.

22.11 Amendment to Lease. No amendment or other ratification of this Lease shall be effective unless in writing signed by two authorized agents of GOLETA, and by TENANT, or by their respective successors in interest.

22.12 Certain Rules of Construction. Time is of the essence in this Lease. Notwithstanding the fact that certain references elsewhere in this Lease to acts required to be performed by TENANT hereunder omit to state that such acts shall be performed at TENANT's sole cost and expense, unless the context clearly implies to the contrary each and every act to be performed or obligation to be fulfilled by TENANT pursuant to this Lease shall be performed or fulfilled at TENANT's sole cost and expense. The captions, section numbers, article numbers, and index appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease. Each and all of the obligations, covenants, conditions and restrictions of this Lease shall inure to the benefit of and be binding upon and enforceable against, as the case may require, the successors and assigns of GOLETA, and subject to the restrictions of Article 11 above entitled "Assignments and Sublettings," any authorized assignee, transferee, subtenant and other successors in interest of TENANT. In this Lease each of the neuter, feminine or masculine gender(s) includes the other or others, and the singular number includes the plural, wherever the context so requires. If more than one TENANT is named above, the obligation of each of such tenants hereunder shall be and is joint and several.

22.13 Specific Performance. Nothing contained in this Lease shall be construed as or shall have the effect of abridging the right of either party to obtain specific performance of any and all of the covenants or obligations of the other party under this Lease.

22.14 Execution of Lease; No Option. The submission of an unexecuted form of this Lease to TENANT shall be for examination purposes only, and does not and shall not constitute a reservation of, or option for, TENANT to lease, or otherwise create any interest by TENANT in the Premises or any other property of GOLETA. Execution of this Lease by TENANT and return to GOLETA shall not be binding upon GOLETA, notwithstanding any time interval, until GOLETA has in fact executed and delivered this Lease to TENANT.

22.15 Controlling Law. This Lease shall be governed by and construed in accordance with the laws of the State of California. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by the law.

22.16 Changes Requested by Lender. Neither GOLETA nor TENANT shall unreasonably withhold its consent to changes or amendments to this Lease by the Lender on GOLETA's fee interest or on TENANT's leasehold interest, as the case may be, so long as such changes do not alter the basic business terms of this Lease or otherwise materially diminish the rights or materially increase the obligations of the party from whom consent to such change or amendment is requested.