

ORIGINAL

OFFICE LEASE

Between

DOUGLAS EMMETT REALTY FUND 2000,

a California limited partnership

as Landlord

and

COPY RIGHT USA, INC.,

a California corporation

as Tenant

Dated

April 12, 2004

Warner Center 7 Copy Right USA, Inc. USA April 12, 2004

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EXHIBIT 7

**OFFICE LEASE
BASIC LEASE INFORMATION**

Date: April 12, 2004
 Landlord: DOUGLAS EMMETT REALTY FUND 2000,
 a California limited partnership
 Tenant: COPY RIGHT USA, INC.,
 a California corporation

SECTION

1.1	Premises:	21600 Oxnard Street, Suite 128 Woodland Hills, California 91367
1.4	Rentable Area of Premises:	Approximately 435 square feet
1.4	Usable Area of Premises:	Approximately 388 square feet
2.1	Term:	Two (2) years and seven (7) months
	Anticipated Commencement Date:	May 15, 2004 (as modified by Section 2.1)
	Anticipated Expiration Date:	November 30, 2006 (as modified by Section 2.1)
3.1	Fixed Monthly Rent:	\$935.25
3.3	Fixed Monthly Rent Increase:	Three percent (3%)
	Date of First Increase:	May 1, 2005
	Frequency of Increase:	Annually
3.7	Security Deposit:	\$1,984.42
4.1	Tenant's Share:	0.12%
	Tenant's Common Area Share:	0.04%
4.2	Base Year for Operating Expenses:	2004
6.1	Use of Premises:	General office use consistent with the operation of a first-class office building in the Woodland Hills area
16.1	Tenant's Address for Notices:	
	Before the Commencement Date:	22309 Arminta Street West Hills, California 91307
	After the Commencement Date:	21600 Oxnard Street, Suite 128 Woodland Hills, California 91367
	Contact:	Doron Hazut
	Landlord's Address for Notices:	DOUGLAS EMMETT REALTY FUND 2000 c/o Douglas, Emmett and Company Director of Property Management 808 Wilshire Boulevard, Suite 200 Santa Monica, California 90401
20.5	Brokers:	Douglas, Emmett and Company 808 Wilshire Boulevard, Suite 200 Santa Monica, California 90401
20.25	Guarantor:	Doron Hazut, an individual
21.1	Parking Permits:	Two (2) permits for unreserved spaces, which shall be on a "must-take" basis

Except as noted hereinbelow, the foregoing Basic Lease Information is hereby incorporated into and made a part of the Lease. The Section reference in the left margin of the Basic Lease Information exists solely to indicate where such reference initially appears in the Lease document. Except as specified hereinbelow, each such reference in the Lease document shall incorporate the applicable Basic Lease Information. However, in the event of any conflict between any reference contained in the Basic Lease Information and the specific wording of the Lease, the wording of the Lease shall control.

OFFICE LEASE
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OFFICE LEASE

This Office Lease, dated April 12, 2004, is by and between DOUGLAS EMMETT REALTY FUND 2000, a California limited partnership ("Landlord"), with an office at 808 Wilshire Boulevard, Suite 200, Santa Monica, California 90401, and COPY RIGHT USA, INC., a California corporation ("Tenant"), with an office at 22309 Arminta Street, West Hills, California 91307.

ARTICLE 1
DEMISE OF PREMISES

Section 1.1. Demise. Subject to the covenants and agreements contained in this Lease, Landlord leases to Tenant and Tenant hires from Landlord, Suite Number 128 (the "Premises") on the first (1st) floor, in the building located at 21600 Oxnard Street, Woodland Hills, California 91367 (the "Building").

Tenant acknowledges that it has made its own inspection of and inquiries regarding the Premises, which are a ready improved, except for the improvements to be completed pursuant to Section 1.1.1 below, Tenant accepts the Premises in their "as-is" condition. Tenant further acknowledges that Landlord has made no representation or warranty, express or implied, except as are contained in this Lease and its Exhibits, regarding the condition, suitability or usability of the Premises or the Building for the purposes intended by Tenant.

The Building is part of a multi-building office and retail project owned by Landlord known as "Warner Center Towers." The term "Project," as used in this Lease, shall mean (i) the Building, (ii) the "Common Areas" (as hereinafter defined), (iii) those certain office buildings on the Project Site Plan attached hereto as Exhibit A-1 (the "Other Office Buildings"), (iv) the land (which is improved with landscaping, parking facilities and other improvements) upon which each of the foregoing items (i) through (iv) above is located, and (v) at Landlord's discretion, subject to the conditions set forth in Section 1.7, below, any additional real property, areas, land, buildings or other improvements owned by Landlord added thereto on, adjacent to, or outside of the Project.

Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Exhibit C of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, which may include, without limitation, interior and exterior walkways, parking garages and other areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to as "Common Areas").

The Common Areas shall consist of the "Project Common Areas" and the "Building Common Areas." The term "Project Common Areas," as used in this Lease, shall include, but shall not be limited to, the parking areas, drives, entrances, passageways, sidewalks, city sidewalks adjacent the Project, elevators, fixtures, systems, ramps, gardens, parks, landscaped and other unpaved areas (whether above or below grade), parking lot lighting facilities and equipment, traffic and monument sign structures all as used in connection with Project and other like areas which may be designated by Landlord. The term "Building Common Areas," as used in this Lease, shall include, but shall not be limited to, main and auxiliary lobbies, common entrances and hallways, loading docks, atrium areas, restrooms, elevators, stairways and accessways, common pipes, conduits, wires, equipment, trash areas, parking facilities, concierge areas, fire control rooms, and other like areas which may be designated by Landlord. The manner in which the Common Areas are maintained and operated shall be at the sole discretion of Landlord, and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, subject to the terms of this Lease.

Subject to all of the other terms of this Lease, Landlord may maintain and operate the Common Areas in such manner as Landlord determines in its sole discretion.

Section 1.1.1. Tenant Improvements. Concurrent with Tenant's occupancy of the Premises, which shall not entitle Tenant to any set-off or rent abatement, Landlord shall, at Landlord's sole expense, complete the following improvements to the Premises:

- a) Repaint the interior walls that were previously painted, using Building standard materials and a maximum of two coats of paint, in a single color reasonably acceptable to Tenant; and
b) Replace the carpeting, base molding and padding (only if the padding is deteriorated), using Building standard materials in a single color for each that is reasonably acceptable to Tenant; and
c) Demolish one (1) existing low-wall in the Premises (collectively the "Improvements").

Tenant shall provide Landlord with Tenant's selection of color finishes for paint and carpet within five (5) days of the full execution of this Lease. Landlord shall have no obligation to complete the Improvements after the expiration of six (6) months following the Commencement Date. If Tenant elects to make any other improvements to the Premises during the Term, the same shall be considered a Tenant Change, to be completed by Tenant, at Tenant's sole expense, pursuant to the provisions of Article 12 and Exhibit B, attached hereto and made a part hereof by reference.

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Section 1.2. Tenant's Non-Exclusive Use. Subject to the contingencies contained herein, Tenant is granted the nonexclusive use of the common corridors and hallways, stairwells, elevators, restrooms, parking facilities, lobbies and other public or Common Areas located on the Project. However, the manner in which such public and Common Areas are maintained and operated shall be at the sole discretion of Landlord, and Tenant's use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time.

Section 1.3. Landlord's Reservation of Rights. Landlord specifically reserves to itself use, control and repair of the structural portions of all perimeter walls of the Premises, any balconies, terraces or roofs adjacent to the Premises (including any flagpoles or other installations on said walls, balconies, terraces or roofs) and any space in and/or adjacent to the Premises used for shafts, stairways, pipes, conduits, ducts, mail chutes, conveyors, pneumatic tubes, electric or other utilities, sinks, fan rooms or other Building facilities, and the use thereof, as well as access thereto through the Premises. Landlord also specifically reserves to itself the following rights:

- a) To designate all sources furnishing sign painting or lettering;
- b) To constantly have pass keys to the Premises;
- c) To grant to anyone the exclusive right to conduct any particular business or undertaking in the Building, so long as Landlord's granting of the same does not prohibit Tenant's use of the Premises for Tenant's Specified Use, as defined in Article 6;
- d) To enter the Premises at any reasonable time with reasonable notice (except for emergencies) to inspect, repair, alter, improve, update or make additions to the Premises or the Building;
- e) During the last six (6) months of the Term, to exhibit the Premises to prospective future tenants;
- f) Subject to the provisions of Article 12, to, at any time, and from time to time, whether at Tenant's request or pursuant to governmental requirement, repair, alter, make additions to, improve, or decorate all or any portion of the Project, Building or Premises. In connection therewith, and without limiting the generality of the foregoing rights, Landlord shall specifically have the right to remove, alter, improve or rebuild all or any part of the lobby of the Building as the same is presently or shall hereafter be constituted;
- g) Subject to the provisions of Article 12, Landlord reserves the right to make alterations or additions to or change the location of elements of the Project and any common areas appurtenant thereto; and/or
- h) To take such other actions as may reasonably be necessary when the same are required to preserve, protect or improve the Premises, the Building, or Landlord's interest therein.

Section 1.4. Area. Landlord and Tenant agree that the usable area ("Usable Area") of the Premises has been measured using the June, 1996 standards published by the Building Owners' and Managers' Association ("BOMA Standard"), as a guideline, and that Landlord is utilizing a deemed add-on factor of 12.07% to compute the rentable area ("Rentable Area") of the Premises. Rentable Area herein is calculated as 1.1207 times the estimated Usable Area, regardless of what the actual square footage of the common areas of the Building may be, and whether or not they are more or less than 12.07% of the total estimated Usable Area of the Building. The purpose of this calculation is solely to provide a general basis for comparison and pricing of this space in relation to other spaces in the market area.

Landlord and Tenant further agree that even if the Rentable or Usable Area of the Premises and/or the total Building Area are later determined to be more or less than the figures stated herein, for all purposes of the Lease, the figures stated herein shall be conclusively deemed to be the actual Rentable or Usable Area of the Premises, as the case may be.

Section 1.5. Quiet Enjoyment. Contingent upon Tenant keeping, observing and performing all of the covenants, agreements, terms, provisions and conditions of this Lease on its part to be kept, observed and performed, and subject to the limitations imposed under Article 14 of this Lease, Tenant shall lawfully and quietly hold, occupy and enjoy the Premises during the Term.

Section 1.6. No Light, Air or View Easement. Any diminution or shutting off of light, air or view by any structure which is now or may hereafter be erected on lands adjacent to the Building shall in no way affect this Lease or impose any liability on Landlord. Noise, dust or vibration or other ordinary incidents to new construction of improvements on lands adjacent to the Building, whether or not by Landlord, shall in no way affect this Lease or impose any liability on Landlord.

Section 1.7. Relocation. Landlord shall have the right at any time, except during the last six (6) months of the Term, and after giving Tenant a minimum of sixty (60) days' prior written notice, to:

- a) provide and furnish Tenant with space elsewhere in the Building of approximately the same size as the Premises (the "Substitute Premises"); and
- b) relocate Tenant to such Substitute Premises.

Landlord shall pay all reasonable costs and expenses incurred as a result of such relocation. If Landlord moves Tenant to the Substitute Premises, each and every term, covenant and condition of this Lease shall remain in full force and effect and be deemed applicable to the Substitute Premises, as though Landlord and Tenant had entered into an express written amendment of this Lease with respect thereto, except that if the approximate Rentable square footage of the Substitute Premises is less than that of the Premises, the Fixed Monthly Rent and Tenant's Proportionate Share of Operating Expense increases shall be appropriately reduced.

If Tenant refuses to permit Landlord to relocate Tenant as specified above, Landlord shall have the right to terminate this Lease effective ninety (90) days from the date Landlord provided Tenant with the original notification of intent to relocate.

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Section 1.8. Development of the Project.

a) Landlord reserves the right to further subdivide all or a portion of the Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord (at no cost to Tenant), any additional documents needed to conform this Lease to the circumstances resulting from such subdivision, provided that no such documentation shall adversely affect Tenant's rights or obligations under this Lease in any material respect.

b) If portions of the Project or property adjacent to the Project (collectively, the "Other Improvements") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, provided that the same creates no material adverse effect upon Tenant's rights or obligations under this Lease, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, provided that the same creates no material adverse effect upon Tenant's rights or obligations under this Lease, (iii) for the allocation of a portion of the Operating Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Project or any other of Landlord's rights described in this Lease.

**ARTICLE 2
COMMENCEMENT DATE AND TERM**

Section 2.1. Commencement Date and Term. The term of this Lease ("Term") shall commence one (1) month after the date Landlord substantially completes the Improvements specified in Section 1.1.1 of this Lease (the "Commencement Date"), and shall end, unless sooner terminated as otherwise provided herein, at midnight on the last calendar day of the calendar month which occurs two (2) years and seven (7) months after the Commencement Date (the "Termination Date"). The anticipated Commencement Date is May 15, 2004. Landlord and Tenant shall promptly execute an amendment to this Lease (the "First Amendment") substantially in the form attached hereto as Exhibit D, confirming the finalized Commencement Date and Term as soon as they are determined.

For purposes of establishing the Commencement Date, substantial completion shall be defined as that point in the construction process when all of the structural, mechanical, plumbing and electrical work specified herein has been performed; the paint, carpet, hard flooring materials, base moldings, and millwork, if any, have been installed, and a majority of the other finish work specified in Tenant's plans has been completed in such a manner that Tenant could, if it took possession of the Premises, enjoy beneficial occupancy thereof.

Tenant's taking possession of the Premises and/or commencing Tenant's normal business operations in the Premises shall be deemed conclusive evidence that, as of the Commencement Date:

- a) Landlord has substantially completed the Tenant Improvements contemplated hereunder, except for any minor punchlist items to be completed; and the Premises are in good order and repair.

Provided that Tenant does not delay Landlord's completion of the Improvements that Landlord is required to complete, Tenant may take possession of the Premises two (2) business days after Landlord and Tenant execute this Lease and the Guaranty (as specified in Section 20.25 of this Lease) has executed and delivered the Guaranty. Said early possession shall be subject to Tenant complying with all of the provisions and covenants contained herein, except that Tenant shall not be obligated to pay Fixed Monthly Rent or Additional Rent until the Commencement Date. If Tenant's early possession does so delay completion of the Improvements, the Commencement Date shall be the date the Improvements would have been completed had no such delay occurred.

If for any reason (including Landlord's inability to complete the Improvements called for hereunder) Landlord is unable to deliver possession of the Premises to Tenant on the anticipated Commencement Date, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any damage resulting from Landlord's inability to deliver such possession. However, Tenant shall not be obligated to pay the Fixed Monthly Rent or Additional Rent that Tenant is required to pay pursuant to Section 3.1 until such possession of the Premises has been delivered to Tenant by Landlord. Except for such delay in the commencement of Rent, Landlord's failure to give possession on the anticipated Commencement Date shall in no way affect Tenant's obligations hereunder.

If possession of the Premises is not tendered by Landlord within one hundred twenty (120) days after the anticipated Commencement Date, then Tenant shall have the right to terminate this Lease by giving written notice to Landlord within ten (10) days after such failure. If such notice of termination is not so given by Tenant within said ten (10) day time period, then this Lease shall continue in full force and effect.

If, due to Force Majeure, Landlord is unable to tender possession of the Premises within one hundred eighty (180) days after the anticipated Commencement Date, then this Lease, and the rights and obligations of Landlord and Tenant hereunder, shall terminate automatically, without further liability by either party to the other, and without further documentation being required.

Section 2.2. Holding Over. If Tenant fails to deliver possession of the Premises on the Termination Date, but holds over after the expiration or earlier termination of this Lease without the express prior written consent of Landlord, such tenancy shall be construed as a tenancy from month-to-month

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(terminable by either Landlord or Tenant upon 30 days' prior written notice to the other) on the same terms and conditions as are contained herein, except that the Fixed Monthly Rent payable by Tenant during such period of holding over shall automatically increase as of the Termination Date to an amount equal to two hundred percent (200%) of the Fixed Monthly Rent payable by Tenant the calendar month immediately prior to the date when Tenant commences such holding over (the "Holdover Rent"). Tenant's payment of such Holdover Rent, and Landlord's acceptance thereof, shall not constitute a waiver by Landlord of any of Landlord's rights or remedies with respect to such holding over, nor shall it be deemed to be a consent by Landlord to Tenant's continued occupancy or possession of the Premises past the time period covered by Tenant's payment of the Holdover Rent.

Furthermore, if Tenant fails to deliver possession of the Premises to Landlord upon the expiration or earlier termination of this Lease, then, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees and expenses) and liability resulting from such failure, including without limiting the foregoing, any claims made by any succeeding tenant arising out of Tenant's failure to so surrender, and any lost profits to Landlord resulting therefrom.

Notwithstanding the provisions contained hereinabove regarding Tenant's liability for a continuing holdover, Landlord agrees to use commercially reasonable efforts to insert into any future lease of another tenant proposing to occupy the Premises provisions similar to those contained in Section 2.1, permitting mitigation of Tenant's damages arising out of Tenant's temporary holdover.

**ARTICLE 3
PAYMENT OF RENT, LATE CHARGE**

Section 3.1. Payment of Fixed Monthly Rent and Additional Rent. "Rent" shall mean: all payments of monies in any form whatsoever required under the terms and provisions of this Lease, and shall consist of:

- a) "Fixed Monthly Rent," which shall be payable in equal monthly installments of \$935.25; plus
- b) Additional Rent as provided in Article 4 and elsewhere in this Lease.

Section 3.2. Manner of Payment. Tenant shall pay Fixed Monthly Rent and Additional Rent immediately upon the same becoming due and payable, without demand therefor, and without any abatement, set off or deduction whatsoever, except as may be expressly provided in this Lease. Landlord's failure to submit statements to Tenant stating the amount of Fixed Monthly Rent or Additional Rent then due, including Landlord's failure to provide to Tenant a calculation of the adjustment as required in Section 3.3 or the Escalation Statement referred to in Article 4, shall not constitute Landlord's waiver of Tenant's requirement to pay the Rent called for herein. Tenant's failure to pay Additional Rent as provided herein shall constitute a material default equal to Tenant's failure to pay Fixed Monthly Rent when due.

Rent shall be payable in advance on the first day of each and every calendar month throughout the Term, in lawful money of the United States of America, to Landlord at 21800 Oxnard Street, Suite 1000, Woodland Hills, California 91367, or at such other place(s) as Landlord designates in writing to Tenant. Tenant's obligation to pay Rent shall begin on the Commencement Date and continue throughout the Term, without abatement, setoff or deduction, except as otherwise specified hereinbelow.

Concurrent with Tenant's execution and delivery to Landlord of this Lease, Tenant shall pay to Landlord the Fixed Monthly Rent due for the first month of the Term.

Section 3.3. Fixed Monthly Rent Increase.

Commencing the first calendar day of the thirteenth (13th) calendar month of the Term, and continuing through the last calendar day of the twenty-fourth (24th) calendar month of the Term, the Fixed Monthly Rent payable by Tenant shall increase from \$935.25 per month to \$963.31 per month.

Commencing the first calendar day of the twenty-fifth (25th) calendar month of the Term, and continuing throughout the remainder of the initial Term, the Fixed Monthly Rent payable by Tenant shall increase from \$963.31 per month to \$992.21 per month.

Notwithstanding the foregoing, Tenant shall be permitted to defer fifty percent (50%) of the Fixed Monthly Rent due for the second (2nd), third (3rd), and fourth (4th) months of the Term (the "Rent Deferral Amount"). So long as Tenant has not committed a material default which extends beyond any applicable notice and cure period at any time during the Term, the entire Rent Deferral Amount shall be abated and forgiven as of the Termination Date; provided, however, that if Tenant does commit a material default which extends beyond any applicable notice and cure period at any time during the Term, then Tenant shall pay to Landlord upon demand the entire Rent Deferral Amount due for the months of the Term prior to the occurrence of such material default, including late charges and interest thereon at the rate of ten percent (10%) per annum, computed from the date of such deferral, as if the same had been due if the Rent Deferral had not occurred. In addition, if at any time during the Term Tenant commits a material default which extends beyond any applicable notice and cure period, then, notwithstanding the provisions of this paragraph, Tenant shall not be entitled to any further deferral of Fixed Monthly Rent for the remainder of the Term and shall be deemed to have waived its right to any deferral of Fixed Monthly Rent.

Except as otherwise stated, the entire Fixed Monthly Rent shall be due and payable, in advance, on or before the first day of each and every calendar month until the end of the Term, pursuant to this Section 3.3.

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Section 3.4. Tenant's Payment of Certain Taxes. Tenant shall, concurrent with Tenant's next scheduled payment of Fixed Monthly Rent, reimburse Landlord, as Additional Rent, for any and all taxes, surcharges, levies, assessments, fees and charges payable by Landlord when:

- a) assessed on, measured by, or reasonably attributable to:
 - i) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or
 - ii) the cost or value of any leasehold improvements in or to the Premises in excess of \$35.00 per square foot, provided the same have been made in connection with Tenant's execution of this Lease, and without regard to whether title to or payment for such improvements vests with Tenant or Landlord;
- b) on or measured by any rent payable hereunder, including, without limitation, any gross income tax, gross receipts tax, or excise tax levied by the City or County of Los Angeles or any other governmental body with respect to the receipt of such rent (computed as if such rent were the only income of Landlord), but solely when levied by the appropriate City or County agency in lieu of, or as an adjunct to, such business license(s), fees or taxes as would otherwise have been payable by Tenant directly to such taxing authority;
- c) upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or
- d) solely because Landlord and Tenant entered into this transaction or executed any document transferring an interest in the Premises to Tenant. If it becomes unlawful for Tenant so to reimburse Landlord, the rent payable to Landlord under this Lease shall be revised to net Landlord the same rent after imposition of any such tax as would have been payable to Landlord prior to the imposition of any such tax.

Said taxes shall be due and payable whether or not now customary or within the contemplation of Landlord and Tenant. Notwithstanding the above, in no event shall the provisions of this Section 3.4 serve to entitle Landlord to reimbursement from Tenant for any federal, state, county or city income tax payable by Landlord or the managing agent of Landlord.

Section 3.5. Certain Adjustments. If:

- a) the Commencement Date occurs on other than January 1st of a calendar year, or the Lease expires or terminates on other than December 31st of a calendar year;
 - b) the size of the Premises changes during a calendar year;
 - c) or any abatement of Fixed Monthly Rent or Additional Rent occurs during a calendar year,
- then the amount payable by Tenant or reimbursable by Landlord during such year shall be adjusted proportionately on a daily basis, and the obligation to pay such amount shall survive the expiration or earlier termination of this Lease.

If the Commencement Date occurs on other than the first day of a calendar month, or the Lease expires on a day other than the last day of a calendar month, then the Fixed Monthly Rent and Additional Rent payable by Tenant shall be appropriately apportioned on a prorata basis for the number of days remaining in the month of the Term for which such proration is calculated.

If the amount of Fixed Monthly Rent or Additional Rent due is modified pursuant to the terms of this Lease, such modification shall take effect the first day of the calendar month immediately following the date such modification would have been scheduled.

Section 3.6. Late Charge and Interest. Tenant acknowledges that late payment by Tenant to Landlord of Fixed Monthly Rent or Additional Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which are extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges and late charges that may be imposed on Landlord by the terms of any encumbrance and note secured by any encumbrance covering the Premises. Therefore, if any installment of Fixed Monthly Rent or Additional Rent and other payment due from Tenant hereunder is not received by Landlord within five (5) days of the date it becomes due, Tenant shall pay to Landlord on demand an additional sum equal to five percent (5%) of the overdue amount as a late charge. The parties agree that this late charge represents a fair and reasonable settlement against the costs that Landlord will incur by reason of Tenant's late payment. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, or prevent Landlord from exercising any of the other rights and remedies available to Landlord.

Every installment of Fixed Monthly Rent and Additional Rent and any other payment due hereunder from Tenant to Landlord which is not paid within twelve (12) days after the same becomes due and payable shall, in addition to any Late Charge already paid by Tenant, bear interest at the rate of ten percent (10%) per annum from the date that the same originally became due and payable until the date it is paid. Landlord shall bill Tenant for said interest, and Tenant shall pay the same within five (5) days of receipt of Landlord's billing.

Section 3.7. Security Deposit. Concurrent with Tenant's execution and tendering of this Lease to Landlord, Tenant shall deposit the sum of \$1,984.42 (the "Security Deposit"), which amount Tenant shall thereafter at all times maintain on deposit with Landlord as security for Tenant's full and faithful observance and performance of its obligations under this Lease (expressly including, without limitation, the payment as and when due of the Fixed Monthly Rent, Additional Rent and any other sums or damages payable by Tenant hereunder and the payment of any and all other damages for which Tenant shall be liable by reason of any act or omission contrary to any of said covenants or agreements).

Landlord shall have the right to commingle the Security Deposit with its general assets and shall not be obligated to pay Tenant interest thereon.

If at any time Tenant defaults in the performance of any of its obligations under this Lease, after the expiration of notice and the opportunity to cure, then, Landlord may:

- a) apply as much of the Security Deposit as may be necessary to cure Tenant's non-payment of the Fixed Monthly Rent, Additional Rent and/or other sums or damages due from Tenant; and/or;
- b) if Tenant is in default of any of the covenants or agreements of this Lease; apply so much of the Security Deposit as may be necessary to reimburse all expenses incurred by Landlord in curing such default; or
- c) if the Security Deposit is insufficient to pay the sums specified in Section 3.7 (a) or (b), elect to apply the entire Security Deposit in partial payment thereof, and proceed against Tenant pursuant to the provisions of Article 17 and Article 18 herein.

If, as a result of Landlord's application of any portion or all of the Security Deposit, the amount held by Landlord declines to less than \$1,984.42, Tenant shall, within ten (10) days after demand therefor, deposit with Landlord additional cash sufficient to bring the then-existing balance held as the Security Deposit to the amount specified hereinabove. Tenant's failure to deposit said amount shall constitute a material breach of this Lease.

At the expiration or earlier termination of this Lease, Landlord shall deduct from the Security Deposit being held on behalf of Tenant any unpaid sums, costs, expenses or damages payable by Tenant pursuant to the provisions of this Lease; and/or any costs required to cure Tenant's default or performance of any other covenant or agreement of this Lease, and shall, within thirty (30) days after the expiration or earlier termination of this Lease, return to Tenant, without interest, all or such part of the Security Deposit as then remains on deposit with Landlord.

**ARTICLE 4
ADDITIONAL RENT**

Section 4.1. Certain Definitions. As used in this Lease:

- a) "Escalation Statement" means a statement by Landlord, setting forth the amount payable by Tenant or by Landlord, as the case may be, for a specified calendar year pursuant to this Article 4.
- b) "Operating Expenses" means the following in a referenced calendar year, including the Base Year as hereinafter defined, calculated assuming the Building is at least ninety-five percent (95%) occupied: all costs of management, operation, maintenance, and repair of the Building.

By way of illustration only, Operating Expenses shall include, but not be limited to: management fees paid by Landlord to any third-party, which shall not exceed those reasonable and customary in the geographic area in which the Building is located; water and sewer charges; any and all insurance premiums not otherwise directly payable by Tenant; license, permit and inspection fees; air conditioning (including repair of same); heat; light; power and other utilities; steam; labor; cleaning and janitorial services; guard services; supplies; materials; equipment and tools.

Operating Expenses shall also include the cost or portion thereof of those capital improvements made to the Building by Landlord during the Term:

- i) to the extent that such capital improvements reduce other direct expenses, when the same were made to the Building by Landlord after the Commencement Date, or
- ii) that are required under any governmental law or regulation that was not applicable to the Building as of the Commencement Date.

Said capital improvement costs, or the allocable portion thereof (as referred to in clauses (i) and (ii) above), shall be amortized pursuant to generally accepted accounting principles, together with interest on the unamortized balance at the rate of ten percent (10%) per annum.

Operating Expenses shall also include all general and special real estate taxes, increases in assessments or special assessments and any other ad valorem taxes, rates, levies and assessments paid during a calendar year (or portion thereof) upon or with respect to the Building and the personal property used by Landlord to operate the Building, whether paid to any governmental or quasi-governmental authority, and all taxes specifically imposed in lieu of any such taxes (but excluding taxes referred to in Section 3.4 for which Tenant or other tenants in the Building are liable) including fees of counsel and experts, reasonably incurred by, or reimbursable by Landlord in connection with any application for a reduction in the assessed valuation of the Building and/or the land thereunder or for a judicial review thereof, (collectively "Appeal Fees"), but solely to the extent that the Appeal Fees result directly in a reduction of taxes otherwise payable by Tenant. However, in no event shall the portion of Operating Expenses used to calculate any billing to Tenant attributable to real estate taxes and assessments for any expense year be less than the billing for real estate taxes and assessments during the Base Year.

Operating Expenses shall also include, but not be limited to, the premiums for the following insurance coverage: all-risk, structural, fire, boiler and machinery, liability, earthquake and for replacement of tenant improvements to a maximum of \$35.00 per usable square foot, and for such other coverage(s), and at such policy limit(s) as Landlord deems reasonably prudent and/or are required by any lender or ground lessor, which coverage and limits Landlord may, in Landlord's reasonable discretion, change from time to time.

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If, in any calendar year following the Base Year, as defined hereinbelow (a "Subsequent Year"), a new expense item (e.g. earthquake insurance, concierge services; entry card systems), is included in Operating Expenses and/or Project Common Area Expenses which was not included in the Base Year Operating Expenses, then the cost of such new item shall be added to the Base Year Operating Expenses for purposes of determining the Additional Rent payable under this Article 4 for such Subsequent Year. During each Subsequent Year, the same amount shall continue to be included in the computation of Operating Expenses for the Base Year, resulting in each such Subsequent Year Operating Expenses only including the increase in the cost of such new item over the Base Year, as so adjusted. However, if in any Subsequent Year thereafter, such new item is not included in Operating Expenses, no such addition shall be made to Base Year Operating Expenses.

Conversely, as reasonably determined by Landlord, when an expense item that was originally included in the Base Year Operating Expenses and/or Project Common Area Expenses is, in any Subsequent Year, no longer included in Operating Expenses and/or Project Common Area Expenses, then the cost of such item shall be deleted from the Base Year Operating Expenses and/or Project Common Area Expenses for purposes of determining the Additional Rent payable under this Article 4 for such Subsequent Year. The same amount shall continue to be deleted from the Base Year Operating Expenses for each Subsequent Year thereafter that the item is not included. However, if such expense item is again included in the Operating Expenses and/or Project Common Area Expenses for any Subsequent Year, then the amount of said expense item originally included in the Base Year Operating Expenses shall again be added back to the Base Year Operating Expenses.

Expenses included in Project Common Area Expenses shall include the same categories of expenses as specified for the Building Operating Expenses in this clause (b) to the extent the same apply to the Project Common Areas. No Operating Expenses may be charged in a duplicative manner or both as Tenant's Share of Operating Expenses and Tenant's Common Area Share of Project Common Area Expenses. Landlord shall have the right, from time to time, to equitably allocate some or all of the Project Common Area Operating Expenses among different portions or occupants of the Project ("Cost Pools"), in Landlord's sole and absolute discretion. Cost pools may include, but shall not be limited to, the office space tenants of a building of the Project or of the Project, and retail space tenants of a building of the Project or of the Project. The Operating Expenses within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable manner.

- c) "Tenant's Share" means 0.12%.
- d) "Tenant's Common Area Share" means 0.04%.

Section 4.2. Calculation of Tenant's Share of Increases in Operating Expenses. If, commencing with the calendar year 2005, the Operating Expenses and/or Project Common Area Expenses for any calendar year during the Term, or portion thereof, (including the last calendar year of the Term), have increased over the Operating Expenses and/or Project Common Area Expenses for the calendar year 2004 (the "Base Year"), then within thirty (30) days after Tenant's receipt of Landlord's computation of such increase (an "Escalation Statement"), Tenant shall pay to Landlord, as Additional Rent, an amount equal to the product obtained by multiplying such increase by Tenant's Share, with respect to Building Operating Expenses, and Tenant's Common Area Share, with respect to Project Common Area Expenses.

Landlord may, at or after the start of any calendar year subsequent to the Base Year, notify Tenant of the amount which Landlord estimates will be Tenant's monthly share of any such increase in Operating Expenses and Project Common Area Expenses for such calendar year over the Base Year and the amount thereof shall be added to the Fixed Monthly Rent payments required to be made by Tenant in such year. If Tenant's Share of any such increase in rent payable hereunder as shown on the Escalation Statement is greater or less than the total amounts actually billed to and paid by Tenant during the year covered by such statement, then within thirty (30) days thereafter, Tenant shall pay in cash any sums owed Landlord or, if applicable, Tenant shall either receive a credit against any Fixed Monthly Rent and/or Additional Rent next accruing for any sum owed Tenant, or if Landlord's Escalation Statement is rendered after the expiration or earlier termination of this Lease and indicates that Tenant's estimated payments have exceeded the total amount to which Tenant was obligated, then provided that Landlord is not owed any other sum by Tenant, Landlord shall issue a cash refund to Tenant within thirty (30) days after Landlord's completion of such Escalation Statement.

Section 4.3. Tenant's Payment of Direct Charges as Additional Rent. Tenant shall promptly and duly pay all costs and expenses incurred for or in connection with any Tenant Change or Tenant Service, and discharge any mechanic's or other lien created against the Premises, Building or the Project arising as a result of or in connection with any Tenant Change or Tenant Service as Additional Rent by paying the same, bonding or manner otherwise provided by law.

Any other cost, expense, charge, amount or sum (other than Fixed Monthly Rent) payable by Tenant as provided in this Lease shall also be considered Additional Rent.

Certain individual items of cost or expense may, in the reasonable determination of Landlord, be separately charged and billed to Tenant by Landlord, either alone or in conjunction with another party or parties, if they are deemed in good faith by Landlord to apply solely to Tenant and/or such other party or parties and are not otherwise normally recaptured by Landlord as part of normal operating expenses. Insofar as is reasonable, Landlord shall attempt to give Tenant prior notice and the opportunity to cure any circumstance that would give rise to such separate and direct billing.

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Said separate billing shall be paid as Additional Rent, regardless of Tenant's Share. Such allocations by Landlord shall be binding on Tenant unless patently unreasonable, and shall be payable within ten (10) days after receipt of Landlord's billing therefor.

**ARTICLE 5
ETHICS**

Section 5.1. Ethics. Landlord and Tenant agree to conduct their business or practice in compliance with any appropriate and applicable codes of professional or business practice.

**ARTICLE 6
USE OF PREMISES**

Section 6.1. Use. The Premises shall only be used as general office use consistent with the operation of a first-class office building in the Woodland Hills area (the "Specified Use") and for no other purposes, without Landlord's prior written consent, which consent shall be in Landlord's sole discretion. Any proposed revision of the Specified Use by Tenant shall be for a use consistent with those customarily found in first-class office buildings. Reasonable grounds for Landlord withholding its consent shall include, but not be limited to:

- a) the proposed use will place a disproportionate burden on the Building systems;
- b) the proposed use is for governmental or medical purposes or for a company whose primary business is that of conducting boiler-room type transactions or sales;
- c) the proposed use would generate excessive foot traffic to the Premises and/or Building.

So long as Tenant is in control of the Premises, Tenant covenants and agrees that it shall not use, suffer or permit any person(s) to use all or any portion of the Premises for any purpose in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the City or County of Los Angeles, or other lawful authorities having jurisdiction over the Building.

Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or unreasonably interfere with the rights of other tenants or occupants of the Building, or injure or annoy them. Tenant shall not use or allow the Premises to be used for any pornographic or violent purposes, nor shall Tenant cause, commit, maintain or permit the continuance of any nuisance or waste in, on or about the Premises. Tenant shall not use the Premises in any manner that in Landlord's reasonable judgment would adversely affect or interfere with any services Landlord is required to furnish to Tenant or to any other tenant or occupant of the Building, or that would interfere with or obstruct the proper and economical rendition of any such service.

Section 6.2. Exclusive Use. Landlord represents that Tenant's Specified Use of the Premises does not conflict with exclusive use provisions granted by Landlord in other leases for the Building. Landlord further agrees that it shall, in the future, not grant an exclusive use privilege to any other tenant in the Building that will prevent Tenant from continuing to use the Premises for its Specified Use.

Tenant acknowledges and agrees that it shall not engage in any of the uses specified hereinbelow, for which Landlord has already granted exclusive rights: None.

Provided that Tenant has received written notice of the same from Landlord, and further provided that Landlord does not grant a future exclusive use right that prohibits Tenant from engaging in the Specified Use, then Tenant agrees that it shall not violate any exclusive use provision(s) granted by Landlord to other tenants in the Building.

Section 6.3. Rules and Regulations. Tenant shall observe and comply with the rules and regulations set forth in Exhibit C, and such other and further reasonable and non-discriminatory rules and regulations as Landlord may make or adopt and communicate to Tenant at any time or from time to time, when said rules, in the reasonable judgment of Landlord, may be necessary or desirable to ensure the first-class operation, maintenance, reputation or appearance of the Building. However, if any conflict arises between the provisions of this Lease and any such rule or regulation, the provisions of this Lease shall control.

Provided Landlord makes commercially reasonable efforts to seek compliance by all occupants of the Building with the rules and regulations adopted by Landlord, Landlord shall not be responsible to Tenant for the failure of any other tenants or occupants of the Building to comply with said rules and regulations.

**ARTICLE 7
CONDITION UPON VACATING & REMOVAL OF PROPERTY**

Section 7.1. Condition upon Vacating. At the expiration or earlier termination of this Lease, Tenant shall:

- a) terminate its occupancy of, quit and surrender to Landlord, all or such portion of the Premises upon which this Lease has so terminated, broom-clean and in the same condition as received except for:
 - i) ordinary wear and tear, or
 - ii) loss or damage by fire or other casualty which shall not have been caused by the gross negligence or willful misconduct of Tenant or its agents, clients, contractors, employees, invitees, licensees, officers, partners or shareholders; and

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- b) surrender the Premises free of any and all debris and trash and any of Tenant's personal property, furniture, fixtures and equipment that do not otherwise become a part of the Project, pursuant to the provisions contained in Section 7.2 hereinbelow; and
- c) at Tenant's sole expense, forthwith and with all due diligence remove any Tenant Change made by Tenant and restore the Premises to their original condition, reasonable wear and tear excepted. However, Tenant shall only be obligated to remove said Tenant Change if it was made without Landlord's approval and/or if Landlord notified Tenant of its obligation to do so at the time Landlord approved Tenant's request for a Tenant Change. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Tenant Change, Landlord may do so and may charge the cost thereof to Tenant.

Section 7.2. Tenant's Property. All fixtures, equipment, improvements and installations attached or built into the Premises at any time during the Term shall, at the expiration or earlier termination of this Lease, be deemed the property of Landlord; become a permanent part of the Premises and remain therein. However, if said equipment, improvements and/or installations can be removed without causing any structural damage to the Premises, then, provided after such removal Tenant restores the Premises to the condition existing prior to installation of Tenant's trade fixtures or equipment, Tenant shall be permitted, at Tenant's sole expense, to remove said trade fixtures and equipment.

**ARTICLE 8
UTILITIES AND SERVICES**

Section 8.1. Normal Building Hours / Holidays. The "Normal Business Hours" of the Building, during which Landlord shall furnish the services specified in this Article 8 are defined as 8:00 A.M. to 6:00 P.M., Monday through Friday, and 9:00 A.M. to 1:00 P.M. on Saturday, any one or more Holiday(s) excepted.

The "Holidays" which shall be observed by Landlord in the Building are defined as any federally-recognized holiday and any other holiday specified herein, which are: New Years Day, Presidents' Day, Memorial Day, the 4th of July, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day (each individually a "Holiday"). Tenant acknowledges that the Building shall be closed on each and every such Holiday, and Tenant shall not be guaranteed access to Landlord or Landlord's managing agent(s) on each such Holiday.

Section 8.2. Access to the Building and General Services. Subject to Force Majeure and any power outage(s) which may occur in the Building when the same are out of Landlord's reasonable control, Landlord shall furnish the following services to the Premises twenty-four (24) hours per day, seven days per week:

- a) during Normal Business Hours, bulb replacement for building standard lights;
- b) access to and use of the parking facilities for persons holding valid parking permits;
- c) access to and use of the elevators and Premises;
- d) use of electrical lighting on an as-needed basis within the Premises; and
- e) use of a reasonable level of water for kitchen and toilet facilities in the Premises and common area bathrooms.

Section 8.3. Janitorial Services. Landlord shall furnish the Premises with reasonable and customary janitorial services five (5) days per business week, except when the Building is closed on any Holiday. Landlord shall retain the sole discretion to choose and/or revise the janitorial company providing said services to the Premises and/or Building.

Section 8.4. Security Services. Tenant acknowledges that Landlord currently provides uniformed guard service to the Building twenty-four (24) hours per day, seven (7) days per week, solely for the purposes of providing surveillance of, information and directional assistance to persons entering the Building.

Tenant acknowledges that such guard service shall not provide any measure of security or safety to the Building or the Premises, and that Tenant shall take such actions as it may deem necessary and reasonable to ensure the safety and security of Tenant's property or person or the property or persons of Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders. Tenant agrees and acknowledges that, except in the case of the gross negligence or willful misconduct of Landlord or its directors, employees, officers, partners or shareholders, Landlord shall not be liable to Tenant in any manner whatsoever arising out of the failure of Landlord's guard service to secure any person or property from harm.

Tenant agrees and acknowledges that Landlord, in Landlord's sole discretion, shall have the option but not the obligation to add, decrease, revise the hours of and/or change the level of services being provided by any guard company serving the Building. Tenant further agrees that Tenant shall not engage or hire any outside guard or security company without Landlord's prior written consent, which shall be in Landlord's sole discretion.

Section 8.5. Utilities. During Normal Business Hours Landlord shall furnish a reasonable level of water, heat, ventilation and air conditioning ("HVAC"), and a sufficient amount of electric current to provide customary business lighting and to operate ordinary office business machines, such as a single personal computer and ancillary printer per one hundred and twenty (120) Rentable square feet contained in the Premises, facsimile machines, small copiers customarily used for general office purposes, and such other equipment and office machines as do not result in above-standard use of the existing

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electrical system. So long as the same remain reasonably cost competitive, Landlord shall retain the sole discretion to choose the utility vendor(s) to supply such services to the Premises and the Building.

Except with the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned and/or delayed, Tenant shall not install or use any equipment, apparatus or device in the Premises that requires the installation of a 220 voltage circuit; consumes more than five (5) kilowatts per hour per item; or the aggregate use of which will in any way increase the connected load to more than 5 Watts per square foot, or cause the amount of electricity to be furnished or supplied for use in the Premises to more than 1.2 kWh per usable square foot, per month.

Except with the prior written consent of Landlord, Tenant shall not connect any electrical equipment to the electrical system of the Building, except through electrical outlets already existing in the Premises, nor shall Tenant pierce, revise, delete or add to the electrical, plumbing, mechanical or HVAC systems in the Premises.

Section 8.6. After Hours HVAC and/or Excess Utility Usage. If Tenant requires HVAC service during other than Normal Business Hours ("Excess HVAC"), but on a business weekday (i.e., Monday through Friday), Tenant shall make its request at least two (2) hours before the close of the normal business day, provided that in the event Tenant requires Excess HVAC on a Holiday or weekend day, Tenant shall make its request not later than twenty-four (24) hours before the day on which Excess HVAC is requested. Otherwise, Landlord shall have no obligation to provide Excess HVAC. Tenant's request shall be deemed conclusive evidence of its willingness to pay the costs specified. There shall be a four (4) hour minimum charge for Excess HVAC. Landlord's current charge for Excess HVAC is \$85.00 per hour, which charge shall not increase for the first twelve (12) months of the Lease Term, and thereafter shall be increased only by the actual increase to Landlord in providing Excess HVAC.

If Tenant requires electric current in excess of the amounts specified hereinabove, water or gas in excess of that customarily furnished to the Premises as office space ("Excess Utility Use"), Tenant shall first procure Landlord's prior written consent to such Excess Utility Use, which Landlord may reasonably refuse.

In lieu of Landlord's refusal, Landlord may cause a meter or sub-meter to be installed to measure the amount of water, gas and/or electric current consumed by Tenant in the Premises. The cost of any such meter(s), and the installation, maintenance, and repair thereof, shall be paid by Tenant as Additional Rent.

After completing installation of said meter(s), and/or if Tenant requests Excess HVAC, then Tenant shall pay, as Additional Rent, within thirty (30) calendar days after Tenant's receipt of Landlord's billing, for the actual amounts of all water, steam, compressed air, electric current and/or Excess HVAC consumed beyond the normal levels Landlord is required herein to provide. Said billing shall be calculated on the usage indicated by such meter(s), sub-meter(s), or Tenant's written request therefor, and shall be issued by Landlord at the rates charged for such services by the local public utility furnishing the same, plus any additional expense reasonably incurred by Landlord in providing said Excess Utility Use and/or in keeping account of the water, steam, compressed air and electric current so consumed, plus an administrative and billing fee equal to twenty-five percent (25%) of the costs so billed.

Section 8.7. Changes Affecting HVAC. Tenant shall also pay as Additional Rent for any additional costs Landlord incurs to repair any failure of the HVAC equipment and systems to perform their function when said failure arises out of or in connection with any change in, or alterations to, the arrangement of partitioning in the Premises after the Commencement Date, or from occupancy by, on average, more than one person for every one hundred and twenty-five (125) usable square feet of the Premises, or from Tenant's failure to keep all HVAC vents within the Premises free of obstruction.

Section 8.8. Damaged or Defective Systems. Tenant shall give written notice to Landlord within twenty-four (24) hours of any alleged damage to, or defective condition in any part or appurtenance of the Building's sanitary, electrical, HVAC or other systems serving, located in, or passing through, the Premises. Provided that the repair or remedy of said damage or defective condition is within the reasonable control of Landlord, it shall be remedied by Landlord with reasonable diligence. Otherwise, Landlord shall make such commercially reasonable efforts as may be available to Landlord to effect such remedy or repair, but except in the case of Landlord's gross negligence and/or willful misconduct or the gross negligence and/or willful misconduct of Landlord's agents, contractors, directors, employees, officers, partners, and/or shareholders, Landlord shall not be liable to Tenant for any failure thereof.

Tenant shall not be entitled to claim any damages arising from any such damage or defective condition nor shall Tenant be entitled to claim any eviction by reason of any such damage or defective condition unless:

- the same was caused by Landlord's gross negligence or willful misconduct while operating or maintaining the Premises or the Building;
- the damage or defective condition has substantially prevented Tenant from conducting its normal business operations or obtaining access to at least seventy-five percent (75%) of the Premises; and
- Landlord shall have failed to commence the remedy thereof and proceeded with reasonable diligence to complete the same after Landlord's receipt of notice thereof from Tenant.

Furthermore, if such damage or defective condition was caused by, or is attributed to, a Tenant Change or the unreasonable or improper use of such system(s) by Tenant or its employees, licensees or invitees:

- d) the cost of the remedy thereof shall be paid by Tenant as Additional Rent pursuant to the provisions of Section 4.3;
- e) in no event shall Tenant be entitled to any abatement of rent as specified above; and
- f) Tenant shall be estopped from making any claim for damages arising out of Landlord's repair thereof.

Section 8.9. Limitation on Landlord's Liability for Failure to Provide Utilities and/or Services. Except in the case of Landlord's gross negligence or willful misconduct or the gross negligence or willful misconduct of Landlord's agents, contractors, directors, employees, licensees, officers, partners or shareholders, Tenant hereby releases Landlord from any liability for damages, by abatement of rent or otherwise, for any failure or delay in furnishing any of the services or utilities specified in this Article 8 (including, but not limited to telephone and telecommunication services), or for any diminution in the quality or quantity thereof.

Tenant's release of Landlord's liability shall be applicable when such failure, delay or diminution is occasioned, in whole or in part, by repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by Landlord's inability to secure electricity, gas, water or other fuel at the Building after Landlord's reasonable effort to do so, by accident or casualty whatsoever, by act or default of Tenant or parties other than Landlord, or by any other cause beyond Landlord's reasonable control. Such failures, delays or diminution shall never be deemed to constitute a constructive eviction or disturbance of Tenant's use and possession of the Premises, or serve to relieve Tenant from paying Rent or performing any of its obligations under the Lease.

Furthermore, Landlord shall not be liable under any circumstances for a loss of, injury to, or interference with, Tenant's business, including, without limitation, any loss of profits occurring or arising through or in connection with or incidental to Landlord's failure to furnish any of the services or utilities required by this Article 8.

Notwithstanding the above, Landlord shall use commercially reasonable efforts to remedy any delay, defect or insufficiency in providing the services and or utilities required hereunder.

Section 8.10. Tenant Provided Services. Tenant shall make no contract or employ any labor in connection with the maintenance, cleaning or other servicing of the physical structures of the Premises or for installation of any computer, telephone or other cabling, equipment or materials provided in or to the Premises (collectively and individually a "Tenant Service") without the prior consent of Landlord, which consent shall not be unreasonably withheld. Tenant shall not permit the use of any labor, material or equipment in the performance of any Tenant Service if the use thereof, in Landlord's reasonable judgment, would violate the provisions of any agreement between Landlord and any union providing work, labor or services in or about the Premises, Building and/or create labor disharmony in the Building.

ARTICLE 9

TENANT'S INDEMNIFICATION AND LIMITATION ON LANDLORD'S LIABILITY

Section 9.1. Tenant's Indemnification and Hold Harmless. For the purposes of this Section 9.1, "Indemnitee(s)" shall jointly and severally refer to Landlord and Landlord's agents, clients, contractors, directors, employees, officers, partners, and/or shareholders.

Tenant shall indemnify and hold Indemnitees harmless from and against all claims, suits, demands, damages, judgments, costs, interest and expenses (including attorneys fees and costs incurred in the defense thereof) to which any Indemnitee may be subject or suffer when the same arise out of the negligence or willful misconduct of Tenant or the negligence or willful misconduct of Tenant's agents, contractors, directors, employees, licensees, officers, partners or shareholders in connection with the use of, work in, construction to, or actions in, on, upon or about the Premises, including any actions relating to the installation, placement, removal or financing of any Tenant Change, improvements, fixtures and/or equipment in, on, upon or about the Premises.

Tenant's indemnification shall extend to any and all claims and occurrences, whether for injury to or death of any person or persons, or for damage to property (including any loss of use thereof), or otherwise, occurring during the Term or prior to the Commencement Date (if Tenant has been given early access to the Premises for whatever purpose), and to all claims arising from any condition of the Premises due to or resulting from any default by Tenant in the keeping, observance or performance of any covenant or provision of this Lease, or from the negligence or willful misconduct of Tenant or the negligence or willful misconduct of Tenant's agents, contractors, directors, employees, licensees, officers, partners or shareholders.

Section 9.2. Nullity of Tenant's Indemnification in Event of Gross Negligence. Notwithstanding anything to the contrary contained in this Lease, Tenant's indemnification shall not extend to the gross negligence or willful misconduct of Landlord or the gross negligence or willful misconduct of Landlord's agents, contractors, directors, employees, officers, partners or shareholders, nor to such events and occurrences for which Landlord otherwise carries insurance coverage.

Section 9.3. Tenant's Waiver of Liability. Provided that any injury or damage suffered by Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, officers, partners, and/or shareholders did not arise out of the gross negligence or willful misconduct of Landlord or the gross negligence or willful misconduct of Landlord's agents, contractors, employees, officers, partners or shareholders, Tenant shall make no claim against Landlord and Landlord shall not be liable or responsible in any way for, and Tenant hereby waives all claims against Landlord with respect to or

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arising out of injury or damage to any person or property in or about the Premises by or from any cause whatsoever under the reasonable control or management of Tenant.

Section 9.4. Limitation of Landlord's Liability. Tenant expressly agrees that, notwithstanding anything in this Lease and/or any applicable law to the contrary, the liability of Landlord and Landlord's agents, contractors, directors, employees, licensees, officers, partners or shareholders, including any successor in interest thereto (collectively and individually the "Landlord Parties"), and any recourse by Tenant against Landlord or the Landlord Parties shall be limited solely and exclusively to an amount which is equal to the lesser of:

- a) The interest of Landlord in the Building; or
- b) The equity interest Landlord would have in the Building if the Building were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Building (as such value is determined by Landlord).

Tenant specifically agrees that neither Landlord nor any of the Landlord Parties shall have any personal liability therefor. Further, Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant.

Section 9.5. Transfer of Landlord's Liability. Tenant expressly agrees that, to the extent that any transferee assumes the obligations of Landlord hereunder, and provided Landlord has either transferred the complete Security Deposit held pursuant to this Lease or refunded the same to Tenant as of the date of such transfer, then the covenants and agreements on the part of Landlord to be performed under this Lease which arise and/or accrue after the date of such transfer shall not be binding upon Landlord herein named from and after the date of transfer of its interest in the Building.

ARTICLE 10 COMPLIANCE WITH LAWS

Section 10.1. Tenant's Compliance with Laws. Tenant shall not use, permit to be used, or permit anything to be done in or about all or any portion of the Premises which will in any way violate any laws, statutes, ordinances, rules, orders or regulations duly issued by any governmental authority having jurisdiction over the Premises, or by the Board of Fire Underwriters (or any successor thereto) (collectively "Codes").

Section 10.2. Tenant to Comply at Sole Expense. Tenant shall, at its sole expense, promptly remedy any violation of such Codes, provided, however, that nothing contained in this Section 10.2 shall require Tenant to make any structural changes to the Premises, unless such changes are required due to either Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders use of the Premises for purposes other than general office purposes consistent with a Class A office building.

Section 10.3. Conclusive Evidence of Violation. The judgment of any court of competent jurisdiction; Tenant's admission; or the admission of any one or more of Tenant's agents, contractors, directors, employees, officers, partners or shareholders in any action against Tenant, whether or not Landlord is a party thereto, that Tenant has so violated any one or more Codes shall be conclusive evidence of such violation as between Landlord and Tenant.

ARTICLE 11 ASSIGNMENT AND SUBLETTING

Section 11.1. Permission Required for Assignment or Sublet. Unless Landlord's prior written consent has been given, which consent shall not be unreasonably withheld, conditioned and/or delayed (subject to the express provisions of this Article 11), this Lease shall not, nor shall any interest herein, be assignable as to the interest of Tenant by operation of law; nor shall Tenant:

- a) assign Tenant's interest in this Lease; or
- b) sublet the Premises or any part thereof or permit the Premises or any part thereof to be utilized by anyone other than Tenant, whether as by a concessionaire, franchisee, licensee, permittee or otherwise (collectively, a "sublease")

In addition, except for Transfers under clauses (a) or (b), Tenant shall not mortgage, pledge, encumber or otherwise transfer this Lease, the Term and/or estate hereby granted or any interest herein without Landlord's prior written consent, which consent may be granted or withheld in Landlord's sole and absolute discretion.

Any assignment, mortgage, pledge, encumbrance, transfer or sublease (collectively, any "Transfer") without Landlord's prior written consent shall be voidable, and, in Landlord's sole election, shall constitute a material default under this Lease.

Section 11.2. Voluntary Assignment due to Changes in Structure of Tenant. Any dissolution, merger, consolidation, or other reorganization of Tenant, or the single sale or other transfer of a controlling percentage of the capital stock of Tenant (other than the sale of such stock pursuant to a public offering that results in a majority of the same members of the Board and executive officers remaining in control of said corporation) and or the single sale of fifty percent (50%) or more of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote stock possessing fifty percent (50%) or more of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. Notwithstanding anything to the contrary contained herein,

the preceding paragraph shall not apply to corporations whose stock is traded through a recognized United States exchange or over the counter.

Any withdrawal or change (whether voluntary, involuntary, or by operation of law) in the partnership by one or more partners who own, in the aggregate fifty percent (50%) or more of the partnership, or the dissolution of the partnership, shall be deemed a voluntary assignment.

If Tenant is comprised of more than one individual, a purported assignment (whether voluntary, involuntary, or by operation of law), by any one of the persons executing this Lease shall be deemed a voluntary assignment.

Section 11.3. Request to Assign or Sublease. If at any time during the Term, Tenant wishes to assign this Lease or any interest therein, or to sublet all or any portion of the Premises, then at least thirty (30) days prior to the date when Tenant desires the assignment or sublease to be effective, Tenant shall give written notice to Landlord setting forth the name, address, and business of the proposed assignee or sublessee, business and personal credit applications completed on Landlord's standard application forms, and information (including references and such financial documentation as Landlord shall reasonably prescribe) concerning the character and financial condition of the proposed assignee or sublessee, the effective date of the assignment or sublease, and all the material terms and conditions of the proposed assignment, and with reference solely to a sublease: a detailed description of the space proposed to be sublet, together with any rights of the proposed sublessee to use Tenant's improvements and/or ancillary services with the Premises.

Section 11.4. Landlord's Consent. Landlord shall have thirty (30) days after Tenant's notice of assignment and/or sublease is received with the financial information reasonably requested by Landlord to advise Tenant of Landlord's (i) consent to such proposed assignment or sublease, (ii) withholding of consent to such proposed assignment or sublease, or (iii) election to terminate this Lease, such termination to be effective as of the date of the commencement of the proposed assignment or subletting. If Landlord shall exercise its termination right hereunder, Landlord shall have the right to enter into a lease or other occupancy agreement directly with the proposed assignee or subtenant, and Tenant shall have no right to any of the rents or other consideration payable by such proposed assignee or subtenant under such other lease or occupancy agreement, even if such rents and other consideration exceed the rent payable under this Lease by Tenant. Landlord shall have the right to lease the Premises to any other tenant, or not lease the Premises, in its sole and absolute discretion. Landlord and Tenant specifically agree that Landlord's right to terminate this Lease under clause (iii) above is a material consideration for Landlord's agreement to enter into this Lease and such right may be exercised in Landlord's sole and absolute discretion and no test of reasonableness shall be applicable thereto.

Tenant acknowledges that Landlord's consent shall be based upon the criteria listed in Sections 11.4 (a) through (e) below, and subject to Landlord's right to unilaterally disapprove of any proposed assignment and/or sublease, based on the existence of any condition contained within Section 11.5 hereinbelow. If Landlord provides its consent within the time period specified, Tenant shall be free to complete the assignment and/or sublet such space to the party contained in Tenant's notice, subject to the following conditions:

- a) The assignment and/or sublease shall be on the same terms as were set forth in the notice given to Landlord;
- b) The assignment and/or sublease shall be documented in a written format that is reasonably acceptable to Landlord, which form shall specifically include the assignee's and/or sublessee's acknowledgement and acceptance of the obligation contained in this Lease, in so far as applicable;
- c) The assignment and/or sublease shall not be valid, nor shall the assignee or sublessee take possession of the Premises, or subleased portion thereof, until an executed duplicate original of such sublease and/or assignment has been delivered to Landlord;
- d) The assignee and/or sublessee shall have no further right to assign this Lease and/or sublease the Premises;
- e) In the event of any Transfer, Landlord shall receive as Additional Rent hereunder (and without affecting or reducing any other obligation of Tenant under this Lease) one hundred percent (100%) of Tenant's "Net Rental Profit" derived from such Transfer. If Tenant shall elect to Transfer, Tenant shall use reasonable and good faith efforts to secure consideration from any such Transferee which would be generally equivalent to then-current market rent, but in no event shall Tenant's monetary obligations to Landlord, as set forth in this Lease, be reduced. In the event of a Transfer which is a sublease, "Net Rental Profit" shall mean all rent, Additional Rent or other consideration actually received by Tenant during any month during the term of such sublease from such subtenant and/or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent, Additional Rent and other sums payable by Tenant under this Lease in such month during the term of the sublease on a per square foot basis if less than all of the Premises is subleased. In the event of a Transfer other than a sublease, "Net Rental Profit" shall mean key money, bonus money or other consideration paid by the Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to the Transferee for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to the Transferee in connection with such Transfer. If part of the Net Rental Profit shall be payable by the Transferee other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord.

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Tenant shall deliver to Landlord a statement within thirty (30) days after the end of each calendar year and/or within thirty (30) days after the expiration or earlier termination of the Term of this Lease in which any Transfer has occurred, specifying for each such Transfer:

- i) the date of its execution and delivery, the number of square feet of the Rentable Area demised thereby, and the Term thereof, and
- ii) a computation in reasonable detail showing the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Section 11.4 with respect to such Transfer for the period covered by such statement, and the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Section 11.4 with respect to any payments received from a Transferee during such period but which relate to an earlier period.

Section 11.5. Reasonable Grounds for Denial of Assignment and/or Sublease. Landlord and Tenant agree that, in addition to such other reasonable grounds as Landlord may assert for withholding its consent, it shall be reasonable under this Lease and any applicable law for Landlord to withhold its consent to any proposed Transfer, where any one or more of the following conditions exists:

- a) The proposed sublessee or assignee (a "Transferee") is, in Landlord's reasonable judgment, of a character or reputation which is not consistent with those businesses customarily found in a Class A office building;
- b) The Transferee is engaged in a business or intends to use all or any portion of the Premises for purposes which are not consistent with those generally found in the Building or other Class A office buildings in the vicinity of the Building, provided, however, that in no event shall Landlord be permitted to decline Tenant's request for a Transfer solely on the basis of said Transferee's intent to change the Specified Use from that of Tenant, unless such proposed change shall violate any Exclusive Use provision already granted by Landlord;
- c) The Transferee is either a governmental agency or instrumentality thereof;
- d) The Transfer will result in more than a reasonable and safe number of occupants within the Premises;
- e) The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities involved under the sublease, if a sublessee, or the Lease, if an assignee, on the date consent is requested, or has demonstrated a prior history of credit instability or unworthiness;
- f) The Transfer will cause Landlord to be in violation of another lease or agreement to which Landlord is a party, or would give another occupant of the Building a right to cancel its lease;
- g) The Transferee will retain any right originally granted to Tenant to exercise a right of renewal, right of expansion, right of first offer or other similar right held by Tenant;
- h) Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee is a tenant in the Building at the time Tenant requests approval of the proposed Transfer, or is engaged in on-going negotiations with Landlord to lease space in the Building at the time Tenant requests approval of the proposed Transfer;
- i) The Transferee intends to use all or a portion of the Premises for medical procedures or for a primary business which is as a boiler-room type sales or marketing organization; or
- j) In the case of a sublease, the rental rate for the proposed sublease is less than the rental rate then being obtained by Landlord for comparable space in the Building.

If Landlord withholds or conditions its consent and Tenant believes that Landlord did so contrary to the terms of this Lease, Tenant may, as its sole remedy, prosecute an action for declaratory relief to determine if Landlord properly withheld or conditioned its consent, and Tenant hereby waives all other remedies, including without limitation those set forth in California Civil Code Section 1995.310.

Section 11.6. Tenant's Continued Obligation. Any consent by Landlord to an assignment of this Lease and/or sublease of the Premises shall not release Tenant from any of Tenant's obligations hereunder or be deemed to be a consent by Landlord to any subsequent hypothecation, assignment, subletting, occupation or use by another person, and Tenant shall remain liable to pay the Rent and/or perform all other obligations to be performed by Tenant hereunder. Landlord's acceptance of Rent or Additional Rent from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease. Landlord's consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

If any assignee or sublessee of Tenant or any successor of Tenant defaults in the performance of any of the provisions of this Lease, whether or not Landlord has collected Rent directly from said assignee or sublessee, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, sublessee or other successor-in-interest.

Provided that in no event shall any further assignment, sublease, amendment or modification to this Lease serve to either increase Tenant's liability or expand Tenant's duties or obligations hereunder, or relieve Tenant of its liability under this Lease, then Landlord may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with any assignee, without notifying Tenant or any successor of Tenant, and without obtaining their consent thereto.

Section 11.7. Tenant To Pay Landlord's Costs. If Tenant assigns or sublets the Premises or requests the consent of Landlord to any assignment, subletting or other modification of this Lease, or if Tenant requests the consent of Landlord for any act that Tenant proposes to do, whether or not Landlord shall grant consent thereto, then Tenant shall, concurrent with Tenant's submission of any written request

therefor, pay to Landlord (a) the non-refundable sum of \$1,000 as reasonable consideration for Landlord's considering and processing the applicable request, plus (b) the amount of reasonably estimated by Landlord as its anticipated legal fees to be incurred by Landlord in connection therewith.

Section 11.8. Successors and Assigns. Subject to the provisions contained herein, the covenants and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant, their respective successors and assigns and all persons claiming by, through or under them.

**ARTICLE 12
MAINTENANCE, REPAIRS, DAMAGE, DESTRUCTION, RENOVATION AND/OR
ALTERATION**

Section 12.1. Tenant's Obligation to Maintain. Tenant shall, at Tenant's sole expense, maintain the Premises in good order and repair, and shall also keep clean any portion of the Premises which Landlord is not obligated to clean. Such obligation shall include the clean-out; repair and/or replacement of Tenant's garbage disposal(s), Instant-Heat or other hot water producing equipment, if any, and the cleaning and removal of any dishes and/or food prior to the same becoming unsanitary. If Tenant becomes obligated to repair anything within the Premises, Tenant shall advise Landlord's managing agent of such need, which request shall be presumed conclusive evidence of Tenant's obligation and willingness to reimburse Landlord for such repair(s).

Further, Tenant shall pay the cost of any injury, damage or breakage in, upon or to the Premises created by Tenant's gross negligence or willful misconduct or the gross negligence or willful misconduct of Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders.

Subject to Tenant's obligation for reimbursement to Landlord, as specified herein, Landlord shall make all repairs to the Premises and the exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, the systems and equipment of the Building and the Tenant Improvements installed in the Premises. However, if such repairs, maintenance or cleaning are required due to Tenant's gross negligence or willful misconduct or the gross negligence or willful misconduct of Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders, then, Tenant shall, within ten (10) days after receipt of Landlord's billing therefor, reimburse Landlord, as Additional Rent, for any expense of such repairs, cleaning and/or maintenance in excess of any insurance proceeds available for reimbursement thereof, including for any deductible anticipated in connection therewith.

Tenant hereby waives all right to make repairs at Landlord's expense under the provisions of Section 1932(1), 1941 and 1942 of the Civil Code of California.

Section 12.2. Repair Period Notice. Tenant shall give prompt notice to Landlord of Tenant's actual knowledge of any damage or destruction to all or any part of the Premises or Building resulting from or arising out of any fire, earthquake, or other identifiable event of a sudden, unexpected or unusual nature (individually or collectively a "Casualty"). The time periods specified in this Section 12.2. shall commence after Landlord receives said written notice from Tenant of the occurrence of a Casualty. After receipt of Tenant's written notice that a Casualty has occurred, Landlord shall, within the later of:

- a) sixty (60) days after the date on which Landlord determines the full extent of the damage caused by the Casualty; or
- b) thirty (30) days after Landlord has determined the extent of the insurance proceeds available to effectuate repairs, but
- c) in no event more than one hundred and twenty (120) days after the Casualty,

provide written notice to Tenant indicating the anticipated time period for repairing the Casualty (the "Repair Period Notice"). The Repair Period Notice shall also state, if applicable, Landlord's election either to repair the Premises, or to terminate this Lease, pursuant to the provisions of Section 12.3, and if Landlord elects to terminate this Lease, Landlord shall use commercially reasonable efforts to provide Tenant with a minimum period of ninety (90) days within which to fully vacate the Premises.

Section 12.3. Landlord's Option to Terminate or Repair. Notwithstanding anything to the contrary contained herein, Landlord shall have the option, but not the obligation to elect not to rebuild or restore the Premises and/or the Building if one or more of the following conditions is present:

- a) repairs to the Premises cannot reasonably be completed within one hundred and eighty (180) days after the date of the Casualty (when such repairs are made without the payment of overtime or other premiums);
- b) repairs required cannot be made pursuant to the then-existing laws or regulations affecting the Premises or Building, or the Building cannot be restored except in a substantially different structural or architectural form than existed before the Casualty;
- c) the holder of any mortgage on the Building or ground or underlying lessor with respect to the Project and/or the Building shall require that all or such large a portion of the insurance proceeds be used to retire the mortgage debt, so that the balance of insurance proceeds remaining available to Landlord for completion of repairs shall be insufficient to repair said damage or destruction;
- d) the holder of any mortgage on the Building or ground or underlying lessor with respect to the Project and/or the Building shall terminate the mortgage, ground or underlying lease, as the case may be;
- e) provided Landlord has carried the coverage Landlord is required to obtain under Section 19.1 of this Lease, the damage is not fully covered, except for deductible amounts, by Landlord's insurance policies;

- f) more than thirty-three and one-third percent (33 1/3%) of the Building is damaged or destroyed, whether or not the Premises is affected, provided that Landlord elects to terminate all other leases for offices of a similar size in the Building.

If Landlord elects not to complete repairs to the Building or Premises, pursuant to this Section 12.3, Landlord's election to terminate this Lease shall be stated in the Repair Period Notice, in which event this Lease shall cease and terminate as of the date contained in Landlord's Repair Period Notice.

If one hundred percent of the Building is damaged or destroyed, as certified by an independent building inspector, this Lease shall automatically terminate after Tenant's receipt of written notice of such termination from Landlord, and without action beyond the giving of such notice being required by either Landlord or Tenant.

Upon any termination of this Lease pursuant to this Section 12.3, Tenant shall pay its prorata share of Fixed Monthly Rent and Additional Rent, properly apportioned up to the date of such termination, reduced by any abatement of Rent to which Tenant is entitled under Section 12.5; after which both Landlord and Tenant shall thereafter be freed and discharged of all further obligations under the Lease, except for those obligations which by their provisions specifically survive the expiration or earlier termination of the Term.

Section 12.4. Tenant's Option to Terminate. If

- a) the Repair Period Notice provided by Landlord indicates that the anticipated period for repairing the Casualty exceeds one hundred and eighty (180) days after the Casualty (the "Repair Period"), or
- b) the Casualty to the Premises occurs during the last twelve (12) months of the Term;
- then Tenant shall have the option, but not the obligation, to terminate this Lease by providing written notice ("Tenant's Termination Notice") to Landlord within thirty (30) days after receiving the Repair Period Notice in the case of 12.4 (a); or within thirty (30) days after the Casualty, in the case of Section 12.4 (b). Furthermore, if:
- c) Landlord does not complete the repairs required hereinabove within the Repair Period, and
- d) further provided Landlord has not diligently commenced and continued to prosecute to completion repair of the damage and/or destruction caused by the Casualty, and
- e) Landlord has not completed the repairs thereafter on or before thirty (30) days after the expiration of the Repair Period,

then Tenant shall also have the option, but not the obligation, to terminate this Lease by giving Landlord written notice of its intention to so terminate, which notice shall be given not more than forty-five (45) days after expiration of the Repair Period.

Tenant's failure to provide Landlord with Tenant's Termination Notice within the time periods specified hereinabove shall be deemed conclusive evidence that Tenant has waived its option to terminate this Lease.

Section 12.5. Temporary Space and/or Rent Abatement During Repairs or Renovation. During the Repair Period or during any such period that Landlord completes Work (as defined hereinbelow) or Renovations (as defined in Section 12.11 hereinbelow), if available, and if requested by Tenant, Landlord shall make available to Tenant other space in the Building which, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business. However, if such temporary space is smaller than the Premises, Tenant shall pay Fixed Monthly Rent and Additional Rent for the temporary space based upon the calculated rate per Rentable square foot payable hereunder for the Premises, times the number of Rentable square feet available for Tenant's use in the temporary space.

If no temporary space is available that is reasonably satisfactory to Tenant, and any part of the Premises is rendered untenable by reason of such Casualty, Work or Renovation; and further provided that the Casualty was not the result of the gross negligence or willful misconduct of Tenant or the gross negligence and/or willful misconduct of Tenant's agents, contractors, directors, employees, licensees, officers, partners or shareholders, then to the extent that all or said portion of the usable area of the Premises is so rendered untenable by reason of such Casualty, Work or Renovation, Tenant shall be provided with a proportionate abatement of Fixed Monthly Rent and Additional Rent. Said proportional abatement shall be based on the Usable Square Footage of the Premises that cannot and is not actually used by Tenant, divided by the total Usable square feet contained in the Premises. That proportional abatement, if any, shall be provided during the period beginning on the later of:

- a) the date of the Casualty, or
- b) the actual date on which Tenant ceases to conduct Tenant's normal business operations in all or any portion of the Premises,

and shall end on the date Landlord achieves substantial completion of restoration of the Premises. Tenant's acceptance of said abatement of Rent shall be deemed conclusive evidence of Tenant's waiver of any further claim or right of future claim for any loss or damage asserted by Tenant arising out of the Casualty Repair, Work or Renovation, as the case may be.

Section 12.6. Tenant's Waiver of Consequential Damages. Subject to Section 12.4, the provisions contained in Section 12.5 are Tenant's sole remedy arising out of any Casualty. Landlord shall not be liable to Tenant or any other person or entity for any direct, indirect, or consequential damage (including but not limited to lost profits of Tenant or loss of or interference with Tenant's business), unless caused by the gross negligence or willful misconduct of Landlord or the gross negligence or willful misconduct of Landlord's agents, contractors, directors, employees, licensees, officers, partners or shareholders, due

to, arising out of, or as a result of the Casualty (including but not limited to the termination of the Lease in connection with the Casualty).

Section 12.7. Repair Of The Premises When Casualty Not Caused By Tenant. If the cost of repair of any Casualty is covered under one or more of the insurance policies Landlord is required herein to provide, then, provided such Casualty is not a result of Tenant's negligence or misconduct or the negligence or misconduct of Tenant's agents, contractors, directors, employees, licensees, officers, partners or shareholders, Landlord shall restore the base core and shell of the Premises to its condition prior to the Casualty and repair and/or replace the Improvements previously installed in the Premises, to a maximum of \$35.00 per usable square foot. Tenant shall have the option to either, at Tenant's sole expense, complete the balance of repairs needed to restore the Improvements contained in the Premises to their condition prior to the Casualty or to continue Tenant's normal business operations in the Premises in the condition to which Landlord has so restored the Improvements.

If Landlord has elected to complete repairs to the Premises, and has not elected to terminate this Lease, as specified in Section 12.3, then Landlord shall complete such repairs within the Repair Period, in a manner, and at times, which do not unreasonably interfere with Tenant's use of that portion of the Premises remaining unaffected by the Casualty. Provided Landlord has elected to make the repairs required hereunder, this Lease shall not be void or voidable during the Repair Period, nor shall Landlord be deemed to have constructively evicted Tenant thereby.

Section 12.8. Repair of the Premises When Casualty Caused by Tenant. If the Casualty to all or any portion of the Premises resulted from the gross negligence and/or willful misconduct of Tenant or the gross negligence and/or willful misconduct of Tenant's agents, contractors, directors, employees, licensees, officers, partners or shareholders, Landlord shall not be required to repair any such injury or damage. Landlord shall only repair, at its expense, damage or destruction to the Building, and Tenant shall pay the cost of repairing the Premises and any deductible payable by Landlord for repair of the Building. Furthermore, Tenant hereby waives the provisions of California Civil Code Sections 1932(2) and 1933(4) and the provisions of any successor or other law of like import.

If the Casualty to all or any portion of the Premises was caused by the gross negligence and/or willful misconduct of Tenant or the gross negligence and/or willful misconduct of Tenant's agents, contractors, directors, employees, officers, partners, and/or shareholders, then, except in the case of Landlord's gross negligence and/or willful misconduct, Landlord shall not be liable for any inconvenience or annoyance to Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders, or for injury to the business of Tenant resulting in any way from such damage, or from Landlord's undertaking of such repairs.

Section 12.9. Repair of the Building. Except as specified hereinabove, unless Landlord terminates this Lease as permitted hereinabove, Landlord shall repair the Building, parking structure or other supporting structures and facilities within two hundred and seventy (270) days after Landlord becomes aware of such damage and/or destruction.

Section 12.10. Government-Required Repairs. If, during the Term, additional inspections other than those standard annual or biannual inspections to which the Building may generally be subject; testing, repairs and/or reconstruction (collectively the "Work") are required by any governmental authority, or if, upon the recommendation of its engineers, Landlord independently elects to undertake all or any portion of the Work prior to being required to do so by such governmental authority, Landlord shall give notice thereof to Tenant and shall use its best efforts not to unreasonably interfere with Tenant's use of the Premises while completing the Work. Tenant shall cooperate fully with Landlord in connection with the Work and, upon the prior written request of Landlord, shall make the Premises available for completion of the Work. Tenant agrees that Landlord shall allocate all costs associated with completion of the Work to the Building's Operating Expenses, when permitted to under the provisions of Section 4.1 of this Lease.

If Landlord elects to undertake the Work during the Term, then Tenant shall be entitled to an abatement of rent, pursuant to the provisions of Section 12.5 hereinabove, and Landlord shall be completely responsible for repair of any damage to the Premises and all costs associated with the removal, moving and/or storage of Tenant's furniture, artwork, office equipment and files. Landlord will restore any and all areas damaged by completion of the Work to their previous quality and pay all clean-up costs. Landlord further agrees that it shall use commercially reasonable efforts to see that all construction, such as coring or power nailing that could be disruptive to Tenant's normal business operations shall, in so far as is reasonably possible, be performed between the hours of 7:00 p.m. to 7:00 a.m. Monday through Friday; after 1:00 p.m. on Saturdays and/or at any time on Sundays.

Except in the case of Landlord's gross negligence and/or willful misconduct or the gross negligence and/or willful misconduct of Landlord's agents, contractors, directors, employees, officers, partners, and/or shareholders, Tenant shall not have the right to terminate this Lease as a result of Landlord undertaking the Work, nor shall Tenant or any third party claiming under Tenant be entitled to make any claim against Landlord for any interruption, interference or disruption of Tenant's business or loss of profits therefrom as a result of the Work, and Tenant hereby releases Landlord from any claim which Tenant may have against Landlord arising from or relating to, directly or indirectly, the performance of the Work by Landlord.

Section 12.11. Optional Landlord Renovation. It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate or decorate the Premises, Building, or any part thereof and that, except as set forth herein, no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant.

However, at any time and from time to time during the Term, Landlord may elect, in Landlord's sole discretion, to otherwise renovate, improve, alter or modify elements of the Project, the Building and/or the Premises (collectively, "Renovations") including without limitation, the parking facilities, common areas, systems, equipment, roof, and structural portions of the same, which Renovations may include, without limitation:

- a) modifying the common areas and tenant spaces to comply with applicable laws and regulations, including regulations relating to the physically disabled, seismic conditions and building safety and security, and
- b) installing new carpeting, lighting and wall covering in the Building common areas.

In connection with such Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in or about the Building, limit or eliminate access to portions of the Building, common areas or parking facilities serving the Building, or perform other work in or about the Building, which work may create noise, dust or debris that remains in the Building.

Landlord shall have the right to access through the Premises as well as the right to take into and upon and through all or any part of the Premises, or any other part of the Building, all materials that may reasonably be required to make such repairs, alterations, decorating, additions or improvements pursuant to the provisions of this Section 12.11. So long as Tenant shall maintain reasonable access to the Premises, the Building and the parking facilities, Landlord shall also have the right, in the course of the Renovations, to close entrances, doors, corridors, elevators, or other building facilities, or temporarily to abate the operation of such facilities.

So long as Tenant is not required to vacate the Premises for any reason arising out of the Renovations, and maintains reasonable access to the Premises and the parking facilities, Tenant shall permit all of the Renovations to be done, and except in the case of Landlord's gross negligence or willful misconduct or the gross negligence or willful misconduct of Landlord's contractors, directors, employees, officers, partners or shareholders, without claiming Landlord is guilty of the constructive eviction or disturbance of Tenant's use and possession.

Landlord shall not be liable to Tenant in any manner (except as expressly provided otherwise in this Lease), whether for abatement of any Rent or other charge, reimbursement of any expense, injury, loss or damage to Tenant's property, business, or any person claiming by or under Tenant, by reason of interference with the business of Tenant or inconvenience or annoyance to Tenant or the customers of Tenant resulting from any Renovations done in or about the Premises or the Building or to any adjacent or nearby building, land, street or alley. However, Landlord agrees that the Renovations shall be scheduled insofar as is commercially reasonable to permit Tenant to continue its normal business operations, with advance notice thereof, and in such commercially reasonable manner so as to minimize Tenant's inconvenience.





Section 12.12. Optional Tenant Changes During the Term. After completion of the initial Improvements contemplated hereunder, if any, Tenant shall make no alteration, change, addition, removal, demolition, improvement, repair or replacement in, on, upon, to or about the Premises, or at any time to any portion of the Building (collectively or individually a "Tenant Change"), without the prior written consent of Landlord, which consent shall be in Landlord's reasonable discretion. Except as otherwise specified in Article 7, any Tenant Change shall, at the termination of this Lease, become a part of the Building and belong to Landlord, pursuant to the provisions of Article 7. Any application for Landlord's consent to a Tenant Change, and the completion thereof, shall be in conformance with the provisions of Exhibit B, attached hereto and made a part hereof by reference.

Tenant shall not knowingly permit Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders to deface the walls, floors and/or ceilings of the Premises, nor mark, drive nails, screws or drill holes into, paint, or in any way mar any surface in the Building. Notwithstanding the above, Tenant is hereby permitted to install such pictures, certificates, licenses, artwork, bulletin boards and similar items as are normally used in Tenant's business, so long as such installation is carefully attached to the walls by Tenant in a manner reasonably prescribed by Landlord.

If Tenant desires, as a part of any Tenant Change, to make any revisions whatsoever to the electrical, HVAC, mechanical, plumbing, or structural systems of the Building or Premises, such revisions must be completed by subcontractors specified by Landlord and in the manner and location(s) reasonably prescribed by Landlord. If Tenant desires to install any telephone outlets, the same shall be installed in the manner and location(s) reasonably prescribed by Landlord.

If Landlord consents to any requested Tenant Change, Tenant shall give Landlord a minimum of fifteen (15) days written notice prior to commencement thereof. Landlord reserves the option, but not the obligation, to enter upon the Premises for the purpose of posting and maintaining such notices on the Premises as may be reasonably necessary to protect Landlord against mechanic's liens, material man's liens or other liens, and/or for posting any other notices that may be proper and necessary in connection with Tenant's completion of the Tenant Change.

If any alterations, additions or improvements made by Tenant result in Landlord being required to make any alterations to other portions of the Building in order to comply with any applicable statutes, ordinances or regulations (e.g., "handicap ordinances") then Tenant shall reimburse Landlord upon demand for all costs and expenses incurred by Landlord in making such alterations.

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Section 12.13. **Express Agreement.** The provisions of this Lease, including those contained in this Article 12, constitute an express agreement between Landlord and Tenant that applies in the event of any Casualty to the Premises, Building or Project. Tenant, therefore, fully waives the provisions of any statute or regulations, including California Civil Code Sections 1932(2) and 1933(4), and any other law or statute which purports to govern the rights or obligations of Landlord and Tenant concerning a Casualty in the absence of express agreement. Tenant and Landlord expressly agree and accept that any successor or other law of like import shall have no application hereunder.

ARTICLE 13 CONDEMNATION

Section 13.1. **Condemnation of the Premises.** If more than twenty-five percent (25%) of the Premises is lawfully condemned or taken in any manner for any public or quasi-public use, or if any portion of the Building is condemned or taken in such a manner that Tenant is reasonably prevented from obtaining access to the Building or the Premises, this Lease may, within ten (10) business days of such taking, be terminated at the option of either Landlord or Tenant by one party giving the other thirty (30) days written notice of its intent to do so. If either Landlord or Tenant provide the other party written notice of termination, the Term and estate hereby granted shall forthwith cease and terminate as of the earlier of the date of vesting of title in such condemnation or taking or the date of taking of possession by the condemning authority.

If less than twenty-five percent (25%) of the Premises is so condemned or taken, then the term and estate hereby granted with respect to such part shall forthwith cease and terminate as of the earlier of the date of vesting of title in such condemnation or taking or the date of taking of possession by the condemning authority, and the Fixed Monthly Rent payable hereunder (and Additional Rent payable pursuant to Articles 3 or 4) shall be abated on a prorated basis, by dividing the total number of Usable square feet so taken by the total number of Usable square feet contained in the Premises, then multiplying said percentage on a monthly basis, continuing from the date of such vesting of title to the date specified in this Lease for the expiration of the Term hereof.

Section 13.2. **Condemnation of the Building.** If less than twenty-five percent (25%) of the Building is so condemned or taken, then Landlord shall, to the extent of the proceeds of the condemnation payable to Landlord and with reasonable diligence, restore the remaining portion of the Building as nearly as practicable to its condition prior to such condemnation or taking; except that, if such proceeds constitute less than ninety percent (90%) of Landlord's estimate of the cost of rebuilding or restoration, then Landlord may terminate this Lease on thirty (30) days prior written notice to Tenant.

If more than twenty-five percent (25%) of the Building is so condemned or taken, but the Premises are unaffected thereby, then Landlord shall have the option but not the obligation, which election shall be in Landlord's sole discretion, to terminate this Lease, effective the earlier of the date of vesting of title in such condemnation or the date Landlord delivers actual possession of the Building and Premises to the condemning authority, which election by Landlord shall be provided to Tenant in writing.

Section 13.3. **Award.** If any condemnation or taking of all or a part of the Building takes place, Tenant shall be entitled to join in any action claiming compensation therefore, and Landlord shall be entitled to receive that portion of the award made for the value of the Building, Premises, leasehold improvements made or reimbursed by Landlord, or bonus value of the Lease, and Tenant shall only be entitled to receive any award made for the value of the estate vested by this Lease in Tenant, including Tenant's proximate damages to Tenant's business and reasonable relocation expenses. Nothing shall preclude Tenant from intervening in any such condemnation proceeding to claim or receive from the condemning authority any compensation to which Tenant may otherwise lawfully be entitled in such case in respect of Tenant's property or for moving to a new location.

Section 13.4. **Condemnation for a Limited Period.** Notwithstanding the provisions of Section 13.1, 13.2 or 13.3, except during the final twelve (12) months of the Term, if all or any portion of the Premises are condemned or taken for governmental occupancy for a limited period (i.e. - anticipated to be no longer than sixty (60) days), then this Lease shall not terminate; there shall be no abatement of Fixed Monthly Rent or Additional Rent payable hereunder; and Tenant shall be entitled to receive the entire award therefor (whether paid as damages, rent or otherwise).

If, during the final twelve (12) months of the Term, all or any portion of the Premises are condemned or taken for governmental occupancy for a limited period anticipated to be in excess of sixty (60) days, or for a period extended after the expiration of the initial Term, Tenant shall have the option, but not the obligation, to terminate this Lease, in which case, Landlord shall be entitled to such part of such award as shall be properly allocable to the cost of restoration of the Premises, and the balance of such award shall be apportioned between Landlord and Tenant as of the date of such termination.

If the termination of such governmental occupancy is prior to expiration of this Lease, and Tenant has not elected to terminate this Lease, Tenant shall, upon receipt thereof and to the extent an award has been made, restore the Premises as nearly as possible to the condition in which they were prior to the condemnation or taking.

ARTICLE 14 MORTGAGE SUBORDINATION; ATTORNMEN AND MODIFICATION OF LEASE

Section 14.1. **Subordination.** This Lease, the Term and estate hereby granted, are and shall be subject and subordinate to the lien of each mortgage which may now or at any time hereafter affect Landlord's interest in the real property, Building, parking facilities, common areas or portions thereof and/or the land thereunder (an "underlying mortgage"); regardless of the interest rate, the terms of repayment, the

use of the proceeds or any other provision of any such mortgage. Tenant shall from time to time execute and deliver such instruments as Landlord or the holder of any such mortgage may reasonably request to confirm the subordination provided in this Section 14.1.

Section 14.2. Attornment. Tenant confirms that if by reason of a default under an underlying mortgage the interest of Landlord in the Premises is terminated, provided Tenant is granted in writing continued quiet enjoyment of the Premises pursuant to the terms and provisions of this Lease, Tenant shall attorn to the holder of the reversionary interest in the Premises and shall recognize such holder as Tenant's landlord under this Lease, but in no event shall such holder be bound by any payment of Rent paid more than one month in advance of the date due under this Lease. Tenant shall, within ten (10) calendar days after request therefor, execute and deliver, at any time and from time to time, upon the request of Landlord or of the holder of an underlying mortgage any instrument which may be necessary or appropriate to evidence such attornment. If Tenant fails to so execute and deliver any such instrument, then Tenant hereby irrevocably appoints Landlord or such holder as its attorney-in-fact to execute and deliver for and on behalf of Tenant any such instrument.

Section 14.3. Modification of Lease; Notice of Default. If any current or prospective mortgagee or ground lessor for the Building requires a modification or modifications of this Lease, which modification or modifications will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then in such event, Tenant agrees that this Lease may be so modified. Tenant agrees to execute and deliver to Landlord within ten (10) calendar days following the request therefor whatever documents are required to effectuate said modification. Should Landlord or any such current or prospective mortgagee or ground lessor require execution of a short form of Lease for recording, containing, among other customary provisions, the names of the parties, a description of the Premises and the Term, Tenant agrees to execute and deliver to Landlord such short form of Lease within ten (10) calendar days following the request therefor. Further, Tenant shall give written notice of any default by Landlord under this Lease to any mortgagee and ground lessor of the Building and shall afford such mortgagee and ground lessor a reasonable opportunity to cure such default prior to exercising any remedy under this Lease.

ARTICLE 15 ESTOPPEL CERTIFICATES

Section 15.1. Estoppel Certificates. Tenant shall, within ten (10) business days after receipt of Landlord's written request therefor, execute, acknowledge and deliver to Landlord an Estoppel Certificate, which may be conclusively relied upon by any prospective purchaser, mortgagee or beneficiary under any deed of trust covering the Building or any part thereof. Said Estoppel Certificate shall certify the following:

- a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification);
- b) the date, if any, to which rental and other sums payable hereunder have been paid;
- c) that no notice has been received by Tenant of any default which has not been cured, except as to defaults specified in the certificate;
- d) that Landlord is not in default under this Lease or, if so, specifying such default; and
- e) such other factual matters as may be reasonably requested by Landlord.

Tenant's failure to deliver the Estoppel Certificate within the time period specified above shall constitute a material default under the Lease, and Landlord shall have the option, but not the obligation, to enforce the remedies contained in Article 18.

ARTICLE 16 NOTICES

Section 16.1. Notices. Any notice, consent, approval, agreement, certification, request, bill, demand, statement, acceptance or other communication hereunder (a "notice") shall be in writing and shall be considered duly given or furnished when:

- a) delivered personally or by messenger or overnight delivery service, with signature evidencing such delivery;
- b) upon the date of delivery, after being mailed in a postpaid envelope, sent certified mail, return receipt requested, when addressed to Landlord as set forth in the Basic Lease Information and to Tenant at the Premises and any other address for Tenant specified in the Basic Lease Information; or to such other address or addressee as either party may designate by a written notice given pursuant hereto; or
- c) upon confirmation of good transmission if sent via facsimile machine to such phone number as shall have been provided in writing by Landlord or Tenant, one to the other.

If Tenant fails to provide another valid address, other than the Premises, upon which service to Tenant can be perfected, then Tenant hereby appoints as its agent to receive the service of all dispossession or distraint proceedings and notices thereunder the person in charge of or occupying the Premises at the time, and if no person shall be in charge of or occupy the same, then such service may be made by attaching the same to the main entrance of the Premises.

**ARTICLE 17
DEFAULT AND LANDLORD'S OPTION TO CURE**

Section 17.1. Tenant's Default. For the purposes of this Section 17.1, if the term "Tenant", as used in this Lease, refers to more than one person, then, such term shall be deemed to include all of such persons or any one of them; if any of the obligations of Tenant under this Lease are guaranteed, the term "Tenant," as used in Section 17.1(e) and Section 17.1(f), shall be deemed to also include the guarantor or, if there is more than one guarantor, all or any one of them; and if this Lease has been assigned, the term "Tenant," as used in Sections 17.1 (a) through (h), inclusive, shall be deemed to include the assignee and assignor, jointly and severally, unless Landlord shall have, in connection with such assignment, previously released the assignor from any further liability under this Lease, in which event the term "Tenant," as used in said subparagraphs, shall not include the assignor that was previously released.

Tenant's continued occupancy and quiet enjoyment of the Premises and this Lease and the covenants and estate hereby granted are subject to the limitation that:

- a) if Tenant defaults in the payment of any Fixed Monthly Rent or Additional Rent on any date upon which the same becomes due, or
- b) if Tenant abandons or vacates the Premises, or
- c) if Tenant defaults in the keeping, observance or performance of any covenant or agreement set forth in Sections 6.1, 6.2, or 19.3, and if such default continues and is not cured by Tenant before the expiration of Landlord's written 3-Day Notice to Cure or Quit; or
- d) if Tenant defaults in the keeping, observance or performance of any covenant or agreement including any provisions of the rules and regulations established by Landlord (other than a default of the character referred to in Sections 17.1 (a), (b) or (c)), and if such default continues and is not cured by Tenant within fifteen (15) days after Landlord has given to Tenant a notice specifying the same, or, in the case of such a default which for causes beyond Tenant's reasonable control (including occupancy of a sublessee) cannot with due diligence be cured within such period of fifteen (15) days, if Tenant:
 - i) does not, promptly upon Tenant's receipt of such notice, advise Landlord of Tenant's intention duly to institute all steps necessary to cure such default or
 - ii) does not duly institute and thereafter diligently prosecute to completion all steps (including, if appropriate, legal proceedings against a defaulting sublessee) necessary to cure the same, or
- e) if Tenant fails to deliver the Estoppel Certificate required under Article 15 hereof within the time period specified, or
- f) if Tenant:
 - i) applies for or consents to the appointment of, or the taking of possession by a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property;
 - ii) admits in writing its inability, or is generally unable, to pay its debts as such debts become due;
 - iii) makes a general assignment for the benefit of its creditors;
 - iv) commences a voluntary case under federal bankruptcy laws (as now or hereafter in effect);
 - v) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts;
 - vi) fails to controvert in a timely or appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under such bankruptcy laws;
 - vii) take any action for the purpose of effecting any of the foregoing, or
- g) if a proceeding or case is commenced, without the application or consent of Tenant, in any court of competent jurisdiction, seeking:
 - i) the liquidation, reorganization, dissolution, winding up, or composition or readjustment of debts, of Tenant; or
 - ii) the appointment of a trustee, receiver, custodian, liquidator or the like of Tenant or of all or a substantial part of its assets; or
 - iii) similar relief with respect of Tenant under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days, or an order for relief against Tenant shall be entered in an involuntary case under such bankruptcy laws, or
- h) if Tenant fails to take possession of and move into the Premises within fifteen (15) calendar days after Landlord tenders the same in writing to Tenant, unless Tenant acknowledges and accepts the Commencement Date as occurring within such fifteen-day time period, and pays Rent thereon from such Commencement Date;

then, in any or each such event, Tenant shall be deemed to have committed a material default under this Lease.

Section 17.2. Landlord's Option to Cure Tenant's Default. If Tenant enters into a default under this Lease, in lieu of Landlord's issuance of a written notice, as specified hereinbelow, Landlord may cure the same at the sole expense of Tenant:

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- a) immediately and without notice in the case of emergency, if said default is specified in Sections 17.1 (a), (b) or (c), or if such default unreasonably interferes with the use by any other tenant of the Building; with the efficient operation of the Building; or will result in a violation of law or in a cancellation of any insurance policy maintained by Landlord, and
- b) after the expiration of Landlord's 3-Day Notice of Intent to Cure, in the case of any default other than those specified in Section 17.2 (a) hereinabove.

Section 17.3. Landlord's Option to Terminate this Lease. In addition to any other remedies Landlord may have at law or in equity, Landlord shall be entitled to give to Tenant a written notice of intention to terminate this Lease at the expiration of three (3) days from the date of the giving of such notice, and if such notice is given by Landlord, and Tenant fails to cure the defaults specified therein, then this Lease and the Term and estate hereby granted (whether or not the Commencement Date has already occurred) shall terminate upon the expiration of such three (3) day period (a "Default Termination"), with the same effect as if the last of such three (3) days were the Termination Date, except that Tenant shall remain liable for damages as provided hereinbelow or pursuant to law.

Section 17.4. Certain Payments. Bills for all reasonable costs and expenses incurred by Landlord in connection with any performance by it under Section 17.2 shall be payable, as Additional Rent, pursuant to the provisions of Section 4.3.

Section 17.5. Certain Waivers. Unless Tenant has submitted documentation that it validly disputes Landlord's billing for Fixed Monthly Rent hereunder, or is completing an audit of Landlord's Operating Expense Statement, if Tenant is in default in payment of Fixed Monthly Rent or Additional Rent hereunder, Tenant waives the right to designate the items against which any payments made by Tenant are to be credited. In lieu thereof, Landlord may apply any payments received from Tenant to the then-oldest billing remaining unpaid on Tenant's rental account or to any other payment due from Tenant, as Landlord sees fit.

Section 17.6. Landlord Default. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless:

- a) in the event such default is with respect to the payment of money, Landlord fails to pay such unpaid amounts within five (5) business days of written notice from Tenant that the same was not paid when due, or
- b) in the event such default is other than the obligation to pay money, Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) days period and thereafter diligently pursue the same to completion within a reasonable time period.

Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity.

**ARTICLE 18
DAMAGES; REMEDIES; RE-ENTRY BY LANDLORD; ETC.**

Section 18.1. Damages. If Landlord terminates this Lease, pursuant to the provisions of Section 17.3 (a "Default Termination"), then Landlord may recover from Tenant the total of:

- a) the worth at the time of award of the unpaid Fixed Monthly Rent and Additional Rent earned to the date of such Default Termination; and
- b) the worth at the time of award of the amount by which the unpaid Fixed Monthly Rent and Additional Rent which would have been earned after the date of such Default Termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and
- c) the worth at the time of award of the amount by which the unpaid Fixed Monthly Rent and Additional Rent which would have been earned for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and
- d) any other amount reasonably necessary to compensate Landlord for all of the detriment proximately caused by Tenant's failure to observe or perform any of its covenants and agreements under this Lease or which in the ordinary course of events would be likely to result therefrom, including, without limitation, the payment of the reasonable expenses incurred or paid by Landlord in re-entering and securing possession of the Premises and in the reletting thereof (including, without limitation, altering and preparing the Premises for new tenants and brokers' commission); and
- e) at Landlord's sole election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under applicable California laws.

Section 18.2. Computations: The "worth at the time of award" is computed:

- a) in paragraphs (a) and (b) above, by allowing interest at the rate of ten percent (10%) per annum (but in no event in excess of the maximum rate permitted by law); and
- b) in paragraph (c) above, by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).
- c) For purposes of computing unpaid rental which would have accrued and become payable under this Lease, unpaid rental shall consist of the sum of:

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- i) the total Fixed Monthly Rent for the balance of the Term, plus
- ii) a computation of Tenant's Share of Additional Rent due under the Lease including, without limitation, Tenant's Proportionate Share of any increase in Operating Expenses (including real estate taxes) for the balance of the Term. For purposes of computing any increases due Landlord hereunder, Additional Rent for the calendar year of the default and for each future calendar year in the Term shall be assumed to be equal to the Additional Rent for the calendar year prior to the year in which default occurs, compounded at a rate equal to the mean average rate of inflation for the preceding five calendar years as determined by the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index (All Urban Consumers, all items, 1982-84 equals 100) for the metropolitan area or region of which Los Angeles, California is a part. If such index is discontinued or revised, the average rate of inflation shall be determined by reference to the index designated as the successor or substitute index by the government of the United States.

Section 18.3. Re-Entry by Landlord.

- a) If a Default Termination occurs or any default specified in Sections 17.1 (a) through (g) occurs and continues beyond the period of grace (if any) therefor, Landlord or Landlord's authorized representatives may re-enter the Premises and remove all persons and all property therefrom, either by summary dispossession proceedings or by any suitable action or proceeding at law, without being liable to indictment, prosecution or damages therefor, and may repossess and enjoy the Premises. No re-entry or repossession of the Premises by Landlord or its representatives under this Section 18.3 shall be construed as an election to terminate this Lease unless a notice of such election is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. The words "re-enter", "re-entry" and "re-entering" as used herein are not restricted to their technical legal meanings.
- b) If any default specified in Sections 17.1 (a) through (g) occurs and continues beyond the period of grace (if any) therefor, then if Landlord does not elect to terminate this Lease Landlord may, from time to time and without terminating this Lease, enforce all its rights and remedies under this Lease, including the right to recover the Fixed Monthly Rent and Additional Rent as the same becomes payable by Tenant hereunder.
 - f) If Landlord consents thereto, Tenant may sublet the Premises or any part thereof (which consent Landlord agrees will not be unreasonably withheld), subject to Tenant's compliance with the requirements of Article 11 of this Lease. So long as Landlord is exercising this remedy it will not terminate Tenant's right to possession of the Premises, but it may engage in the acts permitted by Section 1951.4(c) of the California Civil Code.
- c) If Tenant abandons the Premises in breach of this Lease, Landlord shall have the right to relet the Premises or any part thereof on such terms and conditions and at such rentals as Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs in and to the Premises necessary to reletting. If Landlord so elects to relet, then gross rentals received by Landlord from the reletting shall be applied:
 - i) first, to the payment of the reasonable expenses incurred or paid by Landlord in re-entering and securing possession of the Premises and in the reletting thereof (including, without limitation, altering and preparing the Premises for new tenants and brokers' commissions);
 - ii) second, to the payment of the Fixed Monthly Rent and Additional Rent payable by Tenant hereunder; and
 - iii) third, the remainder, if any, to be retained by Landlord and applied to the payment of future Fixed Monthly Rent and Additional Rent as the same become due.

Should the gross rentals received by Landlord from the reletting be insufficient to pay in full the sums stated in Section 18.3 (a) and (b) hereinabove, Tenant shall, upon demand, pay the deficiency to Landlord.

Section 18.4. Certain Waivers. After Landlord has actually obtained possession of the Premises pursuant to any lawful order of possession granted in a valid court of law, Tenant thereafter waives and surrenders for Tenant, and for all claiming under Tenant, all rights and privileges now or hereafter existing to redeem the Premises (whether by order or judgment of any court or by any legal process or writ); to assert Tenant's continued right to occupancy of the Premises; or to have a continuance of this Lease for the Term hereof. Tenant also waives the provisions of any law relating to notice and/or delay in levy of execution in case of an eviction or dispossession for nonpayment of rent, and of any successor or other law of like import.

Section 18.5. Cumulative Remedies. The remedies of Landlord provided for in this Lease are cumulative and are not intended to be exclusive of any other remedies to which Landlord may be lawfully entitled. The exercise by Landlord of any remedy to which it is entitled shall not preclude or hinder the exercise of any other such remedy.

**ARTICLE 19
INSURANCE**

Section 19.1. Landlord Obligations:

- a) Landlord shall secure and maintain during the Term of this Lease the following insurance:
 - i) Commercial General Liability and Umbrella Liability insurance relating to Landlord's operation of the Building, for personal and bodily injury and death, and damage to other's property.

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- ii) All risk of standard fire insurance and extended coverage including vandalism and malicious mischief and sprinkler leakage endorsements relating to the Building, the parking facilities, the common area improvements and any and all improvements installed in, on or upon the Premises and affixed thereto (but excluding Tenant's fixtures, furnishings, equipment, personal property or other elements of Tenant's Property), and provided that the premium cost for coverage of the Improvements to the Premises in excess of a total value equal to Thirty-Five Dollars (\$35.00) per square foot of Usable Area in the Premises shall be directly reimbursed from Tenant to Landlord, pursuant to the provisions of Section 4.3 of this Lease;
 - iii) Such other insurance (including, without limitation, boiler and machinery, rental loss, earthquake and/or flood insurance) as Landlord reasonably elects to obtain or any Lender requires.
- b) Insurance effected by Landlord under this Section 19.1 will be:
- i) In amounts which Landlord from time to time determines sufficient or which any Lender requires; and
 - ii) Subject to such deductibles and exclusions as Landlord deems appropriate.
- c) Notwithstanding any contribution by Tenant to the cost of insurance premiums as provided herein, Tenant acknowledges that Tenant has no right to receive any proceeds from any insurance policies carried by Landlord.

Section 19.2. Tenant Obligations.

- a) At least ten (10) days prior to the earlier of the Commencement Date or Tenant's anticipated early possession date of the Premises and thereafter during the Term of this Lease, Tenant shall secure and maintain, at its own expense throughout the Term of this Lease the following minimum types and amounts of insurance, in form and in companies acceptable to Landlord, insuring Tenant, its employees, agents and designees:
- i) Workers' Compensation Insurance, the amount and scope of which shall be the greater of (1) the insurance currently maintained by Tenant, or (2) the amount and scope required by statute or other governing law.
 - ii) Employer's Liability Insurance in amounts equal to the greater of (1) the insurance currently maintained by Tenant, or (2) the following: Bodily Injury by accident - \$1,000,000 each accident; Bodily Injury by disease - \$1,000,000 policy limit; and Bodily Injury by disease - \$1,000,000 each employee.
 - iii) Commercial General Liability and Umbrella Liability Insurance on an occurrence basis, without claims-made features, with bodily injury and property damage coverage in an amount equal to the greater of (1) the insurance currently maintained by Tenant or (2) a combined single limit of \$2,000,000; and such insurance shall include the following coverages: (A) Premises and Operations coverage with X, C, and U exclusions for explosion, collapse, and underground property damage deleted under both premises/operations and contractual liability coverage parts, if applicable; (B) Owner and Contractor Protective coverage; (C) Products and Completed Operations coverage; (D) Blanket Contractual coverage, including both oral and written contracts; (E) Personal Injury coverage; (F) Broad Form Comprehensive General Liability coverage (or its equivalent); and (G) Broad Form Property Damage coverage, including completed operations.
 - iv) All risk of standard fire insurance and extended coverage with vandalism and malicious mischief and sprinkler leakage endorsements, insuring fixtures, glass, equipment, merchandise, inventory and other elements of Tenant's Property in and all other contents of the Premises. Such insurance shall be in an amount equal to 100% of the replacement value thereof (and Tenant shall re-determine the same as frequently as necessary in order to comply herewith). The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair and/or replace the items so insured.
 - v) A commercially reasonable and customary policy of business interruption insurance with respect to the operation of Tenant's business.
 - vi) Any other forms of insurance Landlord may require from time to time, in form and amounts and for insurance risks against which a prudent tenant of comparable size in a comparable business would protect itself.
- b) All insurance policies maintained to provide the coverages required herein shall:
- i) Be issued by insurance companies authorized to do business in the state in which the leased premises are located, and with companies rated, at a minimum "A- VII" by A.M. Best;
 - ii) Be subject to the prior approval of Landlord (which approval shall not be unreasonably withheld) as to form, substance and insurer;
 - iii) Provide for a deductible only so long as Tenant shall remain liable for payment of any such deductible in the event of any loss;
 - iv) Contain appropriate cross-liability endorsements denying Tenant's insurers the right of subrogation against Landlord as to risks covered by such insurance, without prejudice to any waiver of indemnity provisions applicable to Tenant and any limitation of liability provisions applicable to Landlord hereunder, of which provisions Tenant shall notify all insurance carriers;

- v) Contain provisions for at least ten (10) days advance written notice to Landlord of cancellation due to non-payment and thirty (30) days advance written notice to Landlord of material modification or cancellation for any reason other than non-payment; and
- vi) Stipulate that coverages afforded under such policies are primary insurance as respects Landlord and that any other insurance maintained by Landlord are excess and non-contributing with the insurance required hereunder.
- c) No endorsement limiting or excluding a required coverage is permitted.
- d) Tenant shall deliver to Landlord upon execution of this Lease, written evidence of insurance coverages required herein. Tenant shall deliver to Landlord no less than fifteen (15) days prior to the expiration of any required coverage, written evidence of the renewal or replacement of such coverage. Landlord's failure at any time to object to Tenant's failure to provide the specified insurance or written evidence thereof (either as to the type or amount of such insurance) shall not be deemed as a waiver of Tenant's obligations under this Section.
- e) Landlord shall be named as an additional insured on the Tenant's policies of General Liability and Umbrella Liability insurance and as a loss payee on the Tenant's policies of All Risk insurance as their interest may appear. Tenant shall deliver to Landlord the appropriate endorsements evidencing additional insured and loss payee status. Any claim for loss under said insurance policies shall be payable notwithstanding any act, omission, negligence, representation, misrepresentation or other conduct or misconduct of Tenant which might otherwise cause cancellation, forfeiture or reduction of such insurance.
- f) The insurance requirements in this Section shall not in any way limit, in either scope or amount, the indemnity obligations separately owed by Tenant to Landlord under the Lease.
- g) Nothing herein shall in any manner limit the liability of Tenant for non-performance of its obligations or for loss or damage for which Tenant is responsible. The aforementioned minimum limits of policies shall in no event limit the liability of Tenant hereunder.
- h) Tenant may, at its option, satisfy its insurance obligations hereunder by policies of so-called blanket insurance carried by Tenant provided that the same shall, in all respects, comply with the provisions hereof. In such event, Tenant shall not be deemed to have complied with its obligations hereunder until Tenant shall have obtained and delivered to Landlord a copy of each such policy together with an appropriate endorsement or certificate applicable to and evidencing full compliance with the specific requirements of the Lease (irrespective of any claim which may be made with respect to any other property or liability covered under such policy), and until the same shall have been approved by Landlord in writing.

Section 19.3. Compliance with Building Insurance Requirements. After Tenant takes occupancy of the Premises, Tenant shall not violate or permit in, on or upon the Premises the violation of any condition imposed by such standard fire insurance policies as are normally issued for office buildings in the City or County in which the Building is located. Tenant shall not do, suffer or permit anything to be done, or keep, suffer or permit anything to be kept, in the Premises which would increase the risk ratings or premium calculation factors on the Building or property therein (collectively an "Increased Risk"), or which would result in insurance companies of good standing refusing to insure the Building or any property appurtenant thereto in such amounts and against such risks as Landlord may reasonably determine from time to time are appropriate.

Notwithstanding the above, if additional insurance is available to cover such Increased Risk, Tenant shall not be in default hereunder if:

- a) Tenant authorizes Landlord in writing to obtain such additional insurance; and
- b) prepays the annual cost thereof to Landlord for such additional coverage, as well as the additional costs, if any, of any increase in Landlord's other insurance premiums resulting from the existence or continuance of such Increased Risk.

Section 19.4. Waiver of Subrogation. Tenant agrees that if a loss occurs due to any of the perils for which Tenant is required hereunder to provide insurance, Tenant shall look solely to the insurance policies covering such loss or risk for recovery. Tenant hereby grants to Landlord, on behalf of any insurer providing insurance to Tenant with respect to the Premises, a waiver of any right of subrogation which any such insurer of Tenant may acquire against Landlord by virtue of payment of any loss under such insurance.

Section 19.5. Failure to Secure. If at any time during the Term, and after expiration of three (3) business days prior written demand therefore from Landlord, Tenant fails to:

- a) provide Landlord with access to a registered insurance broker of record that can verify Tenant's compliance with the requirement contained in this Article 19; or
- b) provide documentation reasonably acceptable to Landlord that Tenant has secured and maintained the insurance coverage required hereunder,

then such failure shall be considered a material default under the Lease, and Landlord shall have the option, but not the obligation, without further notice or demand to obtain such insurance on behalf of or as the agent of Tenant and in Tenant's name.

Tenant shall pay Landlord's billing for the premiums associated with such insurance policy or policies within five (5) days after receipt of Landlord's billing, as well as such other reasonable costs and fees arising out of such default, together with interest on the entire amount so advanced by Landlord, at

the rate of ten percent (10%) per annum, computed from the date of such advance. Such advances, if made by Landlord, shall be construed as and considered Additional Rent under this Lease.

**ARTICLE 20
MISCELLANEOUS**

Section 20.1. Entire Agreement. This Lease, including the exhibits and guaranty of lease, if any, annexed hereto, contains all of the agreements and understandings relating to the leasing of the Premises and the obligations of Landlord and Tenant in connection therewith and neither party and no agent or representative thereof has made or is making, and neither party in executing and delivering this Lease is relying upon, any warranties or representations, except to the extent set forth in this Lease. All understandings and agreements heretofore had between Landlord and Tenant relating to the leasing of the Premises are merged in this Lease, which alone fully and completely expresses their agreement. The Riders (if any) and Exhibits annexed to this Lease and the Construction Agreement are hereby incorporated herein and made a part hereof.

Section 20.2. No Waiver or Modification. The failure of Landlord or Tenant to insist in any instance upon the strict keeping, observance or performance of any covenant or agreement contained in this Lease or to exercise any election herein contained shall not be construed as a waiver or relinquishment for the future of such covenant or agreement, but the same shall continue and remain in full force and effect. No waiver or modification by either Landlord or Tenant of any covenant or agreement contained in this Lease shall be deemed to have been made unless the same is in writing executed by the party whose rights are being waived or modified. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder unless accepted in writing by Landlord. The receipt and retention by Landlord, and the payment by Tenant, of Fixed Monthly Rent or Additional Rent with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach by either Landlord or Tenant.

Section 20.3. Time of the Essence. Time is of the essence of this Lease and of all provisions hereof, except in respect to the delivery of possession of the Premises at the Commencement Date.

Section 20.4. Force Majeure. For the purposes of this Lease, "Force Majeure" shall be defined as any or all prevention, delays or stoppages and/or the inability to obtain services, labor, materials or reasonable substitutes therefor, when such prevention, delay, stoppage or failure is due to strikes, lockouts, labor disputes, acts of God, governmental actions, civil commotion, fire or other casualty, and/or other causes beyond the reasonable control of the party obligated to perform, except that Force Majeure may not be raised as a defense for Tenant's non-performance of any obligations imposed by the Lease with regard to the payment of Fixed Monthly Rent and/or Additional Rent.

Notwithstanding anything to the contrary contained in this Lease, Force Majeure shall excuse the performance of such party for a period equal to any such prevention, delay, stoppage or inability. Therefore, if this Lease specifies a time period for performance of an obligation by either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

Section 20.5. Broker. Landlord and Tenant represent to one another that each has dealt with no broker in connection with this Lease other than Douglas, Emmett and Company. Landlord and Tenant shall hold one another harmless from and against any and all liability, loss, damage, expense, claim, action, demand, suit or obligation arising out of or relating to a breach by the indemnifying party of such representation. Landlord agrees to pay all commissions due to the brokers listed above created by Tenant's execution of this Lease.

Section 20.6. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 20.7. Submission of Lease. Whether or not rental deposits have been received by Landlord from Tenant, and whether or not Landlord has delivered to Tenant an unexecuted draft version of this Lease for Tenant's review and/or signature, no contractual or other rights shall exist between Landlord and Tenant with respect to the Premises, nor shall this Lease be valid and/or in effect until this Lease has been fully executed and a duplicate original of said fully-executed Lease has been delivered to both Landlord and Tenant.

The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or an option for Tenant to lease, or otherwise create any interest by Tenant in the Premises or any other offices or space situated in the Building. Execution of this Lease by Tenant and its return to Landlord shall not be binding upon Landlord, notwithstanding any time interval, until Landlord has in fact executed and delivered a fully-executed duplicate original of this Lease to Tenant. Landlord and Tenant agree hereby to authorize transmission of all or portions of documents, including signature lines thereon, by facsimile machines, and further authorize the other party to rely conclusively upon such facsimile transmissions as if the original had been received.

Section 20.8. Captions. The captions in this Lease are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms and provisions hereof.

Section 20.9. Singular and Plural, Etc. The words "Landlord" and "Tenant", as used herein, shall include the plural as well as the singular. Words used in the masculine gender include the feminine and neuter. If there be more than one Landlord or Tenant the obligations hereunder imposed upon Landlord and Tenant shall be joint and several.

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Section 20.10. Independent Covenants. Except where the covenants contained in one Article of this Lease are clearly affected by or contingent upon fulfillment by either party of another Article or paragraph of this Lease, this Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any actions hereunder at Landlord's expense or to any set-off of the Rent or other amounts owing hereunder against Landlord; provided, however, that the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for the violation by Landlord of the provisions hereof so long as notice is first given to Landlord and any holder of a mortgage or deed of trust covering the Building, Project or any portion thereof, of whose address Tenant has theretofore been notified, and an opportunity is granted to Landlord and such holder to correct such violations as provided above.

Section 20.11. Severability. If any covenant or agreement of this Lease or the application thereof to any person or circumstance shall be held to be invalid or unenforceable, then and in each such event the remainder of this Lease or the application of such covenant or agreement to any other person or any other circumstance shall not be thereby affected, and each covenant and agreement hereof shall remain valid and enforceable to the fullest extent permitted by law.

Section 20.12. Warranty of Authority. If Landlord or Tenant signs as a corporation, limited liability company or a partnership, each of the persons executing this Lease on behalf of Landlord or Tenant hereby covenant and warrant that each is a duly authorized and existing entity, that each has and is qualified to do business in California, that the persons signing on behalf of Landlord or Tenant have full right and authority to enter into this Lease, and that each and every person signing on behalf of either Landlord or Tenant are authorized to do so.

Section 20.13. No Representations or Warranties. Neither Landlord nor Landlord's agents or attorneys have made any representations or warranties with respect to the Premises, the Building or this Lease, except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise.

Section 20.14. No Joint Venture or Partnership. This Lease shall not be deemed or construed to create or establish any relationship of partnership or joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.

Section 20.15. Tenant's Obligations At Its Sole Expense. Notwithstanding the fact that certain references in this Lease to acts required to be performed by Tenant hereunder, or to breaches or defaults of this Lease by Tenant, omit to state that such acts shall be performed at Tenant's sole expense, or omit to state that such breaches or defaults by Tenant are material, 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 expense, and all breaches or defaults by Tenant hereunder shall be deemed material.

Section 20.16. Attorneys' Fees. If litigation is instituted between Landlord and Tenant, the cause for which arises out of or in relation to this Lease, the prevailing party in such litigation shall be entitled to receive its costs (not limited to court costs), expenses and reasonable attorneys' fees from the non-prevailing party as the same may be awarded by the court.

Section 20.17. Waiver of Trial by Jury. In the interest of saving time and expense, Landlord and Tenant hereby consent to trial without a jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other or their successor-in-interest in respect to any matters arising out of or relating to this Lease.

Section 20.18. No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

Section 20.19. Prohibition Against Recording. Except as provided in Section 14.3 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant, and the recording thereof in violation of this provision shall make this Lease null and void at Landlord's election.

Section 20.20. Hazardous Waste. Tenant specifically agrees that, except for such limited quantities of office materials and supplies as are customarily used in Tenant's normal business operations, Tenant shall not engage or permit at any time, any operations or activities upon, or any use or occupancy of the Premises, or any portion thereof, for the purpose of or in any way involving the handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (whether legal or illegal, accidental or intentional) of any hazardous substances, materials or wastes, or any wastes regulated under any local, state or federal law.

Tenant shall, during the Term, remain in full compliance with all applicable laws governing its use and occupancy of the Premises, including, without limitation, the handling, manufacturing, treatment, storage, disposal, discharge, use, and transportation of hazardous substances, materials or wastes, and any wastes regulated under any local, state or federal law. Tenant will remain in full compliance with the terms and conditions of all permits and licenses issued to it by any governmental authority on account of any or all of its activities on the Premises.

Landlord represents that, to the best of Landlord's actual, current knowledge and without the duty of inquiry, as of the date of this Lease there are no material amounts of hazardous wastes or toxic materials ("Wastes") in or under the Building. If Landlord receives a written citation or written notification from a

Warner Center NCopy Right USA, Inc.USApril 12, 2004

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governmental authority with jurisdiction over the Building that Wastes existed in or on the Building prior to the Commencement Date (any such notice being referred to herein as a "Hazardous Materials Notice"), and such Wastes were neither created or brought in by Tenant, and Landlord does not choose to dispute such citation or notification, or is unsuccessful in the prosecution of such dispute, then Landlord agrees that it will hire a contractor certified to handle hazardous wastes and toxic materials, and will comply with the recommendation(s) of said contractor, whether for removal or encapsulation of the Wastes, or to leave said Wastes undisturbed. Said work, if any, shall be completed at Landlord's sole expense, unless the Wastes were brought in or created by Tenant, in which case said work shall be completed at Tenant's expense. In the event Tenant was not the cause of the Wastes which are the subject of the Hazardous Materials Notice and the event giving rise to such Hazardous Materials Notice occurred after the Commencement Date, any remediation work with respect to the same shall be an Operating Expense as provided in Article IV of this Lease.

Section 20.21. Transportation Management. Tenant shall, at Tenant's sole expense, fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Building, when the same have been mandated by an outside governmental authority having jurisdiction therefor and not when required for the convenience of Landlord.

In connection therewith, Tenant shall be responsible for the transportation planning and management for all of Tenant's employees while located at the Premises, by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities reasonably designated by Landlord. Such programs may include, without limitation:

- a) restrictions on the number of peak-hour vehicle trips generated by Tenant;
- b) requirements for increased vehicle occupancy;
- c) implementing an in-house ride-sharing program and/or appointing an employee transportation coordinator;
- d) working with employees of any Building (or area-wide) ridesharing program manager;
- e) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to ridesharing; and
- f) utilizing flexible work shifts for employees.

Section 20.22. Signage. Tenant may not install, inscribe, paint or affix any awning, shade, sign, advertisement or notice on or to any part of the outside or inside of the Building, or in any portion of the Premises visible to the outside of the Building or common areas without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

All signage and/or directory listings installed on behalf of Tenant, whether installed in, on or upon the public corridors, doorways, Building directory and/or parking directory (if any), or in any other location whatsoever visible outside of the Premises, shall be installed by Landlord, at Tenant's sole expense.

Tenant's identification on or in any common area of the Building shall be limited to Tenant's name and suite designation, and in no event shall Tenant be entitled to the installation of Tenant's logo in any portion of the Building or common areas. Furthermore, the size, style, and placement of letters to be used in any of Tenant's signage shall be determined by Landlord, in Landlord's sole discretion, in full conformance with previously-established signage program for the Building.





Except as specified hereinbelow, Tenant shall only be entitled to one (1) listing on the Building directory, or any parking directory ancillary thereto, which shall only show Tenant's business name and suite designation. Tenant shall also be entitled to designate a maximum of one (1) additional listing on said Building and/or parking directory, which listing shall be limited solely to Tenant's officers, employees, subsidiaries, affiliates and/or sublessees, if any. All of said listings shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed.

Section 20.23. Disclosure. Landlord and Tenant acknowledge that principals of Landlord have a financial interest in Douglas Emmett Realty Advisors and P.L.E. Builders.

Section 20.24. Confidentiality. Landlord and Tenant agree that the covenants and provisions of this Lease shall not be divulged to anyone not directly involved in the management, administration, ownership, lending against, or subleasing of the Premises, which permitted disclosure shall include, but not be limited to, the board members, legal counsel and/or accountants of either Landlord or Tenant.

Section 20.25. Guaranty. Concurrently with Tenant's execution of this Lease and as a condition precedent to the effectiveness of this Lease, Tenant shall cause Doron Hazut, an individual to execute and deliver to Landlord a Guaranty of Lease in the form of the Guaranty of Lease attached to this Lease as Exhibit E.

Section 20.26. ADA Compliance. Landlord represents that, as of the date of this Lease, to Landlord's actual, current knowledge, the structure of the Building is in material compliance with the requirements of the Americans with Disabilities Act of 1990, as amended ("ADA"). If Landlord receives a written notice or citation from any governmental authority with jurisdiction over the Building alleging that the structure of the Building does not comply with the ADA, and Landlord does not elect to dispute said citation or notification, or is unsuccessful in the prosecution of such dispute, and said non-compliance arose out of a condition existing before the date of this Lease, Landlord shall bear such reasonable costs as may be necessary to bring the structure of the Building in compliance with the ADA, at Landlord's sole expense.

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ARTICLE 21
PARKING

Section 21.1. **Parking.** Throughout the Term, Tenant shall purchase and assign to its employees, on a "must take" basis, the number of parking permits set forth in Section 21.1 of the Basic Lease Information ("BLI"). Except as otherwise permitted by Landlord's management agent in its reasonable discretion, and based on the availability thereof, in no event shall Tenant be entitled to purchase more than the number of parking permits listed in the BLI. If additional parking permits are available on a month-to-month basis, which determination shall be in the sole discretion of Landlord's parking agent, Tenant shall be permitted to purchase one or more of said permits on a first-come, first-served basis.

The initial rates to be paid by Tenant for such permits shall be: \$81.80 per single unreserved permit, and \$175.00 per single reserved permit, per month, including the ten percent (10%) tax currently charged by the City of Los Angeles.

Said parking permits shall allow Tenant to park in the Building parking facility at the prevailing monthly parking rate then in effect, which rate may be thereafter changed from time to time, in Landlord's sole discretion. Landlord shall retain sole discretion to designate the location of each parking space, and whether it shall be assigned, or unassigned, unless specifically agreed to otherwise in writing between Landlord and Tenant.

Guests and invitees of Tenant shall have the right to use, in common with guests and invitees of other tenants of the Building, the transient parking facilities of the Building at the then-posted parking rates and charges, or at such other rate or rates and charges as may be agreed upon from time to time between Landlord and Tenant in writing. Such rate(s) or charges may be changed by Landlord from time to time in Landlord's sole discretion, and shall include, without limitation, any and all fees or taxes relating to parking assessed to Landlord for such parking facilities.

Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders continued use of said transient, as well as monthly parking, shall be contingent upon Tenant and Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders continued compliance with the reasonable and non-discriminatory rules and regulations adopted by Landlord, which rules and regulations may change at any time or from time to time during the Term hereof in Landlord's sole discretion.

ARTICLE 22
CONCIERGE SERVICES

Section 22.1. **Provision of Services.** Landlord and Tenant acknowledge and understand that Landlord may, from time to time, make it possible for Tenant to use or purchase a variety of personal services which may include, but not be limited to, personal shopping, assistance with choosing or obtaining travel reservations, accommodations and/or tickets; tickets to performances, recommendations to eating establishments; and the like (collectively "Concierge Services").

Tenant acknowledges that said Concierge Services are provided by Landlord solely as an accommodation to and for the convenience of Tenant and Tenant's agents, contractors, directors, employees, licensees, officers, partners or shareholders, and Landlord does not make any representation, warranty or guarantee, express or implied, as to the quality, value, accuracy, or completeness of said Concierge Services, or whether or not Tenant shall be satisfied with the services and/or goods so provided and/or recommended. Landlord hereby disclaims any control over the variety or sufficiency of such services to be provided.

Tenant acknowledges that Tenant is not required to use such Concierge Services as a condition precedent to compliance with the Lease; that Tenant's use of such Concierge Services is strictly voluntary, and at the sole discretion and control of Tenant. Tenant shall independently make such financial arrangements for payment of the services provided as Tenant deems reasonable and of value.

Section 22.2. **Indemnification and Release by Tenant.** Notwithstanding anything to the contrary contained in the Lease, any city, county, state or federal ordinance, statute, regulation or law, Tenant's signature hereon indicates Tenant's agreement that solely as it relates to the purchase or use of Concierge Services by Tenant or the agents, contractors, employees, officers, partners, and/or shareholders of Tenant, Tenant, on behalf of itself and its agents, contractors, directors, employees, licensees, officers, partners or shareholders, does and shall hereby forever hold Landlord and Landlord's affiliates, agents, assigns, contractors, directors, employees, officers, parent organization, partners, representatives, shareholders, and subsidiaries (collectively the "Indemnitees") harmless from and forever release, remise, discharge, acquit and relieve the Indemnitees from and against any and all claims, demands, causes of action, obligations, liabilities, agreements, damages, cost (including, without limitation, reasonable attorneys' fees), loss, or liability of any kind or nature, whether asserted, known or unknown, suspected or unsuspected, in any way connected with, which any one or more of the Indemnitees may sustain or incur by reason of, related to, associated with, or arising out of the provision, use or the rendering of any such Concierge Services or the delivery of such Concierge Services to Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders.

Solely as it relates to the purchase or use of Concierge Services by Tenant or the agents, contractors, employees, officers, partners, and/or shareholders of Tenant, Tenant hereby expressly waives all rights and benefits conferred by the provisions of Section 1542 of the Civil Code of the State of California, which reads as follows:

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

In so doing, Tenant acknowledges that it will be unable to make any claim against Landlord or any other Indemnitees for damages that may exist as of the date or after the date of this release, but which Tenant does not know to exist, and which, if known, would materially have affected Tenant's decision to execute this document, regardless of whether Tenant's lack of knowledge, if any, is the result of ignorance, oversight, error, negligence or other cause.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease, effective the day and year first above written.

LANDLORD:

DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership

By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent

By: Michael J. Means
Michael J. Means, Vice President

Dated: 4/15/04

TENANT:

COPY RIGHT USA, INC.,
a California corporation

By: Doron Hazut
Name: DORON HAZUT
Title: PRESIDENT

By: _____
Name: _____
Title: _____
Dated: _____

GUARANTOR:

By executing below, Guarantor acknowledges receipt of a true, complete and correct original of the foregoing Lease, including Exhibits A through E.

Doron Hazut
Doron Hazut, an individual

Dated: 4-12-04

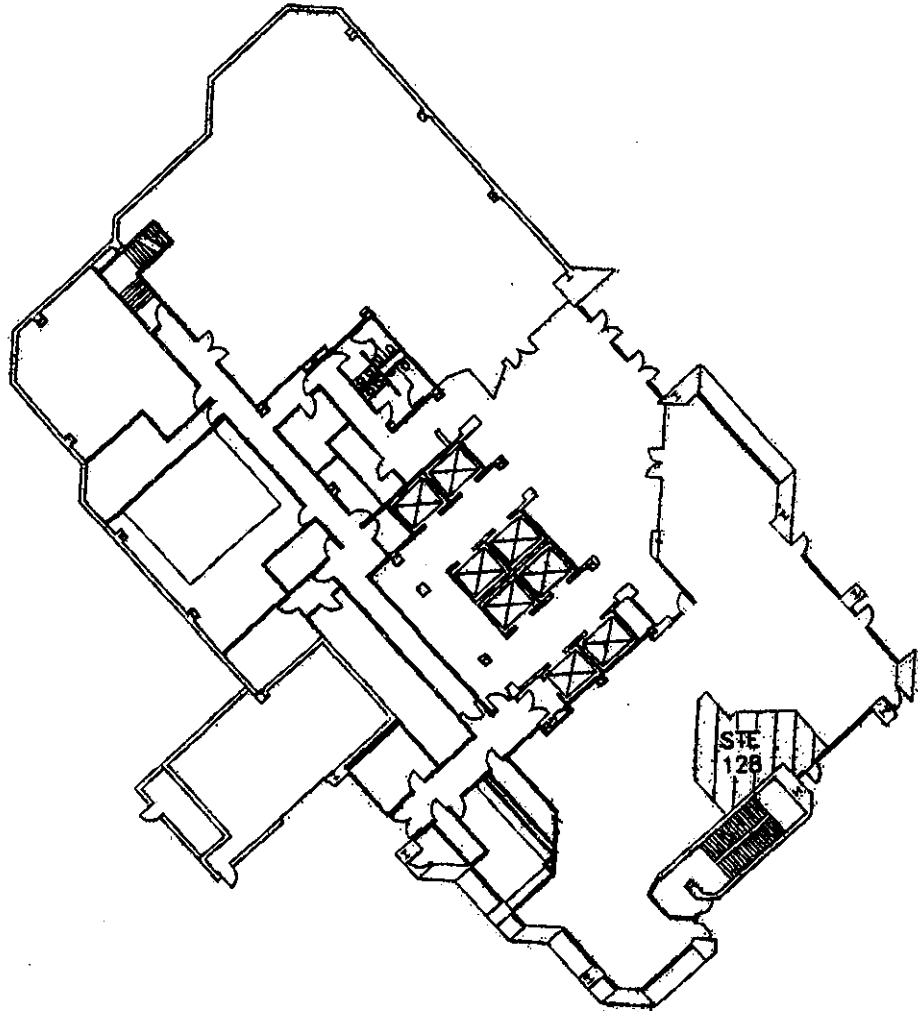
EXHIBIT A - PREMISES PLAN

Suite 128 at 21600 Oxnard Street, Woodland Hills, California 91367

Rentable Area: approximately 435 square feet

Usable Area: approximately 388 square feet

(Measured pursuant to the provisions of Section 1.4 of the Lease)



Warner Center I Copy Right USA, Inc. USA April 12, 2004

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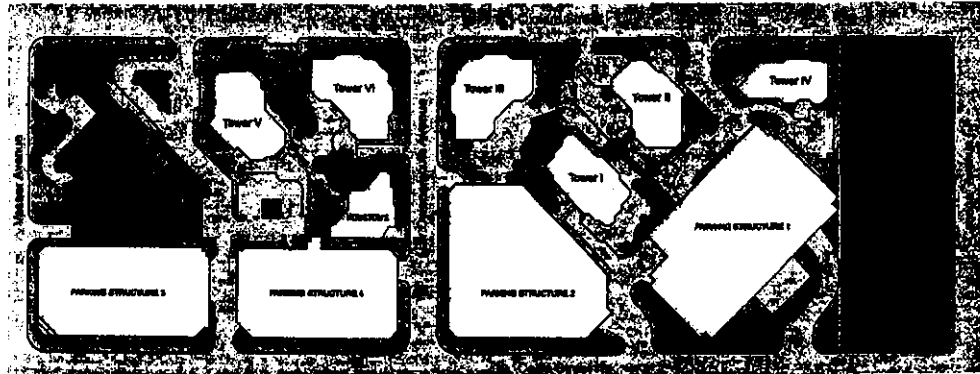
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EXHIBIT A-1 - PROJECT SITE PLAN



Warner Center ©Copy Right USA, Inc. USA April 12, 2004

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EXHIBIT B

CONSTRUCTION BY TENANT DURING TERM

1. If Tenant wishes to make a Tenant Change, as specified in Section 12.12 of the Lease, such Tenant Change shall be completed pursuant to the provisions of Section 12.12 of the Lease and this Exhibit B. Tenant shall bear all costs of said Tenant Change, which shall be paid directly to Tenant's general contractor ("Contractor").
2. Contractor shall complete construction to the Premises pursuant to the final Plans and Specifications approved in writing by Landlord and Tenant (the "Tenant Change"), in compliance with all applicable codes and regulations. Tenant's selections of finishes and materials shall be indicated on the Plans and Specifications, and shall be equal to or better than the minimum Building standards and specifications. All work not shown on the final Plans and Specifications, but which is to be included in the Tenant Change, including but not limited to, telephone service installation, furnishings or cabinetry, shall be installed pursuant to Landlord's reasonable directives.
3. Prior to commencing any work:
 - a) Tenant's proposed Contractor and the Contractor's proposed subcontractors and suppliers shall be approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. As a condition of such approval, so long as the same are reasonably cost competitive, then Contractor shall use Landlord's Heating, Venting, and Air-conditioning, plumbing, and electrical subcontractors for such work.
 - b) During completion of any Tenant Change, neither Tenant or Contractor shall permit any subcontractors, workmen, laborers, material or equipment to come into or upon the Building if the use thereof, in Landlord's reasonable judgment, would violate Landlord's agreement with any union providing work, labor or services in or about the Building.
 - c) Contractor shall submit to Landlord and Tenant a written bid for completion of the Tenant Change. Said bid shall include Contractor's overhead, profit, and fees, and, if the proposed Tenant Change is for cosmetic work in excess of \$5,000 in aggregate value per occurrence or for structural work of any kind, Contractor shall:
 - i pre-pay to Landlord's managing agent \$250.00 as partial payment of said managing agent's construction administration fee, as specified hereinbelow, and
 - ii upon completion of said Tenant Change, pay an administration fee for supervision of said Tenant Change equal to fifty dollars (\$50.00) per hour, to a maximum of seven and one-half percent (7.5%) of the total cost of the Tenant Change, to defray said agent's costs for supervision of the construction;
4. Tenant or Contractor shall submit all Plans and Specifications to Landlord, and no work on the Premises shall be commenced before Tenant has received Landlord's final written approval thereof, which shall not be unreasonably withheld, delayed or conditioned;
5. Contractor shall complete all architectural and planning review and obtain all permits, including signage, required by the city, state or county in which the Premises are located; and
6. Contractor shall submit to Landlord verification of public liability and worker's compensation insurance adequate to fully protect Landlord and Tenant from and against any and all liability for death or injury to persons or damage to property caused in or about or by reason of the construction of any work done by Contractor or Contractor's subcontractors or suppliers.
7. Unless otherwise waived in writing by Landlord, which waiver shall be in Landlord's sole discretion, Contractor shall provide payment and performance bonds in an amount equal to 100% of the estimated amount of Tenant Change, as specified to Landlord pursuant to Paragraph 2 (b).
8. Contractor and Contractor's subcontractors and suppliers shall be subject to Landlord's reasonable administrative control and supervision. Landlord shall provide Contractor and Contractor's subcontractors and suppliers with reasonable access to the Premises.
9. During construction of the Tenant Change, Contractor shall adhere to the procedures contained hereinbelow, which represent Landlord's minimum requirements for completion of the Tenant Change.
10. Upon completion of the Tenant Change, Tenant shall provide Landlord with such evidence as Landlord may reasonably request that the Contractor has been paid in full, and Contractor shall provide Landlord with lien releases as requested by Landlord, confirmation that no liens have been filed against the Premises or the Building. If any liens arise against the Premises or the Building as a result of the Tenant Change, Tenant shall immediately, at Tenant's sole expense, remove such liens and provide Landlord evidence that the title to the Building and Premises have been cleared of such liens.
11. Whether or not Tenant or Contractor timely complete the Tenant Change, unless the Lease is otherwise terminated pursuant to the provisions contained therein, Tenant acknowledges and agrees that Tenant's obligations under the Lease to pay Fixed Monthly Rent and/or Additional Rent shall continue unabated.

CONSTRUCTION POLICY

The following policies outlined are the construction procedures for the Building. As a material consideration to Landlord for granting Landlord's permission to Tenant to complete the construction contemplated hereunder, Tenant agrees to be bound by and follow the provisions contained hereinbelow:

_____ **DN** _____
 Initial Initial Initial Initial

EXHIBIT B
CONSTRUCTION BY TENANT DURING TERM
(continued)

ORIGINAL

1. Administration

- a) Contractors to notify the management office for the Building prior to starting any work. All jobs must be scheduled by the general contractor or sub-contractor when no general contractor is being used.
- b) The general contractor is to provide the Building Manager with a copy of the projected work schedule for the suite, prior to the start of construction.
- c) Contractor will make sure that at least one set of drawings will have the Building Manager's initials approving the plans and a copy delivered to the Building Office.
- d) As-built construction, including mechanical drawings and air balancing reports will be submitted at the end of each project.
- e) The HVAC contractor is to provide the following items to the Building Manager upon being awarded the contract from the general contractor:
 - i) A plan showing the new ducting layout, all supply and return air grille locations and all thermostat locations. The plan sheet should also include the location of any fire dampers.
 - ii) An Air Balance Report reflecting the supply air capacity throughout the suite, which is to be given to the Chief Building Engineer at the finish of the HVAC installation.
- f) All paint bids should reflect a one-time touch-up paint on all suites. This is to be completed approximately five (5) days after move-in date.
- g) The general contractor must provide for the removal of all trash and debris arising during the course of construction. At no time are the building's trash compactors and/or dumpsters to be used by the general contractor's clean-up crews for the disposal of any trash or debris accumulated during construction. The Building Office assumes no responsibility for bins. Contractor is to monitor and resolve any problems with bin usage without involving the Building Office. Bins are to be emptied on a regular basis and never allowed to overflow. Trash is to be placed in the bin.
- h) Contractors will include in their proposals all costs to include: parking, elevator service, additional security (if required), restoration of carpets, etc. Parking will be validated only if contractor is working directly for the Building Office.
- i) Any problems with construction per the plan, will be brought to the attention of and documented to the Building Manager. Any changes that need additional work not described in the bid will be approved in writing by the Building Manager. All contractors doing work on this project should first verify the scope of work (as stated on the plans) before submitting bids; not after the job has started.

2. Building Facilities Coordination

- a) All deliveries of material will be made through the parking lot entrance.
- b) Construction materials and equipment will not be stored in any area without prior approval of the Building Manager.
- c) Only the freight elevator is to be used by construction personnel and equipment. Under no circumstances are construction personnel with materials and/or tools to use the "passenger" elevators.

3. Housekeeping

- a) Suite entrance doors are to remain closed at all times, except when hauling or delivering construction materials.
- b) All construction done on the property that requires the use of lobbies or common area corridors will have carpet or other floor protection. The following are the only prescribed methods allowed:
 - i) Mylar: Extra heavy-duty to be taped from the freight elevator to the suite under construction.
 - ii) Masonite: 1/4 inch Panel, Taped to floor and adjoining areas. All corners, edges and joints to have adequate anchoring to provide safe and "trip-free" transitions. Materials to be extra heavy-duty and installed from freight elevator to the suite under construction.
- c) Restroom wash basins will not be used to fill buckets, make pastes, wash brushes, etc. If facilities are required, arrangements for utility closets will be made with the Building Office.
- d) Food and related lunch debris are not to be left in the suite under construction.
- e) All areas the general contractor or their sub-contractors work in must be kept clean. All suites the general contractor works in will have construction debris removed prior to completion inspection. This includes dusting of all window sills, light diffusers, cleaning of cabinets and sinks. All common areas are to be kept clean of building materials at all times so as to allow tenants access to their suites or the building.

4. Construction Requirements

- a) All Life and Safety and applicable Building Codes will be strictly enforced (i.e. tempered glass, fire dampers, exit signs, smoke detectors, alarms, etc.). Prior coordination with the Building Manager is required.
- b) Electric panel schedules must be brought up to date identifying all new circuits added.

EXHIBIT B
CONSTRUCTION BY TENANT DURING TERM
(continued)

ORIGINAL

- c) All electrical outlets and lighting circuits are to be properly identified. Outlets will be labeled on back side of each cover plate.
- d) All electrical and phone closets being used must have panels replaced and doors shut at the end of each day's work. Any electrical closet that is opened with the panel exposed must have a work person present.
- e) All electricians, telephone personnel, etc. will, upon completion of their respective projects, pick up and discard their trash leaving the telephone and electrical rooms clean. If this is not complied with, a clean-up will be conducted by the building janitors and the general contractor will be back-charged for this service.
- f) Welding or burning with an open flame will not be done without prior approval of the Building Manager. Fire extinguishers must be on hand at all times.
- g) All "anchoring" of walls or supports to the concrete are not to be done during normal working hours (7:30 AM - 6:00 PM, Monday through Friday). This work must be scheduled before or after these hours during the week or on the weekend.
- h) All core drilling is not to be done during normal working hours (7:30 AM - 6:00 PM, Monday through Friday). This work must be scheduled before or after these hours during the week or on the weekend.
- i) All HVAC work must be inspected by the Building Engineer. The following procedures will be followed by the general contractor:
 - i) A preliminary inspection of the HVAC work in progress will be scheduled through the Building Office prior to the reinstallation of the ceiling grid.
 - ii) A second inspection of the HVAC operation will also be scheduled through the Building Office and will take place with the attendance of the HVAC contractor's Air Balance Engineer. This inspection will take place when the suite in question is ready to be air-balanced.
 - iii) The Building Engineer will inspect the construction on a periodic basis as well.
- j) All existing thermostats, ceiling tiles, lighting fixtures and air conditioning grilles shall be saved and turned over to the Building Engineer.

Good housekeeping rules and regulations will be strictly enforced. The building office and engineering department will do everything possible to make your job easier. However, contractors who do not observe the construction policy will not be allowed to perform within this building. The cost of repairing any damages that are caused by Tenant or Tenant's contractor during the course of construction shall be deducted from Tenant's Allowance or Tenant's Security Deposit, as appropriate.

LANDLORD:

DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership

By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent

By: Michael J. Meads
Michael J. Meads, Vice President

Dated: 4/15/04

TENANT:

COPY RIGHT USA, INC.,
a California corporation

By: [Signature]
Name: DONALD VAULT
Title: PRESIDENT

By: _____
Name: _____
Title: _____
Dated: _____

EXHIBIT C
RULES AND REGULATIONS
BUILDING RULES AND REGULATIONS

1. Access. Tenant and/or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders shall only use the sidewalks, entrances, lobby(ies), garage(s), elevators, stairways, and public corridors as a means of ingress and egress, and shall take such actions as may reasonably be necessary to ensure that the same remain unobstructed at all times.

The entrance and exit doors to the Premises are to be kept closed at all times except as required for orderly passage to and from the Premises. Except on balconies available for the joint or exclusive use of Tenant as otherwise specified hereinabove, Tenant shall not permit its agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders to loiter in any part of the Building or obstruct any means of ingress or egress. Tenant shall not cover any doors, and shall not cover any window, other than with vertical or mini-blinds pre-approved in writing by Landlord. Landlord specifically disapproves the installation of any film or foil covering whatsoever on the windows of the Premises.

Neither Tenant, nor its agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders shall go up on the roof or onto any balcony serving the Building, except upon such roof, portion thereof, or balcony as may be contiguous to the Premises and is designated in writing by Landlord as a roof-deck, roof-garden area, or exclusive use balcony area.

2. Restroom Facilities. The toilet rooms, toilets, urinals, wash bowls and other apparatus (the "Restroom Facilities"), whether contained in the common areas of the Building and/or the interior of the Premises, shall not be used for any purpose other than that for which they were designed. Tenant shall not permit its agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders to throw foreign substances of any kind whatsoever or papers not specifically designated for use in the Restroom facilities down any toilet, or to dispose of the same in any way not in keeping with the instructions provided to Tenant by the management of the Building regarding same, and Tenant hereby specifically agrees to reimburse Landlord directly for the expense of any breakage, stoppage or damage resulting from Tenant's violation of this rule.

3. Heavy Equipment. Landlord reserves the right, in Landlord's sole discretion, to decline, limit or designate the location for installation of any safes, other unusually heavy, or unusually large objects to be used or brought into the Premises or the Building. In each case where Tenant requests installation of one or more such unusually heavy item(s), which request shall be conclusively evidenced by Tenant's effort to bring such item(s) into the Building or Premises, Tenant shall reimburse Landlord for the costs of any engineering or structural analysis required by Landlord in connection therewith. In all cases, each such heavy object shall be placed on a metal stand or metal plates or such other mounting detail of such size as shall be prescribed by Landlord.

Tenant hereby indemnifies Landlord against any damage or injury done to persons, places, things or the Building or its common areas when such damage or injury primarily arises out of Tenant's installation or use of one or more unusually heavy objects. Tenant further agrees to reimburse Landlord for the costs of repair of any damage done to the Building or property therein by putting in, taking out, or maintaining such safes or other unusually heavy objects.

4. Transportation of Freight. Except as otherwise agreed to by Landlord in writing, Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders shall only carry freight, furniture or bulky materials in or out of the Building before or after Normal Business Hours, (as that term is defined in Section 8.1 of the Lease). Tenant may only install and/or move such freight, furniture or bulky material after previous written notice of its intention to complete such a move, given to the Office of the Building. The persons and/or company employed by Tenant for such work must be professional movers, reasonably acceptable to Landlord, and said movers must provide Landlord with a certificate of insurance evidencing the existence of worker's compensation and all risk liability coverage in a minimum amount of \$2,000,000.

Tenant may, subject to the provisions of the immediately preceding paragraph, move freight, furniture, bulky matter and other material in or out of the Premises on Saturdays between the hours of 8:00 A.M. and 6:00 P.M., provided that Tenant pays in advance for Landlord's reasonably anticipated additional costs, if any, for elevator operators, security guards and other expenses arising by reason of such move by Tenant.

5. Flammable Materials. Except for such limited quantities of office materials and supplies as are customarily utilized in Tenant's normal business operations, Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline, flammable or combustible fluid or material, other than those limited quantities of normal business operating materials as may reasonably be necessary for the operation or maintenance of office equipment. Nor shall Tenant keep or bring into the Premises or the Building any other toxic or hazardous material specifically disallowed pursuant to California state law.

6. Cooking / Odors / Nuisances. Tenant shall not permit its agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders to engage in the preparation and/or serving of foods unless the Premises includes a self-contained kitchen area. Nor shall Tenant permit the odors arising from such cooking, or any other improper noises, vibrations, or odors to be emanate from the Premises. Tenant shall not obtain for use in the Premises, ice, drinking water, food, beverage, towel or other similar services except at such reasonable hours and under such reasonable regulations as may be specified by Landlord.

C-1 _____
Initial Initial Initial Initial

EXHIBIT C
RULES AND REGULATIONS (continued)

ORIGINAL

Tenant hereby agrees to instruct all persons entering the Premises to comply with the requirements of the Building, by advising all persons entering the Premises that smoking of any tobacco or other substance is prohibited at all times, except in such common areas located outside the Building as may be designated by the Building management.

Tenant shall not permit Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders to interfere in any way with other tenants of the Building or with those having business with them.

Tenant shall not permit its agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders to bring or keep within the Building any animal, bird or bicycle, except such seeing-eye dog or other disability assistance type animal as may comply with the requirements of any handicapped ordinances having jurisdiction therefor.

Tenant shall store its trash and garbage within the Premises. No material shall be placed in the trash boxes or receptacles if such material is a hazardous waste or toxic substance or is of such a nature that its disposal in Landlord's ordinary and customary manner of removing and disposing of trash and garbage would be a violation of any law, ordinance or company regulation governing such disposal. All garbage and refuse disposal shall be made only through entry ways and elevators provided for such purposes and at such times as Landlord shall designate. As and when directed by Landlord and/or if required by any governmental agency having jurisdiction therefor, Tenant shall comply with all directives for recycling and separation of trash.

Tenant shall not employ any person to do janitorial work in any part of the Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

Landlord reserves the right to exclude or expel from the Building any person who in Landlord's sole discretion is intoxicated or under the influence of liquor or drugs or who, in any manner, engages in any act in violation of the Rules and Regulations of the Building.

Tenant shall not conduct any public or private auction, fire sale or other sale of Tenant's personal property, furniture, fixtures or equipment or any other property located in or upon the Premises, without Landlord's prior written consent, which consent shall be in Landlord's sole discretion.

7. **Storage.** Tenant may only store goods, wares, or merchandise on or in the Premises in areas specifically designated by Landlord for such storage.

8. **Directives to Management.** Tenant's requirements, other than those Landlord specifically agrees to perform elsewhere in this Lease, shall only be attended to upon the Building management's receipt of Tenant's written request therefor. Landlord's employees shall not perform any work or do anything outside of their regular duties unless under special instruction from the Building management. No security guard, janitor or engineer or other employee of the Building management shall admit any person (Tenant or otherwise) to the Premises without specific instructions from the Office of the Building and written authorization for such admittance from Tenant.

9. **Keys and Locks.** Landlord shall furnish Tenant with two keys to each door lock existing in the Premises. Tenant shall reimburse Landlord a reasonable charge for these and any additional keys. Tenant shall not be permitted to have keys made, nor shall Tenant alter any lock or install a new or additional lock or bolts on any door of the Premises without Landlord's prior written consent. Tenant shall, in each case, furnish Landlord with a key for any additional lock installed or changed by Tenant or Tenant's agent(s). Tenant, upon the expiration or earlier termination of this Lease, shall deliver to Landlord all keys in the possession of Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders for doors in the Building, whether or not furnished to Tenant by Landlord. If Tenant, or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders, lose or misplace any key(s) to the Building, Landlord shall, in Landlord's sole discretion, either replace said key(s) or re-key such locks as may be affected thereby, and Tenant shall reimburse Landlord for all such costs of such re-keying and/or replacement.

10. **Solicitation.** Tenant and/or its agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders shall not permit any canvassing, peddling, soliciting and/or distribution of handbills or any other written materials to occur in the Premises and/or the Building, nor shall Tenant or Tenant's agents, clients, contractors, directors, employees, invitees, licensees, officers, partners or shareholders engage in such solicitation or distribution activities.

11. **Retail Sales, Services and Manufacturing Prohibited.** Except with the prior written consent of Landlord, Tenant shall not sell, or permit the retail sale of, newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises, nor shall Tenant carry on or permit or allow any employee or other person to carry on the independent business of stenography, typewriting or any similar business in or from the Premises for the service or accommodation of other occupants of any other portion of the Building. Tenant shall not permit the Premises to be used for manufacturing or for any illegal activity of any kind, or for any business or activity other than for Tenant's specific use.

12. **Change in Name or Address.** Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building.

13. **Projections from Premises.** Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or the exterior walls of the Building or in any area projecting outside the interior

EXHIBIT C
RULES AND REGULATIONS (continued)

ORIGINAL

walls of the Premises. Tenant shall not install or permit to be installed any awnings, air conditioning units or other projections, without the prior written consent of Landlord.

14. Superiority of Lease. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the covenants, agreements or provisions of this Lease. If a conflict or disagreement between the Lease and these Rules becomes apparent, this Lease shall prevail.

15. Changes to Rules and Regulations. Provided such changes do not materially harm Tenant's ability to conduct its normal business operations, Landlord shall retain the right to change, add or rescind any rule or regulation contained herein, or to make such other and further reasonable and non-discriminatory Rules and Regulations as in Landlord's sole judgment may, from time to time, become necessary for the management, safety, care and cleanliness of the Premises, the Building or the Parking Facilities, or for the preservation of good order therein, or for the convenience of other occupants and tenants therein, so long as such rescission, addition, deletion or change is thereafter reasonably applied to all occupants of the Building affected thereby.

PARKING RULES AND REGULATIONS

- A. Tenant shall strictly comply with all posted speed limits, directional signs, yield signs, stops signs and all other signs within or about the parking facilities.
- B. Tenant shall register all vehicle license plate numbers with the Building management.
- C. Tenant shall be responsible for the cost of repairing any damage to the parking facilities or cleaning any debris created or left by Tenant, including, without limitation, oil leakage from motor vehicles parked in the parking facilities under its auspices.
- D. Landlord, in addition to reserving the right to designate one or more areas solely for visitor parking, which areas may be changed by Landlord from time to time with or without prior notice to Tenant, reserves the right to allocate additional visitor spaces on any floor of the parking facilities. Tenant shall not park any vehicles in any spaces designated as visitor only spaces or customer spaces within the parking facilities.
- E. Tenant shall strictly comply with all rules, regulations, ordinances, speed limits, and statutes affecting handicapped parking and/or access, and shall not park any vehicles within the fire lanes, along parking curbs or in striped areas.
- F. Tenant shall only use the number of parking permits allocated to it and shall not permit more than one of its employees to utilize the same parking permit. Landlord reserves the right to assign or re-assign parking spaces within the Parking facilities to Tenant from time to time, and provided Landlord is required to do so by reason of any action arising out of a governmental mandate imposed on Landlord, Landlord further reserves the right at any time to substitute an equivalent number of parking spaces in a parking facilities or subterranean or surface parking facility within a reasonable distance of the Premises.
- G. Except with Landlord's managing agent(s)' prior written consent, Tenant shall not leave vehicles in the parking facilities overnight, nor park any vehicles in the parking facilities other than automobiles, motorcycles, motor-driven or non-motor-driven bicycles or four-wheeled trucks or vans. Landlord may, in its sole discretion, designate separate areas for bicycles and motorcycles. Tenant shall ensure that vehicles parking in the parking facilities by using the parking permits assigned to Tenant shall be parked entirely within the striped lines designating a single space and are not so situated or of such a width or length as to impede access to or egress from vehicles parked in adjacent areas or doors or loading docks. Further, all vehicles utilizing Tenant's parking permits shall not be higher than any height limitation that may be posted, or of such a size, weight or dimension so that entry of such vehicle into the parking facilities would cause any damage or injury thereto.
- H. Tenant shall not allow any of the vehicles parked using Tenant's permits, or the vehicles of any of Tenant's suppliers, shippers, customers or invitees to be loaded or unloaded in any area other than those specifically designated by Landlord for loading.
- I. Tenant shall not use or occupy the parking facilities in any manner which will unreasonably interfere with the use of the parking facilities by other tenants or occupants of the Building. Without limitation, Tenant agrees to promptly turn off any vehicle alarm system activated and sounding an alarm in the parking facilities. In the event said alarm system fails to turn off and no longer sound an intruder alert fifteen (15) minutes after commencing such an alarm, Landlord shall reserve the right to remove the vehicle from the parking facilities at Tenant's sole expense.
- J. Tenant acknowledges that the Rules and Regulations as posted herein shall be in effect twenty-four hours per day, seven days per week, without exception.
- K. Tenant acknowledges that the uniformed guard officers and parking attendants serving the parking facilities are authorized to issue verbal and written warnings of Tenant's violations of any of the rules and regulations contained herein. Except in the case of a car alarm continuing to sound in excess of a maximum of fifteen minutes, in which case no further notice by Landlord shall be required. If Tenant or Tenant's agents, contractors, directors, employees, officers, partners or shareholders continue to materially breach these rules and regulations after expiration of written notice and the opportunity to cure has been given to Tenant, then in addition to such other remedies and request for injunctive relief it may have, Landlord shall have the right, without additional notice,

EXHIBIT C
RULES AND REGULATIONS (continued)

ORIGINAL

to remove or tow away the vehicle involved and store the same, all costs of which shall be borne exclusively by Tenant and/or revoke Tenant's parking privileges and rights under the Lease.

LANDLORD:

DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership

By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent

By: Michael J. Means
Michael J. Means, Vice President

Dated: 4/15/09

TENANT:

COPY RIGHT USA, INC.,
a California corporation

By: [Signature]
Name: DONALD HART
Title: PRESIDENT

By: _____
Name: _____
Title: _____
Dated: _____

EXHIBIT D
FIRST AMENDMENT - COMMENCEMENT DATE AND TERM

This First Amendment to Lease (the "First Amendment"), dated April 12, 2004, is by and between DOUGLAS EMMETT REALTY FUND 2000, a California limited partnership ("Landlord"), with an office at 808 Wilshire Boulevard, Suite 200, Santa Monica, California 90401, and COPY RIGHT USA, INC., a California corporation ("Tenant"), with an office at 22309 Arminta Street, West Hills, California 91307.

WHEREAS,

A. Landlord, pursuant to the provisions of that certain written Office Lease, dated April 12, 2004 (the "Lease"), leased to Tenant and Tenant leased from Landlord space in the property located at 21600 Oxnard Street, Woodland Hills, California 91367 (the "Building"), commonly known as Suite 128 (the "Premises");

B. The provisions of said Lease specify that the Commencement Date shall be the date Landlord substantially completes the Improvements for which Landlord is obligated under the Lease, as conclusively evidenced by Tenant taking possession of the Premises;

C. Tenant took possession of the Premises on _____;

NOW, THEREFORE, in consideration of the covenants and provisions contained herein, and other good and valuable consideration, the sufficiency of which Landlord and Tenant hereby acknowledge, Landlord and Tenant agree:

1. **Confirmation of Defined Terms.** Unless modified herein, all terms previously defined and capitalized in the Lease shall hold the same meaning for the purposes of this First Amendment.
2. **Confirmation of Commencement Date and Term.** The Commencement Date is hereby confirmed to be _____, and the Term is hereby confirmed from and including _____ to and including _____.
3. **Revision in Fixed Monthly Rent.** Tenant acknowledges and agrees commencing _____, and continuing through _____, Tenant shall pay the initial Fixed Monthly Rent of \$ _____ per month. Furthermore, as of the Commencement Date, the provisions of Section 3.3 are hereby deleted in their entirety, and replaced in lieu thereof, with the following:
 "Commencing _____, and continuing throughout the remainder of the initial Term, the Fixed Monthly Rent payable by Tenant shall increase from \$ _____ per month to \$ _____ per month."
4. **Acceptance of Premises.** Tenant acknowledges and agrees that Landlord has completed the Improvements for which Landlord was obligated under the Lease to Tenant's satisfaction, and, as of the Commencement Date, the Premises were in good order and repair.
5. **Warranty of Authority.** If Landlord or Tenant signs as a corporation, or a limited liability company or a partnership, each of the persons executing this First Amendment on behalf of Landlord or Tenant hereby covenants and warrants that the corporation executing hereinbelow each is a duly authorized and existing entity that is qualified to do business in California; that the person(s) signing on behalf of either Landlord or Tenant have full right and authority to enter into this First Amendment; and that each and every person signing on behalf of either Landlord or Tenant are authorized in writing to do so.
6. **Broker Representation.** Landlord and Tenant represent to one another that it has dealt with no broker in connection with this Amendment other than Douglas, Emmett and Company. Landlord and Tenant shall hold one another harmless from and against any and all liability, loss, damage, expense, claim, action, demand, suit or obligation arising out of or relating to a breach by the indemnifying party of such representation. Landlord agrees to pay all commissions due to the brokers listed above created by Tenant's execution of this First Amendment.
7. **Successors and Heirs.** The provisions of this First Amendment shall inure to the benefit of Landlord's and Tenant's respective successors, assigns, heirs and all persons claiming by, through or under them.
8. **Confidentiality.** Landlord and Tenant agree that the covenants and provisions of this First Amendment shall not be divulged to anyone not directly involved in the management, administration, ownership, lending against, or subleasing of the Premises, other than Tenant's or Landlord's counsel-of-record or leasing or sub-leasing broker of record.
9. **Submission of Document.** No expanded contractual or other rights shall exist between Landlord and Tenant with respect to the Premises, as contemplated under this First Amendment, until both Landlord and Tenant have executed and delivered this First Amendment, whether or not any additional rental or security deposits have been received by Landlord, and notwithstanding that Landlord has delivered to Tenant an unexecuted copy of this First Amendment.

The submission of this First Amendment to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or an option for the Tenant to lease the Premises, or otherwise create any interest by Tenant in the Premises or any other portion of the Building other than the original Premises currently occupied by Tenant. Execution of this First Amendment by Tenant and its return to Landlord shall not be binding upon Landlord, notwithstanding any time interval, until Landlord has in fact executed and delivered this First Amendment to Tenant.

10. **Disclosure.** Landlord and Tenant acknowledge that principals of Landlord have a financial interest in Douglas Emmett Realty Advisors, Douglas Emmett and Company, and P.L.E. Builders.

Warner Center / Copy Right USA, Inc. USA April 12, 2004

D-1

 Initial Initial Initial Initial

EXHIBIT D
FIRST AMENDMENT - COMMENCEMENT DATE AND TERM (continued)

11. **Governing Law.** The provisions of this First Amendment shall be governed by the laws of the State of California.

12. **Reaffirmation.** Landlord and Tenant acknowledge and agree that the Lease, as amended herein, constitutes the entire agreement by and between Landlord and Tenant, and supersedes any and all other agreements written or oral between the parties hereto. Furthermore, except as modified herein, all other covenants and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this document as of the day and year written below.

LANDLORD:

DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership

By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent

By: _____
Michael J. Means, Vice President

Dated: _____

TENANT:

COPY RIGHT USA, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Dated: _____

**EXHIBIT E
GUARANTY OF LEASE**

THIS GUARANTY OF LEASE ("Guaranty") is made by DORON HAZUT, an individual (the "Guarantor"), in favor of DOUGLAS EMMETT REALTY FUND 2000, a California limited partnership ("Landlord"), in connection with that certain lease dated April 12, 2004, (the "Lease"), pursuant to which Landlord leases to COPY RIGHT USA, INC., a California corporation ("Tenant") those premises generally located at 21600 Oxnard Street, Suite 128, Woodland Hills, California 91367 (the "Premises") and more particularly described in the Lease. As a material inducement to and in consideration of Landlord entering into the Lease, Landlord having indicated that it would not enter into the Lease without the execution of this Guaranty, Guarantor does hereby agree with Landlord as follows:

1. Guarantor does hereby unconditionally and irrevocably guarantee and promise to perform and be liable for any and all obligations and liabilities of Tenant under the terms of the Lease.
2. Guarantor does hereby agree that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of Tenant under the Lease as so amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; (d) Landlord or any other person acting on Landlord's behalf may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; and (e) all or any part of the Premises or of Tenant's rights or liabilities under the Lease may be sublet, assigned or assumed.
3. The obligations of Guarantor hereunder are in addition to and independent of the obligations of Tenant. A separate action or actions may be brought and prosecuted against Guarantor whether action is brought against Tenant or whether Tenant is joined in any such action or actions. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Landlord to proceed against or exhaust any security held from Tenant or any other person; (b) any right to require Landlord to proceed against Tenant or any other person or to pursue any other remedy before proceeding against Guarantor; (c) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; (d) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (e) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without in any manner limiting the generality of the foregoing, Guarantor hereby waives the benefits of the provisions of Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849, 2850, 2899 and 3433, the second sentence of Section 2822(a) and all rights that are waivable pursuant to Section 2856, all of the California Civil Code, and any similar or analogous statutes of California or any other jurisdiction.
4. Guarantor hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of adverse change in the financial status of Tenant or other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind.
5. Until all Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation against the Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; and (b) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant under, arising out of or related to the Lease or Tenant's use or occupancy of the Premises.
6. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law.
7. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns (including any purchaser at a judicial foreclosure or trustee's sale or a holder of a deed in lieu thereof). This Guaranty may be assigned by Landlord voluntarily or by operation of law.
8. Guarantor agrees from time to time upon Landlord's request, but not more than once in any twelve (12) month period, to deliver to Landlord Guarantor's financial statement. All financial statements heretofore delivered to Landlord by Guarantor are, and all financial statements hereafter delivered to Landlord by Guarantor will be, true and correct in all material respects and fair presentations of the financial condition of Guarantor as of the date thereof, prepared in accordance with generally accepted accounting practices. No material adverse change has occurred in the financial condition of Guarantor since the date of the financial statements heretofore delivered to Landlord.
9. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant, or by any defense which Tenant may have by

EXHIBIT E
GUARANTY OF LEASE (continued)

ORIGINAL

reason of any order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

10. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any Guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer or director of Landlord.
11. If more than one person signs this Guaranty, each such person shall be deemed a Guarantor and the obligation of all such Guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.
12. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.
13. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof.
14. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party actual attorneys' fees, collection costs and other costs incurred in and in preparation for the action. In addition to the foregoing award of attorneys' fees, the ultimately successful party shall be entitled to its actual attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Guaranty into any judgment on this Guaranty. In any action or proceeding arising under this Guaranty, Guarantor consents to trial without a jury.
15. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.
16. If Guarantor is a corporation, each individual executing this Guaranty on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Guaranty on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the bylaws of said corporation, and that this Guaranty is binding upon said corporation in accordance with its terms. If Guarantor is a corporation, Landlord, at its option, may require Guarantor to concurrently, with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the board of directors of said corporation authorizing or ratifying the execution of this Guaranty.
17. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any assignee or subtenant of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise.
18. Any notice, request, demand, or other communication hereunder shall be in writing and shall be considered duly given or furnished when:
 - a. delivered personally or by messenger or overnight delivery service, with signature evidencing such delivery;
 - b. upon the date of delivery, after being mailed in a postpaid envelope, sent certified mail, return receipt requested, when addressed to Landlord as set forth below and to Guarantor as set forth below; or to such other address or addressee as either party may designate by a written notice given pursuant hereto; or
 - c. upon confirmation of good transmission if sent via facsimile machine to such phone number as shall have been provided in writing by Landlord or Guarantor, one to the other:

EXHIBIT E
GUARANTY OF LEASE (continued)

ORIGINAL

GUARANTOR:

c/o 21600 Oxnard Street, Suite 128
Woodland Hills, California 91367

LANDLORD:

c/o Douglas Emmett and Company
808 Wilshire Boulevard, Suite 200
Santa Monica, California 90401
Attn: Director of Property Management

19. As a further material part of the consideration to Landlord to enter into the Lease with Tenant, Guarantor agrees:

- a. The law of the State of California shall govern all questions with respect to the Guaranty;
- b. Any suit, action or proceeding arising directly or indirectly from the Guaranty, the Lease or the subject matter thereof shall be litigated only in courts located within the County of Los Angeles and the State of California;
- c. Guarantor hereby irrevocably consents to the jurisdiction of any local, state or federal court located within the County of Los Angeles and the State of California;
- d. Guarantor hereby waives personal service of any and all process upon it and consents to all such service of process in the manner and at the address set forth in Paragraph 18 above; and
- e. Without limiting the generality of the foregoing, Guarantor hereby waives and agrees not to assert by way of motion, defense or otherwise in any suit, action or proceeding any claim that Guarantor is not personally subject to the jurisdiction of the above-named courts, that such suits, action or proceeding is brought in an inconvenient forum or that the venue of such action, suit or proceeding is improper.

GUARANTOR:

Doron Hazut, an individual

Dated: _____

ACKNOWLEDGMENT

STATE OF _____)
) ss:
COUNTY OF _____)

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

WITNESS my hand and official seal.

Notary Public

FIRST AMENDMENT TO OFFICE LEASE

This First Amendment to Office Lease (the "First Amendment"), dated April 6, 2005, is made by and between DOUGLAS EMMETT REALTY FUND 2000, a California limited partnership ("Landlord"), with offices at 808 Wilshire Boulevard, Suite 200, Santa Monica, California 90401, and COPY RIGHT USA, INC., a California corporation ("Tenant"), with offices at 21600 Oxnard Street, Suite 128, Woodland Hills, California 91367.

WHEREAS,

A. Landlord, pursuant to the provisions of that certain written Office Lease, dated April 12, 2004 (the "Lease"), leased to Tenant and Tenant leased from Landlord space in the property located at 21600 Oxnard Street, Woodland Hills, California 91367 (the "Building"), commonly known as Suite 128 (the "Existing Premises");

B. The Commencement Date was June 1, 2004;

C. The Term of the Lease expires December 31, 2006, which Term Landlord and Tenant wish to accelerate such that the Term shall expire at midnight on the date immediately before the "Effective Date" (as such term is defined below), and which Term Landlord and Tenant hereby wish to extend commencing upon the Effective Date;

D. Tenant wishes to relocate its occupancy within the Building from the Existing Premises to office space, commonly known as Suite 125 and to be designated as Suite 128 on the Effective Date as shown on Exhibit A (the "Relocation Space"), which relocation Landlord has conditionally permitted, contingent upon Tenant's acceptance of and compliance with the provisions of this First Amendment; and

E. Landlord and Tenant, for their mutual benefit, wish to revise certain other covenants and provisions of the Lease.

NOW, THEREFORE, in consideration of the covenants and provisions contained herein, and other good and valuable consideration, the sufficiency of which Landlord and Tenant hereby acknowledge, Landlord and Tenant agree:

1. **Confirmation of Defined Terms.** Unless modified herein, all terms previously defined and capitalized in the Lease shall hold the same meaning for the purposes of this First Amendment.
2. **Extension of Term.** The Term of the Lease is hereby extended five (5) years and six months (the "Extended Term"), from and including the Effective Date (as hereinafter defined) through and including midnight on the date that is five (5) years and six (6) months after the Effective Date (the "Termination Date"). It is expressly understood and agreed that in no event shall Tenant have the right to further extend the Extended Term of the Lease.
3. **Relocation of Premises.** As of the Effective Date (defined in Paragraph 4 below), the definition of the Premises shall be revised to refer to the Relocation Space in place and instead of the Existing Premises, and wherever in the Lease the word "Premises" is found, it shall thereafter refer solely to the Relocation Space, as if the same had been originally included in said Lease.

As of the Effective Date, the Usable Area of the Premises shall increase from approximately 388 square feet to approximately 761 square feet and the Rentable Area of the Premises shall increase from approximately 435 square feet to approximately 853 square feet.

Landlord and Tenant agree that the Usable Area of the Relocation Space has been measured according to the June, 1996 standards published by the Building Owners' and Managers' Association ("BOMA"), and that Landlord is utilizing a deemed loss factor of 12.07% to compute the Rentable Area of the Relocation Space. Rentable Area herein is calculated as 1.1207 times the estimated Usable Area, regardless of what the actual square footage of the common areas of the Building may be, and whether or not they are more or less than 12.07% of the total estimated Usable Area of the Building. The purpose of this calculation is solely to provide a general basis for comparison and pricing of this space in relation to other spaces in the market area.

Landlord and Tenant further agree that even if the Rentable or Usable Area of the Premises and/or the total Building Area are later determined to be more or less than the figures stated herein, for all purposes of the Lease, the figures stated herein shall be conclusively deemed to be the actual Rentable or Usable Area of the Premises, as the case may be.

4. **Effective Date.** Tenant shall vacate the Existing Premises on or before Effective Date and shall tender possession thereof to Landlord in good condition and repair (reasonable wear and tear excepted), broom-clean, free of Tenant's furniture, fixtures, equipment, personal property and debris. If Tenant vacates the Existing Premises, but leaves any property, trash or debris therein, or if there is any damage to the Existing Premises beyond reasonable wear and tear, then the costs incurred by Landlord in the removal or repair of such items, as the case may be, shall be billed directly to Tenant as additional rent or, at Landlord's option, deducted from Tenant's security deposit.

The relocation contemplated under this First Amendment shall be effective on the later to occur of (a) the date Landlord substantially completes the Improvements as specified in Exhibit B attached hereto and (b) May 1, 2005 (the "Effective Date"). For the purposes of establishing the Effective Date, substantial completion shall be defined as that point in the construction process when all of the work to be performed as contemplated under Exhibit B has been completed in such a manner that Tenant could, if it took possession of the Relocation Space, enjoy beneficial occupancy thereof. Tenant's taking

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delivery of keys to the Relocation Space shall constitute Tenant's acknowledgment that Landlord has substantially completed the improvements contemplated hereunder, and that the Relocation Space is in good condition and order. The anticipated Effective Date is May 1, 2005. Tenant may take possession of the Relocation Space approximately two (2) weeks prior to the anticipated Effective Date solely for the purposes of installing Tenant's furniture, fixtures and equipment, computer and telephone cabling, which possession shall be subject to Tenant's compliance with all of the provisions and covenants contained herein, except for Tenant's obligation to pay Fixed Monthly Rent or Additional Rent. Notwithstanding the above, said early possession may not delay Landlord's completion of the Improvements called for hereunder, if any. If Tenant's early possession does so delay completion of the improvements, then such delay shall be chargeable to Tenant by deducting an amount equal to the Fixed Monthly Rent payable by Tenant, pro-rated daily, from Tenant's Security Deposit, for an equal number of days as the total days Landlord was so delayed. In addition, in the event the Improvements are substantially completed prior to May 1, 2005, Landlord shall deliver the Premises to Tenant on such date ("Delivery Date") and Tenant's occupancy of the Premises as of the Delivery Date until April 30, 2005 (the "Beneficial Occupancy Period") shall be subject to Tenant complying with all of the provisions and covenants contained herein, except that Tenant shall not be obligated to pay Fixed Monthly Rent or Additional Rent until the expiration of the Beneficial Occupancy Period.

If for any reason (including Landlord's inability to complete the Tenant Improvements called for hereunder) Landlord is unable to deliver possession of the Relocation Space to Tenant on the anticipated Effective Date, this First Amendment shall not be void or voidable, nor shall Landlord be liable to Tenant for any damage resulting from Landlord's inability to deliver such possession. However, solely with respect to the Relocation Space, Tenant shall not be obligated to pay any increase in the Fixed Monthly Rent or Additional Rent, as called for hereunder, until possession of the Relocation Space has been delivered to Tenant by Landlord. Except for such delay in the commencement of Rent, Landlord's failure to give possession of the Relocation Space on the anticipated Effective Date shall in no way affect Tenant's obligations hereunder.

If possession of the Relocation Space is not tendered by Landlord within one hundred twenty (120) days after the anticipated Effective Date, then Tenant shall have the right to terminate the provisions of this First Amendment (but not the original Lease) by giving written notice to Landlord within ten (10) days after such failure. If such notice of termination is not given by Tenant within said ten (10) day period, then the provisions of this First Amendment shall continue in full force and effect.

5. Release Of Liability and Claims. Contingent upon Landlord and Tenant fully performing the covenants and provisions contained herein and in the Lease, then, except as otherwise contained herein, on the Effective Date Landlord and Tenant shall be fully and unconditionally released and discharged from their respective obligations arising from or connected with the Lease with respect to the Existing Premises.

Tenant, for itself, and on behalf of any third party claiming by, on behalf of or after Tenant, hereby releases any rights or claims to occupancy of the Existing Premises and/or any benefit thereof, arising out of in connection with the Lease after the Effective Date.

6. Disclaimer. The Lease provides in Article 4 for payment of Tenant's Share and Tenant's Common Area Share periodically on an estimated basis with adjustment to the actual amounts due at some time in the future. Tenant has not received a final calculation of the actual amount due for the period of time ending on the date that is one day immediately prior to the Effective Date with respect to the Existing Premises. Accordingly, Tenant understands and agrees that:

a) Landlord's estimates or allocations of anticipated increases in Tenant's Share and Tenant's Common Area Share are only estimates by Landlord and are not intended nor shall be construed as a limitation or ceiling upon the actual amounts which may be due;

b) Tenant shall be solely responsible for Tenant's Share and Tenant's Common Area Share with respect to the Existing Premises through and including the date that is one day immediately prior to the Effective Date by virtue of such adjustments and shall be solely entitled to any refunds resulting from such adjustments, even if such calculations are rendered to Tenant by Landlord after the Effective Date; and

c) The final reconciliation of Tenant's Share and Tenant's Common Area Share shall not be completed until after the year end of the calendar year for which such computations are to be made, after which computation has been completed, Landlord shall notify Tenant of any adjustment in Additional Rent due for the balance of the Term with respect to the Existing Premises, computed to and including the date that is one day immediately prior to the Effective Date.

7. Increase in Tenant's Share. As of the Effective Date, Tenant's Share, as specified in Section 4.1(c) of the original Lease shall be .241%, and Tenant's Common Area Share, as specified in Section 4.1(d) of the original Lease, shall be 0.72%.

8. Revision in Fixed Rent. Commencing on the Effective Date, and continuing through the last calendar day of the twelfth (12th) calendar month of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall be \$1,833.95 per month.

Commencing the first calendar day of the thirteenth (13th) calendar month of the Extended Term, and continuing through the last calendar day of the twenty-fourth (24th) calendar month of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$1,833.95 per month to \$1,888.97 per month.

FIRST AMENDMENT TO OFFICE LEASE (continued)

Commencing the first calendar day of the twenty-fifth (25th) calendar month of the Extended Term, and continuing through the last calendar day of the thirty-sixth (36th) calendar month of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$1,888.97 per month to \$1,954.64 per month.

Commencing the first calendar day of the thirty-seventh (37th) calendar month of the Extended Term, and continuing through the last calendar day of the forty-eighth (48th) calendar month of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$1,954.64 per month to \$2,004.01 per month.

Commencing the first calendar day of the forty-ninth (49th) calendar month of the Extended Term, and continuing through the last calendar day of the sixtieth (60th) calendar month of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$2,004.01 per month to \$2,064.13 per month.

Commencing the first calendar day of the sixty-first (61st) calendar month of the Extended Term, and continuing throughout the remainder of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$2,064.13 per month to \$2,126.05 per month.

8.1. Rent Deferral. Notwithstanding anything to the contrary in the Lease, fifty percent (50%) of the Fixed Monthly Rent due for the first twelve (12) months of the Extended Term (the "Rent Deferral Amount") shall be deferred until the end of the Extended Term.

Further provided that no event has occurred which, with the giving of notice or the passage of time or both would be deemed to be a material default by Tenant under the Lease, at the end of the Extended Term, Landlord shall fully abate and forgive the Rent Deferral Amount.

Notwithstanding the provisions of the immediately preceding paragraph, if Tenant has been deemed to have committed a material default under the Lease, at any time after the date of said Rent Deferral Amount, the full amount so deferred, including late charges and interest thereon at the rate of ten percent (10%) per annum, computed from the date of such deferral, shall be immediately due and payable, as if the same had been due if the Rent Deferral Amount had not occurred. Except as otherwise stated, the entire Fixed Monthly Rent shall be due and payable, in advance, on or before the first day of each and every calendar month until the end of the Extended Term, pursuant to the Lease.

Concurrent with Tenant's execution and delivery to Landlord of this First Amendment, Tenant shall pay to Landlord the Fixed Monthly Rent due for the first month of the Extended Term.

9. Base Year. As of the Effective Date, the Base Year for Tenant's payment of increases in Operating Expenses for the Relocation Space shall be calendar year 2004.

10. Increase in Security Deposit. Landlord acknowledges that it currently holds the sum of \$1,984.42 as a Security Deposit under the Lease, which amount Landlord shall continue to hold throughout the Extended Term, unless otherwise applied pursuant to the provisions of the Lease. Concurrent with Tenant's execution and tendering to Landlord of this First Amendment, Tenant shall tender the sum of \$141.63, which amount Landlord shall add to the Security Deposit already held by Landlord, so that thereafter, throughout the Extended Term, provided the same is not otherwise applied, Landlord shall hold a total of \$2,126.05 as a Security Deposit on behalf of Tenant.

11. Parking. As of the Effective Date, the number of unreserved parking permits Tenant is entitled to purchase pursuant to Article 21 of the Lease shall be one (1); provided however, the rates chargeable to Tenant for Building parking permits, shall be at the prevailing monthly Building parking rates in effect, which monthly rates may change from time to time, in Landlord's sole discretion.

12. Extension of Guaranty. By their signatures hereinbelow, Tenant and Guarantor(s) acknowledge and agree that, as a material consideration for Landlord entering into this First Amendment, the provisions and covenants contained in that certain Guaranty of Lease, executed by Guarantor on April 12, 2004 (the "Guaranty"), shall extend to and include the provisions of this First Amendment, as if the same had been originally incorporated into the Lease referenced in said Guaranty.

13. Acceptance of Premises. Tenant acknowledges that it has been in possession of the Existing Premises for over eight (8) months; has no claim against Landlord, and therefore releases Landlord from any claim, loss, liability, cost or expense, in connection with the Existing Premises or the Lease. Tenant has made its own inspection of and inquiries regarding the Relocation Space, which is already improved. Therefore, except for the improvements to be completed pursuant to Exhibit B attached hereto, Tenant accepts the Relocation Space in their "as-is" condition. Tenant further acknowledges that Landlord has made no currently effective representation or warranty, express or implied regarding the condition, suitability or usability of the Relocation Space or the Building or the Project for the purposes intended by Tenant.

14. Warranty of Authority. If Landlord or Tenant signs as a corporation or limited liability company or a partnership, each of the persons executing this First Amendment on behalf of Landlord or Tenant hereby covenants and warrants that the applicable entity executing herein below is a duly authorized and existing entity that is qualified to do business in California; that the person(s) signing on behalf of either Landlord or Tenant have full right and authority to enter into this First Amendment; and that each and every person signing on behalf of either Landlord or Tenant are authorized in writing to do so.

If either signatory hereto is a corporation, the person(s) executing on behalf of said entity shall affix the appropriate corporate seal to each area in the document where request therefor is noted, and the other party shall be entitled to conclusively presume that by doing so the entity for which said corporate seal has been affixed is attesting to and ratifying this First Amendment.

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FIRST AMENDMENT TO OFFICE LEASE (continued)

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15. **Broker Representation.** Landlord and Tenant represent to one another that it has dealt with no broker in connection with this First Amendment other than Douglas, Emmett and Company. Landlord and Tenant shall hold one another harmless from and against any and all liability, loss, damage, expense, claim, action, demand, suit or obligation arising out of or relating to a breach by the indemnifying party of such representation. Landlord agrees to pay all commissions due to the brokers listed above created by Tenant's execution of this First Amendment.

16. **Confidentiality.** Landlord and Tenant agree that the covenants and provisions of this First Amendment shall not be divulged to anyone not directly involved in the management, administration, ownership, lending against, or subleasing of the Premises, other than Tenant's or Landlord's counsel-of-record or leasing or sub-leasing broker of record.

17. **Disclosure.** Landlord and Tenant acknowledge that principals of Landlord have a financial interest in Douglas Emmett Realty Advisors, Douglas Emmett and Company, and P.L.E. Builders.

18. **Governing Law.** The provisions of this First Amendment shall be governed by the laws of the State of California.

19. **Reaffirmation.** Landlord and Tenant acknowledge and agree that the Lease, as amended herein, constitutes the entire agreement by and between Landlord and Tenant relating to the Premises, and supersedes any and all other agreements written or oral between the parties hereto. Furthermore, except as modified herein, all other covenants and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this document as of the day and year written below.

LANDLORD:
DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership
By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent
By: Michael J. Means
Michael J. Means, Vice President

Dated: 4/13/05

TENANT:
COPY RIGHT USA, INC.,
a California corporation

By: Doron Hazut COPY RIGHT USA
Name: Doron Hazut Inc
Title: _____

Dated: 4/6/05

GUARANTOR:
Doron Hazut
Doron Hazut, an individual

Dated: 4/6, 2005

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EXHIBIT A

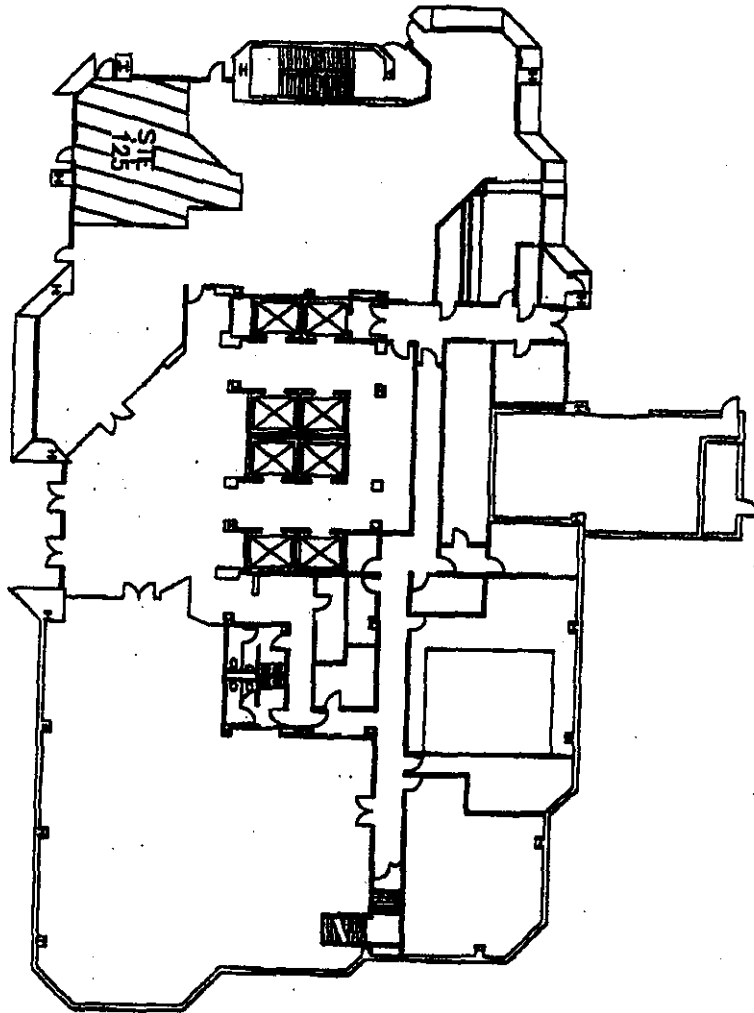
RELOCATION SPACE PLAN

Suite 125 (to be designated as Suite 128) at 21600 Oxnard Street, Suite 128,
Woodland Hills, California 91367

Rentable Area: approximately 853 square feet

Usable Area: approximately 761 square feet

(Measured pursuant to the provisions of Paragraph 3 of the First Amendment to Office Lease)



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EXHIBIT B

IMPROVEMENT CONSTRUCTION AGREEMENT

CONSTRUCTION TO BE PERFORMED BY LANDLORD WITH AN ALLOWANCE

Section 1. Completion of Improvements. Landlord, through its general contractor ("Contractor"), shall furnish and install within the Premises those items of general construction, shown on the final space plan prepared by Ware Malcomb, dated March 22, 2005 and designated as job number 053-608-01 and that certain Preliminary Estimate by PLE Builders Inc., dated March 31, 2005 and designated as PLE Project Number 05-1735 attached hereto as Schedule 2 (collectively, the "Approved Working Drawings"), approved by Landlord and Tenant pursuant to the Schedule of Approvals below, in compliance with all applicable codes and regulations, and complete any construction required in the common areas of the Building when such construction is required by or arises out of completion of the Improvements (collectively the "Improvements").

The definition of Improvements shall include all costs associated with completing the Tenant Improvements, including but not limited to, space planning, design, architectural, and engineering fees, contracting, labor and material costs, municipal fees and permit costs, and document development and/or reproduction.

Tenant acknowledges and agrees that any change in the scope of work or details of construction after Tenant's sign off of the finalized working drawings shall constitute a "Tenant Change," the costs of which Tenant shall pay pursuant to the provisions of Subsection 2 (d) hereinbelow.

Section 2. Landlord's Allowance.

- a) Tenant shall bear all costs of construction of the Improvements in excess of the "Allowance" (as hereinafter defined), and shall deposit such excess costs with Landlord pursuant to the provisions of Subsection 2 (d) hereinbelow. Landlord shall have no obligation whatsoever to commence construction of the Improvements until such time as Tenant has deposited the excess costs of construction, and Tenant's failure to make such deposit timely, as required, shall be assessed against Tenant as a Tenant delay, pursuant to the provisions contained in Subsection 2 (e) below.
- b) Landlord shall contribute a maximum sum of \$14.00 per square foot of Usable Area contained in the Premises (the "Allowance") which may solely be applied towards completion of the Improvements, and which Landlord shall pay directly to Contractor for Tenant's account, provided, however, Tenant acknowledges Landlord shall have no obligation to disburse the Allowance after the expiration of six (6) months following the Effective Date.
- c) Prior to commencing construction of the Improvements, Landlord shall submit to Tenant a written statement showing the total anticipated cost of the Improvements, which statement shall include Contractor's overhead and profit, and an estimate of all fees, and shall also include a seven and one-half percent (7.5%) administrative fee payable to the managing agent of Landlord for supervision of completion of the construction.

Tenant's failure to give written approval of such statement within five (5) working days after submission thereof shall be conclusively deemed a disapproval of such statement, and Contractor shall not commence the Improvements. Any delay of Tenant, after the expiration of ten (10) days from receipt of Landlord's statement, to provide Landlord with a revised scope of work and written approval of a revised cost statement therefor shall be considered a Tenant delay, assessable against Tenant pursuant to the provisions of Subsection 2 (e) hereinbelow.

- d) Tenant agrees to pay Landlord within five (5) working days after receipt of Landlord's billing for the estimated cost of all the Improvements in excess of the Allowance and for the actual costs of any Tenant Change. Tenant's failure to make such payment timely, as specified herein, shall release Landlord from any obligation to commence or continue construction of the Improvements, and each of Tenant's continued failure to make payment shall be treated as a Tenant delay, assessable against Tenant pursuant to the provisions of Subsection 2 (e) hereinbelow.

Tenant hereby authorizes Landlord to pay Contractor interim payments from the funds so deposited towards completion of the Improvements, except that Landlord shall retain the sum of ten percent (10%) of the total cost of Improvements, as revised by Tenant Changes, if any, until such time as:

- (i) Tenant has advised Landlord of its approval of completion of the Improvements, which approval shall not be unreasonably withheld, conditioned or delayed; or
- (ii) Contractor has provided reasonable documentation that the Improvements, pursuant to the original scope of work, have been reasonably completed.

Within thirty (30) business days after Contractor has reasonably completed the Improvements, Landlord shall provide Tenant with a final statement, indicating any difference between the estimated cost of the Improvements, the final cost of the Improvements; any initial or interim payments made by Tenant towards completion thereof; the amount of Allowance contributed and the balance owing from or to Tenant. Any balance owed to Tenant shall be

EXHIBIT B (Continued)

IMPROVEMENT CONSTRUCTION AGREEMENT

returned with such statement, and any shortfall due Landlord shall be paid within five (5) days after Tenant's receipt of Landlord's billing.

- e) Any delay caused by Tenant shall be a material breach of the Lease, and in addition to any other remedies available to Landlord hereunder, the Effective Date set forth in Section 4 of the First Amendment shall be accelerated on a day-for-day basis for each day of Tenant delay. As used in this Exhibit B, Tenant delay shall also include any delay in the substantial completion of the Premises as a result of Tenant's failure to timely furnish or approve any item required to be furnished or approved by Tenant; a default by Tenant of the terms of this Exhibit B or the Lease; Tenant's request for changes in the final Approved Working Drawings after Tenant's approval thereof; Tenant's requirement for materials, components, finishes or improvements which are not available in a commercially reasonable time; or any other acts or omissions of Tenant, or its agents or employees.
- f) Landlord and Tenant agree that if the Improvements are actually constructed by Contractor at a cost which is less than the Allowance, there shall be no monetary adjustment between Landlord and Tenant and the cost savings shall accrue to the benefit of Landlord.

Section 3. Approved Working Drawings. Tenant shall provide instructions to Landlord's architect or space planner so as to meet the Schedule of Approvals set forth in Paragraph 5 below. Notwithstanding Tenant's obligation to provide instructions to Landlord's architect or space planner, the Approved Working Drawings referred to herein are subject to Landlord's approval, which shall not be unreasonably withheld, conditioned or delayed.

Section 4. Completion of Work Not included as Improvements. Any work not shown in the final construction Approved Working Drawings, including but not limited to, telephone service, furnishings, installation of Tenant's trade fixtures or cabinetry (collectively "Tenant Work"), shall be separately contracted and paid for by Tenant. Tenant shall obtain Landlord's written approval of Tenant's suppliers and contractors prior to commencement of any Tenant Work.

Landlord shall give reasonable access to Tenant's suppliers and contractors so as to achieve timely completion of any Tenant Work. Notwithstanding Landlord's obligation to provide such access, completion of all Tenant Work shall be subject to Landlord's supervision, policies and procedures, and shall be scheduled with Contractor and completed in such a manner as to not unreasonably hinder or delay completion of the Improvements.

Section 5. Schedule of Approvals. Subject to Force Majeure, Tenant shall comply with the following Schedule of Approvals:





<u>Event</u>	<u>Time</u>
Deadline by which Tenant shall have met with Landlord's space planner.	COMPLETED
Deadline for space plan approval.	COMPLETED
Deadline for notifying Landlord of Tenant's selection of finishes and materials.	On or before April 8, 2005
Deadline for Tenant's approval of Landlord's cost estimate of Improvements.	COMPLETED

Section 6. Construction Insurance Requirements. Contractor, at the its sole expense, shall obtain and maintain public liability and workmen's compensation insurance adequate to protect Tenant and Landlord from and against any and all liability for death or injury to persons or damage to property caused in or about the Premises by reason of completion of the Improvements.

Tenant shall, at Tenant's sole expense, either obtain and maintain public liability and workmen's compensation insurance adequate to fully protect Landlord as well as Tenant from and against any and all liability for death or injury to persons or damage to property caused in or about the Premises by reason completion of any Tenant Work, or shall cause Tenant's contractors or subcontractors to provide such insurance.

Section 7. Completion of Punch List. Prior to Tenant's taking occupancy of the Premises, a representative of each of Landlord and Tenant shall conduct a joint inspection of the Premises for the purpose of developing a "punch list" of Improvement items, if any, that require repair or correction by Landlord. Provided that said items were included within the final Space Plan, Landlord shall diligently proceed to correct those items within thirty (30) days of receipt of Tenant's list. Tenant's failure or refusal to participate in such inspection in a timely manner (provided Tenant has received reasonable notice of the readiness of the Premises for such inspection), shall constitute Tenant's waiver of its rights pursuant to this Section 7.

Section 8. Construction Warranties. Landlord agrees that, subject to Tenant's performance hereunder, Landlord shall complete the Improvements, and shall correct any construction defects about which Tenant notifies Landlord in writing within one (1) year following the Effective Date. Tenant's

IMPROVEMENT CONSTRUCTION AGREEMENT

right to repair of any defect shall be extended for such longer period as may be covered by warranties provided by Contractor or subcontractor(s).

LANDLORD:
DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership

TENANT:
COPY RIGHT USA, INC.,
a California corporation

By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent

By: *Michael J. Means*
Michael J. Means, Vice President

Dated: 4/12/05

By: *[Signature]*
Name: DOUGLAS HAWK
Its: *[Signature]*

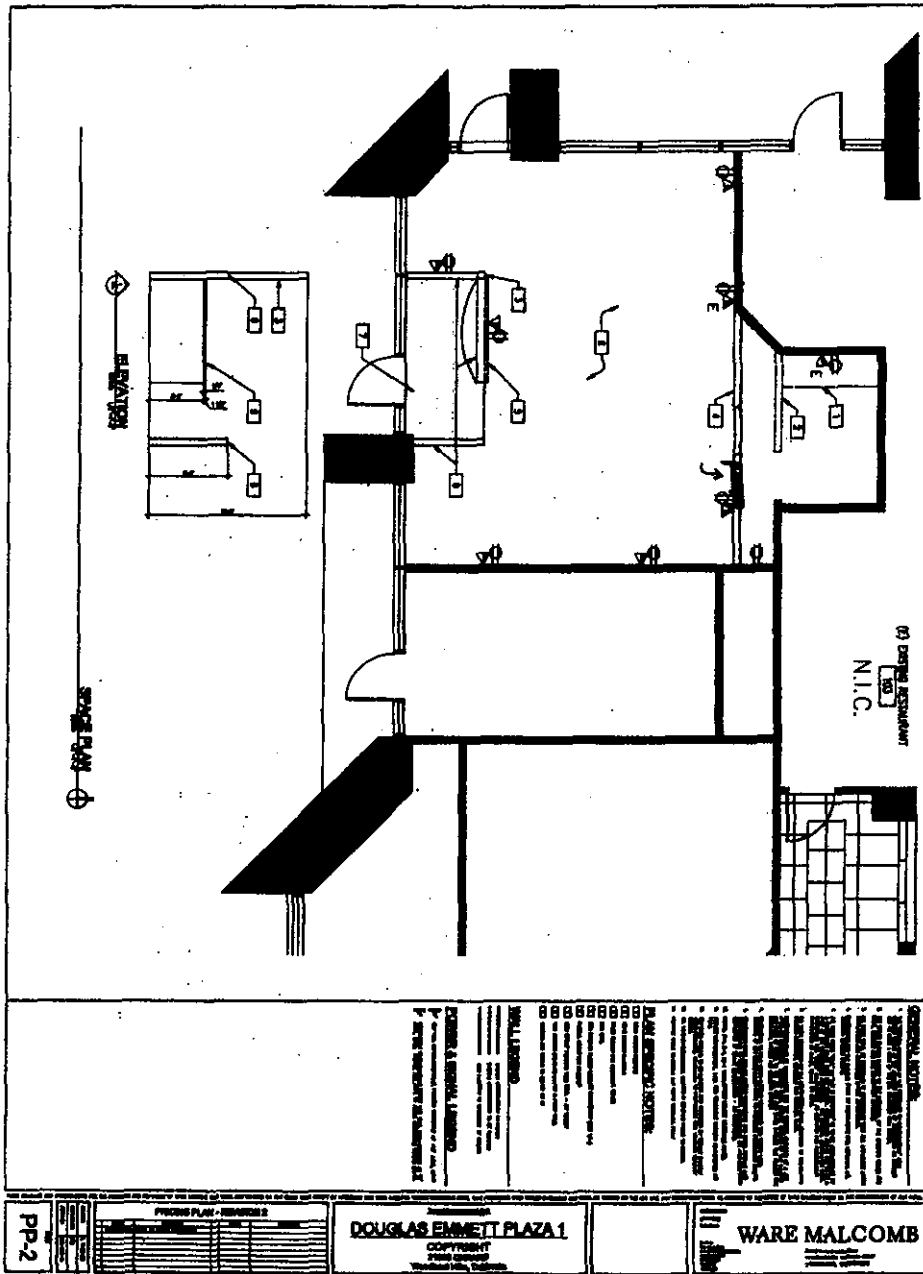
Dated: 4/6/05

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SCHEDULE 1 TO EXHIBIT B

SPACE PLAN



SCHEDULE 2 TO EXHIBIT B
 PRELIMINARY PRICING PLAN

03/31/2005

PLEBuildersInc.

General Contractors License # 642305
 808 Wilshire Blvd., Suite 150
 Santa Monica, CA 90401
 Telephone (310) 255-7800 Fax (310) 255-7801

PLE Project #: 05-1735

Revised PRELIMINARY ESTIMATE

Project:	Copyright			
	21800 Oxnard St.			
	Woodland Hills, CA 91367			
Designer:	Ware Malcomb			
Drawings:	Pricing Plan PP-2, 03/22/05			
<p>NOTE: Plans are preliminary, and do not include a Reflected Ceiling Plan, nor engineering for Plumbing, HVAC, Electrical, Fire Sprinklers and Life Safety. This proposal includes our best estimate of the costs to perform this work, based upon the information provided, tenant requirements and building conditions.</p> <p>NOTE: No contingency is provided for hidden conditions, requirements for code compliance not shown on plans, or upgrade of Mechanical, Electrical, Piping or Life Safety to existing, unless otherwise noted.</p>				
<p>SCHEDULE DURATION (following permit): +/- 4 weeks <i>Final selection of finishes also required</i></p> <p>USP (approximate, +/- about \$2.50/sqft): 761 sq cost/ \$ 14.89 <i>Including Architectural Fees</i></p>				
CC TRADE/DESCRIPTION:	QTY:	UOM:	COST:	EXTENSION:
1-000 PROTECT EXISTING FINISHES				SUBTOTAL:
protect existing finishes/corridor path-of-travel	1 ls		50 \$	50
dumpster for construction debris removal	1 ea		150 \$	150
2-000 DEMOLITION				475.00
below ceiling wells	1 ls			
millwork	1 ls			
resilient flooring & base	761 sf			
remove un-used conduit & tele/data cabling	N. I. C.			Not included
protect exist. finishes and path-of-travel @ demo	1 ls			
debris removal/disposal & recycle	1 ea			
Trade Subtotal:	1 ls		475 \$	475
2-000 ABANDONED HAZARDOUS MATERIAL REMOVAL				NA
3-000 CERAMIC TILE				See Alternates
ceramic tile floors	N. I. C.			See Alternates
4-000 PARTIAL WALL				See Alternates
existing wall touch up	4 hrs		56 \$	224
scor patch	2 ea		135 \$	270
electrical cut-in @ existing wall	5 ea		70 \$	350
interior partition	20 lf		48 \$	960
post for electrical	1 ea		80 \$	80
low wall	18 lf		35 \$	560
support post	2 ea		85 \$	170
glass track & support	N. I. C.			See Alternates
wall finished end	4 ea		85 \$	340
stocking & scrapping	1 ls		250 \$	250
5-000 ACoustical				485.00
remove and re-install ceiling tiles at work areas	120 sf		1.25 \$	150
supply new tile to replace damaged tiles	192 sf		1.8 \$	348
6-000 PAINT				NA
7-000 PLUGS AND GROUTING				NA

Print Date: 3/31/2005

Page 1

01735.xls

CC TRADE/DESCRIPTION:	QTY:	UM:	COST:	EXTENSION:	SUBTOTAL:
8-210 MILLWORK:					780.00
plastic laminate counter top - curved out	6.5	lf	\$	750	
plam full-height shelving		N.I.C.			Not Included
8-210 PAINTING/WALL COVERINGS:					581.00
egg-shell enamel paint on walls throughout	1720	sf	0.3 \$	516	
stain & finish new door	1	ea	75 \$	75	
8-210 FLOORING:					1,888.15
carpet & pad allowance - bldg std. Designweave					Allowance
Windowwall	100	sq	14.5 \$	1,450	
rubber base - 4" topset: Burke/Mercer	100	lf	1.25 \$	125	
floor prep	781	sf	0.15 \$	114	
8-210 WINDOW COVERINGS:					N/A
interior window coverings		N.I.C.			Not Included
11-210 FINE PARTICLES:					Existing to remain
11-210 PAINTING:					N/A
11-210 ELECTRICAL:					Existing to remain
11-210 ELECTRICAL:					1,888.15
new 2x4 fluorescent fixture - building standard		N.I.C.			See Alternative
lighting relocate		N.I.C.			Not Included
lighting recircuiting		N.I.C.			Not Included
relamp / rebalast of existing fixtures to remain		N.I.C.			Not Included
repair of parabolic lenses - existing fixtures		N.I.C.			Not Included
new exit signs	1	ea	365 \$	365	
wall motion sensor & switch	1	ea	185 \$	185	
duplex convenience outlet	9	ea	75 \$	675	
low wall power feed	2	ea	30 \$	60	
3/4" tel/data stub	8	ea	55 \$	330	
out line	6	ea	40 \$	240	
↳ tel/data cabling and/or resupport of existing		N.I.C.			Not Included
strap-off and harness existing conduit & cabling		N.I.C.			Not Included
engineering		N.I.C.			Not Included
plan check/ permit		N.I.C.			Not Included
11-210 GENERAL ELECTRICALITY:					Existing to remain
17-210 PERMITS:					N/A
General Construction Building Permit		N.I.C.			Not Included
Plan Check Fees		N.I.C.			Not Included
Specialty Trade Permits		N.I.C.			Not Included
18-210 BLUE PRINTS, MEASUREMENTS, SERVICES:					180.00
blueprinting & delivery	1	ls	180 \$	180	
20-000 PROJECT CLEANUP:					382.00
progressive job cleanup	2	wk	178 \$	362	
20-000 FINAL CLEANUP:					500.00
clean and detail before move-in	781	sf	\$	200	
SUBTOTAL:					11,404.21
20-010 GENERAL CONDITIONS:					780.00
20-020 PERMITS:					600.00
Revised PRELIMINARY BUDGET TOTAL:					\$ 11,404.21

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ORIGINAL

03/31/2005

PLEBuilders Inc.

General Contractors License # 642305
808 Washire Blvd, Suite 150
Santa Monica, CA 90401

Telephone (310) 255-7800 Fax (310) 255-7801

PLE Project #: 05-1736

ALTERNATE PRICING



Project:

Copyright

21800 Oxford St.

Woodland Hills, CA 91367

ALT TRADE/DESCRIPTION:	QTY:	U/L:	COST:	EXTENSION:	TOTAL - including GC & PEE
1. Porcelain Ceramic Tiles @ Entry:	1	ls		BUDGET Add: \$	1,267.58
Inclusions:				cost / USP = \$1.43	
floor fill	1	ls		\$	288
ceramic tile flooring - no specification	50	sf		\$	981
2. New light fixtures (4' diameter):	1	ls		BUDGET Add: \$	267.58
Inclusions:				cost / USP = \$0.34	
new 2x4 fluorescent fixtures - building standard	1	ea		\$	268

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SECOND AMENDMENT TO OFFICE LEASE

This Second Amendment to Office Lease (the "Second Amendment"), dated June 15, 2005, is made by and between DOUGLAS EMMETT REALTY FUND 2000, a California limited partnership ("Landlord"), with offices at 808 Wilshire Boulevard, Suite 200, Santa Monica, California 90401, and COPY RIGHT USA, INC., a California corporation ("Tenant"), with offices at 21600 Oxnard Street, Suite 128, Woodland Hills, California 91367.

WHEREAS,

A. Landlord, pursuant to the provisions of that certain written Office Lease, dated April 12, 2004 (the "Lease"), leased to Tenant and Tenant leased from Landlord space in the property located at 21600 Oxnard Street, Woodland Hills, California 91367 (the "Building"), commonly known as Suite 128 (the "Existing Premises");

B. Landlord and Tenant subsequently entered into that certain First Amendment to Office Lease Dated April 6, 2005 (the "First Amendment"), pursuant to which Tenant relocated to Suite 128 (the "Relocation Space");

C. The provisions of the First Amendment specify that the Effective Date shall be on the later to occur of (a) the date Landlord substantially completes the Improvements and (b) May 1, 2005 (the "Effective Date");

E. Landlord substantially completed the Improvements on May 9, 2005; and

F. Landlord and Tenant, for their mutual benefit, wish to revise certain other covenants and provisions of the Lease.

NOW, THEREFORE, in consideration of the covenants and provisions contained herein, and other good and valuable consideration, the sufficiency of which Landlord and Tenant hereby acknowledge, Landlord and Tenant agree:

1. **Confirmation of Defined Terms.** Unless modified herein, all terms previously defined and capitalized in the Lease shall hold the same meaning for the purposes of this Second Amendment.

2. **Confirmation of Effective Date and Term.** The Effective Date is hereby confirmed to be May 9, 2005 and the Term is hereby confirmed from and including May 9, 2005 to and including November 30, 2010

3. **Revision in Fixed Rent.** Commencing May 9, 2005 and continuing through May 31, 2006, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall be \$1,833.95 per month.

Commencing June 1, 2006 and continuing through May 31, 2007, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$1,833.95 per month to \$1,888.97 per month.

Commencing June 1, 2007 and continuing through May 31, 2008, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$1,888.97 per month to \$1,954.64 per month.

Commencing June 1, 2008, and continuing through May 31, 2009, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$1,954.64 per month to \$2,004.01 per month.

Commencing June 1, 2009 and continuing through May 31, 2010, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$2,004.01 per month to \$2,064.13 per month.

Commencing June 1, 2010 and continuing throughout the remainder of the Extended Term, the Fixed Monthly Rent payable by Tenant for the Relocation Space shall increase from \$2,064.13 per month to \$2,126.05 per month.

Notwithstanding the foregoing, Tenant is permitted up to fifty percent (50%) of the Fixed Monthly Rent due for the months of May 2005 through April 2006 (the "Rent Deferral Amount").

4. **Acceptance of Premises.** Tenant acknowledges that it has been in possession of the Existing Premises for over eight (8) months; has no claim against Landlord, and therefore releases Landlord from any claim, loss, liability, cost or expense, in connection with the Existing Premises or the Lease. Tenant has made its own inspection of and inquiries regarding the Relocation Space, which is already improved. Tenant accepts the Relocation Space in their "as-is" condition. Tenant further acknowledges that Landlord has made no currently effective representation or warranty, express or implied regarding the condition, suitability or usability of the Relocation Space or the Building or the Project for the purposes intended by Tenant.

5. **Warranty of Authority.** If Landlord or Tenant signs as a corporation or limited liability company or a partnership, each of the persons executing this Second Amendment on behalf of Landlord or Tenant hereby covenants and warrants that the applicable entity executing herein below is a duly authorized and existing entity that is qualified to do business in California; that the person(s) signing on behalf of either Landlord or Tenant have full right and authority to enter into this Second Amendment; and that each and every person signing on behalf of either Landlord or Tenant are authorized in writing to do so.

6. **Broker Representation.** Landlord and Tenant represent to one another that it has dealt with no broker in connection with this Second Amendment other than Douglas, Emmett and Company. Landlord and Tenant shall hold one another harmless from and against any and all liability, loss, damage, expense, claim, action, demand, suit or obligation arising out of or relating to a breach by the indemnifying party of such representation. Landlord agrees to pay all commissions due to the brokers listed above created by Tenant's execution of this Second Amendment.

7. **Confidentiality.** Landlord and Tenant agree that the covenants and provisions of this Second Amendment shall not be divulged to anyone not directly involved in the management, administration,

ownership, lending against, or subleasing of the Premises, other than Tenant's or Landlord's counsel-of-record or leasing or sub-leasing broker of record.

8. **Disclosure.** Landlord and Tenant acknowledge that principals of Landlord have a financial interest in Douglas Emmett Realty Advisors, Douglas Emmett and Company, and P.L.E. Builders.

9. **Governing Law.** The provisions of this Second Amendment shall be governed by the laws of the State of California.

10. **Reaffirmation.** Landlord and Tenant acknowledge and agree that the Lease, as amended herein, constitutes the entire agreement by and between Landlord and Tenant relating to the Premises, and supersedes any and all other agreements written or oral between the parties hereto. Furthermore, except as modified herein, all other covenants and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this document as of the day and year written below.

LANDLORD:
DOUGLAS EMMETT REALTY FUND 2000,
a California limited partnership

By: DOUGLAS, EMMETT AND COMPANY,
a California corporation,
its agent

By: Michael J. Means
Michael J. Means, its Senior Vice President

Dated: 9/26/05

TENANT:
COPY RIGHT USA, INC.,
a California corporation

By: Doron Hazut
Name: Doron Hazut
Title: President

Dated: 9/21/05

GUARANTOR:
Doron Hazut
Doron Hazut, an individual

Dated: 9/21/05