

CONFIDENTIAL

OFFICE BUILDING LEASE

This Lease between 501 W. WEBER, LLC ("Landlord"), and, Butterfield + Co. CPAs, Inc. ("Tenant"), is dated June 1, 2017.

1. LEASE OF PREMISES.

In consideration of the Rent (as defined in Section 5) and the provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises, described in Exhibit "A", commonly known as Suite 400-A of the fourth Floor of the office building located at 501 W. Weber Avenue, Stockton, California, and shown by green area (A) on the floor plan attached hereto as Exhibits "B". The Premises are located within the Building and Project described in Section 2j. Tenant shall have the non-exclusive right in common with Landlord, other tenants, subtenants and invitees, to use of the Common Area (as described at Section 2d). Additionally, in addition to associated basement storage areas, the Tenant shall have exclusive use of first Floor storage rooms designated by the highlighted area (F) on the floor plan attached hereto as Exhibit "B-1".

2. DEFINITIONS.

As used in this Lease, the following terms shall have the following meanings:

- a. *Base Rent:* Beginning on the Commencement Date, the Base Rent for the fourth floor space containing approximately 4,468 square feet of Rentable Area, as illustrated on Exhibit "B" hereto, shall equal \$1.50 per rentable square foot per month, for the subsequent nineteen (19) months, until the Lease expires on December 31, 2018 or as adjusted.

The Base Rent shall be payable in equal monthly installments as provided for in section 5.1 herein.
- b. *Base Year:* The calendar year of 2017.
- c. *Commencement Date:* June 1, 2017 is the Commencement of the lease.
- d. *Common Areas:* The building lobbies, common corridors and hallways, restrooms, and parking areas, stairways, elevators and other, generally understood public or common areas. Landlord shall have the right to regulate or restrict the use of the Common Areas provided any regulation or restriction is reasonable and does not interfere with Tenant's business.
- e. *Expiration Date:* December 31, 2018 or 6 months after Tenant providing written notice of early termination, whichever occurs earlier, unless otherwise terminated in accordance with the provisions of this Lease.
- f. *Landlord's Mailing Address:*
501 W. WEBER, LLC
501 West Weber Avenue, Suite 400A
Stockton, California 95203

Tenant's Mailing Address:
Butterfield + Co. CPAs, Inc.
501 West Weber Avenue, Suite 400-A
Stockton, California 95203

g. ~~Brokerage Fees. Both Landlord and Tenant acknowledge that no Brokerage Fee shall be payable by either party and that no lease commission obligation would be owed applicable to any possible option or extension periods. Likewise, any amendment to this lease, subsequent to Commencement Date shall not generate any commission obligation from the Landlord.~~ ATTACHMENT, A

h. *Parking:* Tenant shall be permitted to park twelve (12) cars in the area(s) designated by Landlord for parking. Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord, Landlord's parking operator or the Waterfront Office Towers Owner's Association, as described in Exhibit "F" herein. Landlord reserves the right to change the designated areas from time to time, as Landlord deems necessary; provided however, that any change or re-assignment of the parking spaces shall be fair and equitable and shall allow Tenant the use of twelve (12) spaces. Landlord is not responsible for policing Tenant's assigned parking spaces and shall not be liable for any injury, damage, or loss incurred by Tenant due to Tenant's

use of the parking spaces. Landlord shall initially assign Tenant those spaces, as shown on Exhibit "C" attached hereto. Landlord acknowledges that the initial assignment includes two (2) compact spaces, out of the twelve (12) total assigned parking spaces.

- i. *Premises:* Those portions of the Building containing approximately 4,468 square feet of Rentable Area on the fourth floor.
- j. *Project:* The Building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 501 W. Weber Avenue, Stockton, California and further described at Exhibit "D". The Project is known as The Waterfront Office Towers I.
- k. *Rentable Area:* As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord using Industry Standard methodology (i.e. BOMA) and applied on a consistent basis throughout the Project.
- l. *State:* the State of California.
- m. *Tenant's Proportionate Share:* 8.17%. Such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one Building containing a total Rentable Area of 54,673 square feet.
- n. *Tenant's Use Clause (Article 7):* General professional business office use and for no other use unless approved by Landlord.
- o. *Term:* The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.
- p. *Security Deposit:* Tenant shall not be required to pay any Security Deposit. All or any portion of the security deposit may be used, as reasonably necessary, to: (1) cure Tenant's default in payment on Base Rent, late charges, non-sufficient funds ("NSF") fees, or other sums due under this lease agreement; (2) repair damage, excluding ordinary wear and tear, caused by Tenant or by guest or licensee of Tenant; (3) broom clean the Premises, if necessary, upon termination of the lease; and (4) cover any other unfulfilled obligation of the Tenant. THE SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT. If all or any portion of the security deposit is used during the lease, Tenant agrees to reinstate the total security deposit within five days after written notice is provided to Tenant. Within forty-five days after Landlord receives possession of leased Premises, Landlord shall (1) provide Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition, and (2) return any remaining portion of the security deposit to the Tenant. No interest will be paid on security deposit funds unless required by local ordinance.
- q. *Tenant Improvements:* Landlord shall not be responsible for making any improvements to the Premises.

3. EXHIBITS.

The exhibits and addenda listed below are incorporated by reference in this Lease:

Exhibit "A" - Legal Description

Exhibit "B" - Floor Plan showing fourth floor Suite A space plan and first floor storage F

Exhibit "E" - Rules and Regulations

Exhibit "F" - Rules and Regulations for the Waterfront Office Towers Owner's Association

Exhibit "G" - 501 W. Weber Building Construction Standards

4. DELIVERY OF POSSESSION.

If, for any reason Landlord does not deliver possession of the Premises to Tenant on the Commencement Date, Landlord shall not be subject to any liability for such failure beyond Tenant's out of pocket improvement costs, the Expiration Date shall not change and the validity of the Lease shall not be impaired, but Rent shall be abated until delivery of possession. Landlord will permit Tenant to enter into possession of the Premises before the

Commencement Date to undertake Tenant improvements, install telephone lines and computer lines, provided that such activities do not unreasonably interfere with the existing tenants.

5. RENT.

5.1. *Payment of Base Rent.* Tenant agrees to pay the Base Rent for the Premises. Monthly installments of Base Rent shall be payable in advance on the first day of each calendar month of the Term. If the Term begins (or ends) on other than the first (or last) day of a calendar month, the Base Rent for the partial month shall be prorated on a per diem basis. HVAC services and Common Area lighting are provided at Landlord expense, however any after-hours use shall be charged in two hour minimum increments. Such after-hours HVAC charges shall be billed monthly in arrears with payment due within ten (10) business days of receipt.

5.2. The Base Rent payments are scheduled as follows:

Months 1 – 19	\$6,702.00 per month
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5.2 *Project Operating Costs.*

(a) If, during any calendar year during the Term, Project Operating Costs exceed the Project Operating Costs for the Base Year, Tenant shall pay to Landlord, in addition to the Base Rent and all other payments due under this Lease, an amount equal to Tenant's Proportionate Share of such excess Project Operating Costs in accordance with the provisions of this Section 5.2b.

(1) The term "Project Operating Costs" shall include all those items described in the following subparagraphs (a) and (b).

(a) All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the Rent received under this Lease or on the rent received under any other leases of space in the Building or Project, or (2) any license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transaction, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operating Costs. If at any time during the Term the assessed valuation of, or taxes on, the Project are not based on a completed Project having at least ninety-five percent (95%) of the Rentable Area occupied, then the "taxes" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the taxes which would have been payable if the Project were completed and at least ninety-five percent (95%) occupied.

(b) Operating costs incurred by Landlord in maintaining and operating the Building and Project, including without limitation the following: costs of (1) utilities; (2) on-going maintenance, repairs and supplies; (3) insurance (including public

or its lenders for the Project; (4) services of independent contractors; (5) compensation (including employment taxes and fringe benefits) of all persons who perform duties connected with the operation, maintenance, repair or overhaul of the Building or Project, and equipment, improvements and facilities located within the Project, including without limitation engineers, janitors, painters, floor waxers, window washers, security and parking personnel and gardeners (but excluding persons performing services not uniformly available to or performed for substantially all Building or Project tenants); (6) operation and maintenance of a room for delivery and distribution of mail to tenants of the Building or Project as required by the U.S. Postal Service (including without limitation, an amount

equal to the fair market rental value of the mail room premises); (7) management of the Building or Project, whether managed by Landlord or an independent contractor (including, without limitation, an amount equal to the fair market value of any on-site manager's office) shall be established at 5% of the gross rents per year (including the Base Year) and shall never exceed those management rates being charged in the Stockton area for comparable buildings, throughout the term of this lease; (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by Landlord to reduce Project Operating Costs; and (11) owner's association dues, fees, and assessments as may be normally charged by the Waterfront Office Towers Owner's Association for the operation, maintenance and upkeep of any common area and all related Building components. If at any time during the Term, (including the Base Year) less than ninety-five percent (95%) of the Rentable Area of the Project is occupied, the "operating costs" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the operating costs which would have been incurred or the Project had been at least ninety-five percent (95%) occupied.

- (2) Tenant's Proportionate Share of Project Operating Costs shall be payable by Tenant to Landlord as follows:
- (a) Beginning with the calendar year following the Base Year and for each calendar year thereafter ("Comparison Year"). Tenant shall pay Landlord an amount equal to Tenant's Proportionate Share of the Project Operating Costs incurred by Landlord in the Comparison Year which exceeds the total amount of Project Operating Costs payable by Landlord for the Base Year. This excess is referred to as the "Excess Expenses".
 - (b) To provide for current payments of Excess Expenses, Tenant shall, at Landlord's request, pay as additional rent during each Comparison Year, an amount equal to Tenant's Proportionate Share of the Excess Expenses payable during such Comparison Year, as estimated by Landlord from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount it is to pay hereunder and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expenses for each Comparison Year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess Expenses incurred for the Comparison Year.
 - (c) On or before July 1 of each Comparison Year after the first Comparison Year, Landlord shall deliver to Tenant a statement setting forth Tenant's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If Tenant's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within (10) days of the receipt of the statement. If such total exceeds Tenant's Proportionate Share of the actual Excess Expenses for such Comparison Year, then Landlord shall credit against Tenant's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If a credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligation of Tenant and Landlord to make payments required under this Section 5.2 shall survive the Expiration Date.

less than 365 days shall be appropriately prorated.

(e) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after thirty (30) days written notice to Landlord to inspect Landlord's accounting records at Landlord's accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than ten percent (10%).

- a. If, during any calendar year during the Term, Project Operating Costs exceed the Project Operating Costs for the Base Year, Tenant shall pay to Landlord, in addition to the Base Rent and all other payments due under this Lease, an amount equal to Tenant's Proportionate Share of such excess Project Operating Costs in accordance with the provisions of this Section 5.2b.
- (1) The term "Project Operating Costs" shall include all those items described in the following subparagraphs (a) and (b).
- (a) All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the Rent received under this Lease or on the rent received under any other leases of space in the Building or Project, or (2) any license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transaction, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operating Costs. If at any time during the Term the assessed valuation of, or taxes on, the Project are not based on a completed Project having at least ninety-five percent (95%) of the Rentable Area occupied, then the "taxes" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the taxes which would have been payable if the Project were completed and at least ninety-five percent (95%) occupied.
- (b) Operating costs incurred by Landlord in maintaining and operating the Building and Project, including without limitation the following: costs of (1) utilities (exclusive of gas and electric charges previously paid by Tenant); (2) on-going maintenance, repairs and supplies; (3) insurance (including public liability, property damage, earthquake, and fire and extended coverage insurance for the full replacement cost of the Building and Project as required by Landlord or its lenders for the Project; (4) services of independent contractors; (5) compensation (including employment taxes and fringe benefits) of all persons who perform duties connected with the operation, maintenance, repair or overhaul of the Building or Project, and equipment, improvements and facilities located within the Project, including without limitation engineers, janitors, painters, floor waxers, window washers, security and parking personnel and gardeners (but excluding persons performing services not uniformly available to or performed for substantially all Building or Project tenants); (6) operation and maintenance of a room for delivery and distribution of mail to tenants of the Building or Project as required by the U.S. Postal Service (including without limitation, an amount equal to the fair market rental value of the mail room premises); (7) management of the Building or Project, whether managed by Landlord or an independent

year (including the Base Year) and shall never exceed those management rates being charged in the Stockton area for comparable buildings, throughout the term of this lease; (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by Landlord to reduce Project Operating Costs; and (11) owner's association dues, fees, and assessments as may be normally charged by the Waterfront Office Towers Owner's

Association for the operation, maintenance and upkeep of any common area and all related Building components. If at any time during the Term, (including the Base Year) less than ninety-five percent (95%) of the Rentable Area of the Project is occupied, the "operating costs" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the operating costs which would have been incurred or the Project had been at least ninety-five percent (95%) occupied.

- (2) Tenant's Proportionate Share of Project Operating Costs shall be payable by Tenant to Landlord as follows:
 - (a) Beginning with the calendar year following the Base Year and for each calendar year thereafter ("Comparison Year"). Tenant shall pay Landlord an amount equal to Tenant's Proportionate Share of the Project Operating Costs incurred by Landlord in the Comparison Year which exceeds the total amount of Project Operating Costs payable by Landlord for the Base Year. This excess is referred to as the "Excess Expenses".
 - (b) To provide for current payments of Excess Expenses, Tenant shall, at Landlord's request, pay as additional rent during each Comparison Year, an amount equal to Tenant's Proportionate Share of the Excess Expenses payable during such Comparison Year, as estimated by Landlord from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount it is to pay hereunder and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expenses for each Comparison Year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess-Expenses incurred for the Comparison Year.
 - (c) On or before July 1 of each Comparison Year after the first Comparison Year, Landlord shall deliver to Tenant a statement setting forth Tenant's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If Tenant's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within (10) days of the receipt of the statement. If such total exceeds Tenant's Proportionate Share of the actual Excess Expenses for such Comparison Year, then Landlord shall credit against Tenant's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If a credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligation of Tenant and Landlord to make payments required under this Section 5.2 shall survive the Expiration Date.
 - (d) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.
 - (e) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after thirty (30) days written notice to Landlord to inspect Landlord's accounting records at Landlord's accounting office and, it after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than ten percent (10%).

5.3 Definition of Rent. All costs and expenses which Tenant assumes or agrees to pay to Landlord under this Lease shall be deemed additional rent (which, together with the Base Rent is sometimes

without deduction or offset, in lawful money of the United States of America.

5.4 *Rent Control.* If the amount of Rent or any other payment due under this Lease violates the terms of any governmental restrictions on such rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions. Upon termination of the restrictions, Landlord shall, to the extent it is legally permitted, recover from Tenant the difference between the amounts received during the period of the restrictions and the amounts Landlord would have received had there been no restrictions.

5.5 Taxes Payable by Tenant. In addition to the Rent and any other charges to be paid by Tenant hereunder, Tenant shall reimburse Landlord upon demand for any and all taxes payable by Landlord (other than net income taxes) which are not otherwise reimbursable (subject to the Base Year calculation) under this Lease, whether or not now customary or within the contemplation of the parties, where such taxes are upon, measured by or reasonably attributable to (a) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, other than Building Standard Work made by Landlord, regardless of whether title to such improvements is held by Tenant or Landlord; (b) the gross or net Rent payable under this Lease, including, without limitation, any rental or gross receipts tax levied by any taxing authority with respect to the receipt of the Rent hereunder; (c) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (d) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. If it becomes unlawful for Tenant to reimburse Landlord for any costs as required under this Lease, the Base Rent shall be revised to net Landlord the same net Rent after imposition of any tax or other charge upon Landlord as would have been payable to Landlord but for the reimbursement being unlawful.

6. INTEREST AND LATE CHARGES.

If Tenant fails to pay when due any Rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the maximum rate then allowed by law. Tenant acknowledges that the late payment of any Monthly Installment of Base Rent will cause Landlord to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, in addition to interest, if any such installment is not received by Landlord within ten (10) days from the date it is due, Tenant shall pay Landlord a late charge equal to five percent (5%) of such installment. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease.

7. TENANT'S USE OF THE PREMISES.

Tenant shall use the Premises solely for the purpose set forth in Tenant's Use Clause. Tenant shall not use or occupy the Premises in violation of any law or covenant, condition or restriction affecting the Building or Project or the certificate of occupancy issued for the Building or Project, and shall, upon notice from Landlord, immediately discontinue use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or the certificate of occupancy. Tenant, at Tenant's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directions of any governmental agencies or authorities having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or its use or occupation. A judgment of any court of competent jurisdiction or the admission by Tenant in any action or proceeding against Tenant that Tenant has violated any such laws, ordinances, regulations, rules and/or directions in the use of the Premises shall be deemed to be a conclusive determination of that fact as between Landlord and Tenant. Tenant shall not do or permit to be done anything which will invalidate or increase the cost of any fire, extended coverage or other insurance policy covering the Building or Project and/or property located therein, and shall comply with all rules, orders, regulations, requirements and recommendations of the Insurance Services Office or any other organization performing a similar function. Tenant shall promptly upon demand reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises during generally recognized business days, and during hours determined by Landlord in its sole discretion, and subject to the Rules and Regulations (Exhibit "E") of the Building or Project, electricity for normal desk top office equipment and normal copying equipment, lighting, water, heating, ventilation and air conditioning ("HVAC") as required in Landlord's judgment for the comfortable use and occupancy of the Premises. Landlord shall also maintain and keep lighted the common stairs, common entries and restrooms in the Building. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the Rent be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) failure to furnish or delay in furnishing any such services where such failure

or delay is caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Premises, Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises, Building or Project. Landlord shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services. If Tenant uses heat generating machines or equipment in the Premises which affect the temperature otherwise maintained by the HVAC system, Landlord reserves the right to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Landlord.

Tenant shall not, without the prior written consent of Landlord, use any apparatus or device in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as determined by Landlord. Tenant shall not connect any apparatus with electric current except through existing electrical outlets in the Premises. Tenant shall not consume water or electric current in excess of that usually furnished or supplied for the use of premises as general office space (as determined by Landlord), without first procuring the written consent of Landlord, which Landlord may refuse, and in the event of consent, Landlord may have installed a water meter or electrical current meter in the Premises to measure the amount of water or electric current consumed. The cost of any such meter and of its installation, maintenance and repair shall be paid for by the Tenant and Tenant agrees to pay to Landlord promptly upon demand for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility plus any additional expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, the excess cost for such water and electric current shall be established by an estimate made by a utility company or electrical engineer hired by Landlord at Tenant's expense.

Nothing contained in this Article shall restrict Landlord's right to require at any time separate metering of utilities furnished to the Premises. In the event utilities are separately metered, Tenant shall pay promptly upon demand for all utilities consumed at utility rates charged by the local public utility plus any additional expense incurred by Landlord in keeping account of the utilities so consumed. Tenant shall be responsible for the maintenance and repair of any such meters at its sole cost.

Landlord shall furnish elevator service, lighting replacement for building standard lights, restroom supplies, window washing and janitor services in a manner that such services are customarily furnished to comparable office buildings in the area.

9. CONSTRUCTION, REPAIRS AND MAINTENANCE.

a. Tenant's Obligations.

- (1) Tenant shall perform Tenant's Work to the Premises provided Landlord has approved said work, in advance, in writing.
- (2) Tenant at Tenant's sole expense shall, except for services furnished by Landlord pursuant to Article 8 hereof, maintain the Premises in good order, condition and repair, including the interior surfaces of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures, Building Standard furnishings and special items and equipment installed by or at the expense of Tenant.
- (3) Tenant shall be responsible for all repairs and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) Tenant's use or occupancy of the Premises, (ii) the installation, removal, use or operation of Tenant's Property (as defined in Article 11) in the Premises, (iii) the moving of Tenant's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees.

shall give tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand with interest at the prime commercial rate then being charged by Bank of America NT & SA plus two percent (2%) per annum, from the date of such work, but not to exceed the maximum rate then allowed by law. Landlord shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as a result of performing any such work.

- b. *Compliance with Law.* Landlord and Tenant shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.
- c. *Waiver by Tenant.* Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the Tenant the right to unilaterally make repairs at Landlord's expense. Landlord shall be reasonable and responsive to any and all Tenant requests to keep the Premises in good order, condition and repair.
- d. *Load and Equipment Limits.* Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord's structural engineer. The cost of any such determination made by Landlord's structural engineer shall be paid for by Tenant provided Tenant is not in compliance with the Building specifications as provided for by Landlord. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants.
- e. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant nor shall Tenant's obligations under this Lease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted by this Lease or by any other tenant's lease or required by law to make in or to any portion of the Project, Building or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises.
- f. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.
- g. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord clean and in the same condition as on the date Tenant Improvements were fully completed, after Tenant's occupancy began, except for normal wear and tear. Any damages to the Premises, including any structural damage, resulting from Tenant's use or from the removal of Tenant's fixtures, furnishings and equipment pursuant to Section 11b shall be required by Tenant at Tenant's expense.
- h. Landlord shall be responsible for all general maintenance and repairs of the building located at 501 W. Weber Ave, Stockton, CA 95203 and related facilities, subject to the rights and obligations of the Waterfront Office Towers Owners' Association.

10. ALTERATIONS AND ADDITIONS.

- a. Tenant shall not make any additions, alterations or improvements to the Premises without obtaining the prior written consent of Landlord. Landlord's consent may be conditioned on Tenant's removing any such additions, alterations or improvements upon the expiration of the Term and restoring the Premises to the same condition as on the date Tenant took possession. All work with respect to any addition, alteration or improvement shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by Landlord, and such work shall be diligently prosecuted to completion. Landlord may, at Landlord's option, require that any such work be performed by Landlord's contractor (excluding Tenant's initial improvements), in which case the cost of such work shall be paid for before commencement of the work. Tenant shall pay to Landlord upon completion of any such work by Landlord's contractor, an administrative fee of five percent (5%) of the cost of the work. Such administrative fee is not applicable to Tenant's initial Tenant Improvements, such as cabling, wiring or assembly of Office Systems.

ATTACHMENT A
the Premises, Building and Project free and clear of liens of any kind. Tenant shall indemnify, defend against and keep Landlord free and harmless from all liability, loss damage costs, attorney's fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant or any person claiming under Tenant.

Tenant shall keep Tenant's leasehold interest, and any additions or improvements which are or become the property of Landlord under this Lease, free and clear of all attachment or judgment liens. Before the actual commencement of any work for which a claim or lien may be filed, Tenant shall give Landlord notice of the intended commencement date a sufficient time before the date to enable Landlord to post notices of non-responsibility or any other notices which Landlord deems necessary

for the proper protection of Landlord's interest in the Premises, Building or the Project, and Landlord shall have the right to enter the Premises and post such notices at any reasonable time.

- c. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's expense, a lien and completion bond in an amount equal to at least one and one-half (1½) times the total estimated cost of any additions, alterations or improvements to be made in or to the Premises, to protect Landlord against any liability for mechanic's and materialmen's liens and to insure timely completion of the work. Nothing contained in this Section 10c shall relieve Tenant of its obligation under Section 10b to keep the Premises, Building and Project free of all liens.
- d. Unless their removal is required by Landlord as provided in Section 10a, all additions, alterations and improvements made to the Premises shall become the property of Landlord and be surrendered with the Premises upon the expiration of the Term; provided, however, Tenant's equipment, machinery and trade fixtures which can be removed without damage to the Premises shall remain the property of Tenant and may be removed, subject to the provisions of Section 10b.

11. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 11b. Cubical components and furniture which was the property of the Landlord at lease inception, but agreed to be utilized by the Tenant under any separate lease agreement, shall be considered the property of the Tenant at the termination of this lease, unless such property is returned previously.
- b. Aside from Landlord property described above, all movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant's Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

12. RULES AND REGULATIONS.

Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as Exhibit "E", together with the established Rules and Regulations of the Waterfront Office Towers Owner's Association attached hereto as Exhibit "F", and with such reasonable modifications thereof and additions thereto as Landlord or the Waterfront Office Towers Owner's Association may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building or Project.

13. CERTAIN RIGHTS RESERVED BY LANDLORD.

Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant's use or possession of the Premises;

- a. To have pass keys for emergency purposes to the Premises and all doors within the Premises, excluding Tenant's vaults and safes, and file cabinets;
- b. At any time during the Term, and on reasonable prior notice to Tenant, to inspect the Premises, and to show the Premises to any prospective purchaser or mortgagee of the Project, or to any assignee of any

c. To enter the Premises for the purpose of making inspections, repairs, alterations, addition improvements to the Premises or the Building (including, without limitation, checking, calibrating, adjusting or balancing controls and other parts of the HVAC system), and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Building or Landlord's interest therein, or as may be necessary or desirable for the operation or improvement of the Building or in order to comply with laws, orders or requirements of government or other authority. Landlord agrees to use its best efforts (except in an emergency) to minimize interference with Tenant's business in the Premises in the course of any such entry.

d. Nothing in this Lease shall be interpreted to give Tenant the right to participate in the affairs of the Waterfront Office Towers Owner's Association. All such rights are reserved to Landlord as an owner.

14. ASSIGNMENT AND SUBLETTING.

No assignment of this Lease or sublease of all or any part of the Premises shall be permitted, as provided in this Article 14.

a. Tenant shall not, without prior notification to Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such notice shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assigned by operation of law without the notification to Landlord.

b. If at any time or from time to time during the Term, Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant. Landlord shall have the option, exercisable by notice given to Tenant within ten (10) days after Tenant's notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant's notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:

(1) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;

(2) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;

(3) No assignment or sublease shall be valid and no assignee or sublessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;

(4) No assignee or sublessee shall have a further right to assign or sublet except on the terms herein contained; and

(5) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sum which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations to Tenant hereunder.

c. Notwithstanding the provisions of paragraphs a and b above, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent and without extending any recapture or termination option to Landlord, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern, provided that (i) the assignee or sublessee assumes, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease and (iii) the use of the Premises under Article 7 remains unchanged.

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primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments of the Lease or subletting or amendments or modifications to the Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and any such actions shall not relieve Tenant of liability under this Lease.

e. If Tenant assigns the Lease or sublets the Premises or requests the consent of Landlord to any assignment or subletting or if Tenant requests the consent of Landlord for any act that Tenant proposes to do, then Tenant shall, upon demand, pay Landlord an administrative fee of Three Hundred Fifty dollars (\$350.00) plus any attorney's fees reasonably incurred by Landlord in connection with such act or request.

15. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable to Tenant shall be increased to one hundred twenty percent (120%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month to month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

16. SURRENDER OF PREMISES.

a. Tenant shall peaceably surrender the Premises to Landlord on the Expiration Date, in broom-clean condition and in as good condition as when Tenant took possession, except for (i) reasonable wear and tear, (ii) loss by fire or other casualty, and (iii) loss by condemnation. Tenant shall, on Landlord's request, remove Tenant's Property on or before the Expiration Date and promptly repair all damage to the Premises or Building caused by such removal.

b. If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Premises shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Lease as by a bill of sale. If Landlord elects to remove all or any part of such Tenant's Property, the cost of removal, including repairing any damage to the Premises or Building caused by such removal, shall be paid by Tenant. On the Expiration Date Tenant shall surrender all keys to the Premises.

17. DESTRUCTION OR DAMAGE.

a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within (90) ninety days. If Landlord determines that repairs can be completed within ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 17d.

b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 17a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

c. If any other portion of the Building or Project is totally destroyed or damaged to the extent that in Landlord's opinion repair thereof cannot be completed within ninety (90) days, Landlord may elect upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 17a. If Landlord does not elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

sole cost and expense for the repair, restoration and replacement of any other Leasehold Improvements and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Premises, Building or Project as a result of any damage from fire or other casualty.

e. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, Building or Project by fire or other casualty, and any present or future law which purports to govern the rights of Landlord and Tenant in such circumstances in the absence of express agreement, shall have no application.

18. EMINENT DOMAIN.

a. If the whole of the Building or Premises is lawfully taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of such taking, and Rent shall be prorated to such date. If less than the whole of the Building or Premises is so taken, this Lease shall be unaffected by such taking, provided that (i) Tenant shall have the right to terminate this Lease by notice of Landlord given within ninety (90) days after the date of such taking if twenty percent (20%) or more of the Premises is taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue operation of its business, and (ii) Landlord shall have the right to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. If either Landlord or Tenant so elects to terminate this Lease, the Lease shall terminate on the thirtieth (30) day after either such notice. The Rent shall be prorated to the date of termination. If this Lease continues in force upon such partial taking, the Base Rent and Tenant's Proportionate Share shall be equitably adjusted according to the remaining Rentable Area of the Premises and Project.

b. In the event of any taking, partial or whole, all of the proceeds of any award, judgment or settlement payable by the condemning authority shall be the exclusive property of Landlord, and Tenant hereby assigns to Landlord all of its right, title and interest in any award, judgment or settlement from the condemning authority. Tenant, however, shall have the right, to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's personal property.

c. In the event of a partial taking of the Premises which does not result in a termination of this Lease, Landlord shall restore the remaining portion of the Premises as nearly as practicable to its condition prior to the condemnation or taking, but only to the extent of Building Standard Work. Tenant shall be responsible at its sole cost and expense for the repair, restoration and replacement of any other Leasehold Improvements and Tenant's Property.

19. INDEMNIFICATION.

a. Tenant and/or its affiliates agree to indemnify, hold harmless, and defend Landlord, any affiliate of Landlord and each of their respective directors, officers, employees, agents, consultants and representatives (each, an "Landlord Indemnified Party") from and against any loss, claim, demand, damage, liability, cost and expense, joint or several (including reasonable, documented attorneys' fees and expenses) (collectively, "Liabilities") by reason of (i) negligence or willful misconduct of the Tenant and/or its affiliates or any of its directors, officers, employees, agents, consultants or representatives or (ii) any breach by Tenant and/or its affiliates under this Lease.

b. Landlord and/or its affiliates agree to indemnify, hold harmless and defend Tenant, any affiliate of the Tenant and each of their respective directors, officers, employees, agents, consultants and representatives (each, a "Tenant Indemnified Party") from and against any loss, claim, demand, damage, liability, cost and expense, joint or several (including reasonable, documented attorneys' fees and expenses) (collectively, "Liabilities") by reason of (i) negligence or willful misconduct of Landlord and/or its affiliates or any of its directors, officers, employees, agents, consultants or representatives or (ii) any breach by Landlord and/or its affiliates under this Lease

c. Landlord shall not be liable for injury or damage which may be sustained by the person or property of Tenant, its employees, invitees or customers, or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, whether such damage or injury results from

tenant of the Building or Project.

20. TENANT'S INSURANCE.

a. All insurance carried by Tenant hereunder shall be issued by responsible insurance companies qualified to do business in the State. Each policy shall name Landlord, Waterfront Office Towers Owners' Association, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear. Each policy shall contain (i) a cross-liability endorsement, (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to coverage carried by Landlord and that any coverage carried by Landlord shall be excess

insurance, and (iii) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees and representatives, which arise or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees or representatives. A copy of each paid up policy (authenticated by the insurer) or certified or the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date the Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefore. No such policy shall be cancelable except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to expiration thereof.

b. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall maintain in effect casualty insurance covering (i) all Leasehold Improvements (including and alterations, additions or improvements as may be made by Tenant pursuant to the provisions of Article 10 hereof), and (ii) trade fixtures, merchandise and other personal property from time to time in, on or about the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time, providing protection against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under (i) shall be paid to Landlord, and the proceeds over (ii) shall be paid to Tenant.

c. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for and maintain in effect worker's compensation insurance as required by law and comprehensive public liability and property damage insurance with respect to the construction of improvements on the Premises, the use, operation or condition of the Premises and the operations of Tenant in, on or about the Premises, providing personal injury and broad form property damage coverage for not less than Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury, death and property damage liability.

d. Not less than every three (3) years during the Term, Landlord and Tenant shall mutually agree to an increase in all of Tenant's insurance policy limits for all insurance to be carried by Tenant as set forth in this Article. In the event Landlord and Tenant cannot mutually agree upon the amounts of said increases, then Tenant agrees that all insurance policy limits as set forth in this Article shall be adjusted upward, equal to a ten percent (10%) increase over and above all existing coverage limits.

21. WAIVER OF SUBROGATION.

Landlord and Tenant each hereby waive all rights of recovery against the other and against the officers, employees, agents and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy which either may have in force at the time of the loss or damage. Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

22. SUBORDINATION AND ATTORNMENT.

Upon written request of Landlord, or any first mortgagee or first deed of trust beneficiary of Landlord, or ground lessor of Landlord, Tenant shall, in writing, subordinate its rights under this Lease to the lien of any first mortgage or first deed of trust, or to the interest of any lease in which Landlord is lessee, and to all advances made or hereafter to be made thereunder. However, before signing any subordination agreement, Tenant shall have the right to obtain from any lender or lessor or Landlord requesting such subordination, an agreement in writing providing that, as long as Tenant is not in default hereunder, this Lease shall remain in effect for the full Term. The holder of any security interest may, upon written notice to Tenant, elect to have this Lease prior to

In the event of any foreclosure sale, transfer in lieu of foreclosure or termination of the lease in which landlord is lessee, Tenant shall attorn to the purchaser, transferee or lessor as the case may be, and recognize that party as Landlord under this Lease, provided such party acquires and accepts the Premises subject to this Lease.

23. TENANT ESTOPPEL CERTIFICATES.

Within ten (10) days after written request from Landlord, Tenant shall execute and deliver to Landlord or Landlord's designee, a written statement certifying (a) that this Lease is unmodified and in full force and effect, or is in full force and effect as modified and stating the modifications; (b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; (c) the amount of any security deposited

with Landlord; and (d) that Landlord is not in default hereunder or, if Landlord is claimed to be in default, stating the nature of any claimed default. Any such statement may be relied upon by a purchaser, assignee or lender. Tenant's failure to execute and deliver such statement within the time required shall at Landlord's election be a default under this Lease and shall also be conclusive upon Tenant that: (1) this Lease is in full force and effect and has not been modified except as represented by Landlord; (2) there are no uncured defaults in Landlord's performance and the Tenant has no right of offset, counter-claim or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

24. TRANSFER OF LANDLORD'S INTEREST.

In the event of any sale or transfer by Landlord of the Premises, Building or Project, and assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the Premises, Building, Project or Lease occurring after the consummation of such sale or transfer, providing the purchaser shall expressly assume all of the covenants and obligations of Landlord under this Lease. If any security deposit or prepaid Rent has been paid by Tenant, Landlord may transfer the security deposit or prepaid Rent to Landlord's successor and upon such transfer, Landlord shall be relieved of any and all further liability with respect thereto.

25. DEFAULT

25.1 Tenant's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- a. If Tenant abandons or vacates the Premises; or
- b. If Tenant fails to pay any Rent or any other charges required to be paid by Tenant under this Lease and such failure continues for ten (10) days after such payment is due and payable; or
- c. If Tenant fails to promptly and fully perform any other covenant, condition or agreement contained in this Lease and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; or
- d. If a writ of attachment or execution is levied on this Lease or on any of Tenant's Property; or
- e. If Tenant makes a general assignment for the benefit of creditors, or provides for an arrangement, composition, extension or adjustment with its creditors; or
- f. If Tenant files a voluntary petition for relief or if a petition against Tenant in a proceeding under the federal bankruptcy laws or other insolvency laws is filed and not withdrawn or dismissed within forty-five (45) days thereafter, or if under the provisions of any law providing for reorganization or winding up of corporations, any court of competent jurisdiction assumes jurisdiction, custody or control of Tenant or any substantial part of its property and such jurisdiction, custody control remains in force unrelinquished, unstayed or unterminated for a period of forty-five (45) days; or
- g. If in any proceeding or action in which Tenant is a party, receiver, agent or custodian is appointed to take charge of the Premises or Tenant's Property (or has the authority to do so) for the purpose of enforcing a lien against the Premises or Tenant's Property; or

25.2 Remedies. In the event of Tenant's default hereunder, then in addition to any other rights or remedies Landlord may have under any law, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to do the following:

- a. Terminate this Lease and Tenant's right to possession of the Premises and reenter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or
- b. Continue this Lease in effect, reenter and occupy the Premises for the account of Tenant, and collect

c. Reenter the Premises under the provisions of subparagraph b, and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

If Landlord terminates the lease under subparagraph a above, then the provisions of elective early termination by Landlord, under Section 2. e. shall not apply. If Landlord reenters the Premises under the provisions of subparagraphs b or c above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay any Rent or other charges thereafter accruing, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any reentry or retaking or possession by Landlord, Landlord shall have the right, but not the obligation, to remove all or any part of Tenant's Property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If

Landlord elects to relet the Premises for the account of Tenant, the rent received by Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Premises; fourth, to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting which is applied against the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

Should Landlord elect to terminate this Lease under the provisions of subparagraph a or c above, Landlord may recover as damages from Tenant the following:

1. *Past Rent.* The worth at the time of the award of any unpaid Rent which had been earned at the time of termination; plus
2. *Rent Prior to Award.* The worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
3. *Rent After Award.* The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the rental loss that Tenant proves could be reasonably avoided, plus
4. *Proximately Caused Damages.* Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses (including attorney's fees), incurred by Landlord in (a) retaking possession of the Premises, (b) maintaining the Premises after Tenant's default, (c) preparing the Premises for reletting to a new tenant, including any repairs or alterations, and (d) reletting the Premises, including broker's commissions.

"The worth at the time of the award" as used in subparagraphs 1 and 2 above, is to be computed by allowing interest at the rate of ten percent (10%) per annum. "The worth at the time of the award" as used in subparagraph 3 above, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank situated nearest to the Premises at the time of the award plus one percent (1%).

The waiver by Landlord of any breach of any term, covenant or condition of this Lease shall not be deemed a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition. Acceptance of Rent by Landlord subsequent to any breach hereof shall not be deemed a waiver of any preceding breach other than the failure to pay the particular Rent so accepted, regardless of Landlord's knowledge of any breach at the time of such acceptance of Rent. Landlord shall not be deemed to have waived any term, covenant or condition unless Landlord gives Tenant written notice of such waiver.

25.3. *Landlord's Default.* If Landlord fails to perform any covenant, condition or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such default, or if such default cannot reasonably be cured within thirty (30) days, or if Landlord fails to commence to cure within that thirty (30) day period, then Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's breach; provided, however, it is expressly understood and agreed that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, that judgment shall be satisfied only out of the rents, issues, profits, and other income actually received on account of Landlord's right, title and interest in the Premises, Building or Project, and no other real, personal or mixed property of Landlord (or of any of the entities which comprise Landlord, if any) wherever situated, shall be subject to levy to satisfy such judgment. If, after notice to Landlord of default, Landlord (or any first mortgagee or first deed of trust beneficiary of Landlord) fails

amount against any payments of Rent or any other charges due and payable under this Lease except as otherwise specifically herein.

26. BROKERAGE FEES.

Tenant warrants and represents that it has not dealt with any real estate broker or agent in connection with this Lease or its negotiation except as noted in Section 2g. Tenant shall indemnify and hold Landlord harmless from any cost, expense or liability (including costs of suit and reasonable attorney's fees) for any compensation, commission or fees claimed by any other real estate broker or agent in connection with this Lease or its negotiation by reason of any act of Tenant.

27. NOTICES.

All notices, approvals and demands permitted or required to be given under this Lease shall be in writing and deemed duly served or given if personally delivered or sent by certified or registered U.S. mail, postage prepaid, and addressed as follows: (a) if to Landlord, to Landlord's Mailing Address and to the Building manager, and (b) if to Tenant, to Tenant's Mailing Address; provided, however, notices to Tenant shall be deemed duly served or given if delivered or mailed to Tenant at the Premises. Landlord and Tenant may from time to time, by notice to the other, designate another place for receipt of future notices.

28. GOVERNMENT ENERGY OR UTILITY CONTROLS.

In the event of imposition of federal, state or local government controls, rules and regulation, or restrictions on the use or consumption of energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby. In the event of a difference in interpretation by Landlord and Tenant of any such controls, the interpretation of Landlord shall prevail, and Landlord shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

29. QUIET ENJOYMENT.

Tenant, upon paying the Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease and to any mortgage, lease, or other agreement to which this Lease may be subordinate.

30. OBSERVANCE OF LAW.

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or government rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

31. FORCE MAJEURE.

Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Article 31 shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

32. CURING TENANT'S DEFAULTS.

If Tenant defaults in the performance of any of its obligations under this Lease, Landlord may (but shall not be obligated to) without waiving such default, perform the same for the account at the expense of Tenant. Tenant shall pay Landlord all costs of such performance promptly upon receipt of a bill therefore.

33. SIGN CONTROL.

Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises, Building or Project, including without limitation, the inside or outside of windows or doors, without written consent of Landlord. Landlord shall have the right to remove any additional signs or

and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord. Notwithstanding these restrictions, Tenant may affix an appropriate sign in the elevator lobby of the third floor and shall be entitled to an appropriate listing in the traditional tenant directory located at the first floor lobby and maintained by Landlord.

34. MISCELLANEOUS.

a. *Accord and Satisfaction; Allocation of Payments.* No payment by Tenant or receipt by Landlord of a lesser amount than the Rent provided for in this Lease shall be deemed to be other than on account of the earliest due Rent, nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or

payment without prejudice to Landlord's right to recover the balance of the Rent or pursue any other remedy provided for in this Lease. In connection with the foregoing, Landlord shall have the absolute right in its sole discretion to apply any payment received from Tenant to any account or other payment of Tenant then not current and due or delinquent.

b. *Addenda*. If any provision contained in an addendum to this Lease is inconsistent with any other provision herein, the provision contained in the addendum shall control, unless otherwise provided in the addendum.

c. *Attorney's Fees*. If any action or proceeding is brought by either party against the other pertaining to or arising out of this Lease, the finally prevailing party shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred on account of such action or proceeding.

d. *Captions, Articles and Section Numbers*. The captions appearing within the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease. All references to Article and Section numbers refer to Articles and Sections in this Lease.

e. *Changes Requested by Lender*. Neither Landlord or Tenant shall unreasonably withhold its consent to changes or amendments to this Lease requested by the lender on Landlord's interest, so long as these changes do not alter the basic business terms of this Lease or otherwise materially diminish any rights or materially increase any obligations of the party from whom consent to such charge or amendment is requested.

f. *Choice of Law*. This Lease shall be construed and enforced in accordance with the laws of the State of California.

g. *Consent*. Notwithstanding anything contained in this Lease to the contrary, Tenant shall have no claim, and hereby waives the right to any claim against Landlord for money damages by reason of any refusal, withholding or delaying by Landlord of any consent, approval or statement of satisfaction, and in such event, Tenant's only remedies therefore shall be an action for specific performance, injunction or declaratory judgment to enforce any right to such consent, etc.

h. *Corporate Authority*. If Tenant is a corporation, each individual signing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver on behalf of the corporation, and that this Lease is binding on Tenant in accordance with its terms. Tenant shall, at Landlord's request, deliver a certified copy of a resolution of its board of directors authorizing such execution.

i. *Counterparts*. This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.

j. *Execution of Lease; No Option*. The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

k. *Furnishing of Financial Statements; Tenant's Representations*. In order to induce Landlord to enter into this Lease Tenant has furnished Landlord with financial statements reflecting Tenant's financial condition.

l. *Further Assurances*. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.

m. *Mortgage Protection*. Tenant agrees to send by certified or registered mail to any first mortgagee or first deed of trust beneficiary of Landlord whose address has been furnished to Tenant a copy of any

ATTACHMENT A

provided for in this Lease, such mortgagee or beneficiary shall have any additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.

n. *Prior Agreements; Amendments.* This Lease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.

o. *Recording.* Tenant shall not record this Lease without the prior written consent of Landlord. Tenant, upon the request of Landlord, shall execute and acknowledge a "short form" memorandum of this Lease for recording purposes.

p. *Severability.* A final determination by a court of competent jurisdiction that any provision of this Lease is invalid shall not affect the validity of any other provision, and any provision so determined to be invalid shall, to the extent possible, be construed to accomplish its intended effect.

q. *Successors and Assigns.* This Lease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.

r. *Time of the Essence.* Time is of the essence of this Lease.

s. *Waiver.* No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver of such default.

t. *Compliance.* The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response and Liability Act, and The Americans with Disabilities Act.

u. *Tenant's Covenants Regarding Hazardous Materials.*

(1) Compliance with Environmental Laws. Tenant shall at all times and in all respects in connection with its use, operation or possession of the Premises, comply with all federal, state, and local laws, ordinances and regulations ("Hazardous Materials Law") relating to industrial hygiene, environmental protection of the use, generation, manufacture, storage, disposal or transportation of any oil or other petroleum product, flammable explosive, asbestos, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under any such laws, ordinances or regulations (collective "Hazardous Materials").

(2) Hazardous Materials Handling. Tenant shall at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses, and other governmental and regulatory approvals required for Tenant's use of the Premises, including, without limitation, discharge of materials or wastes into any source of drinking water or groundwater, directly or indirectly. Tenant shall in all respects handle, treat, deal with, manage and dispose of any and all total conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding management of such Hazardous Materials. Upon expiration or earlier termination of the term of the Lease, Tenant shall cause all Hazardous Materials to be removed from the Premises and transported for use, storage, or disposal in accordance and compliance with all applicable Hazardous Materials Laws.

(3) Notices. Tenant shall immediately notify Landlord in writing of: (1) any enforcement, cleanup, removal or other governmental or regulatory action instituted, or threatened in writing, with respect to the Premises pursuant to any Hazardous Materials Laws; (2) any claim made or threatened by any person against Tenant or the the Premises relating to damage contribution, cost recovery resulting from any Hazardous Materials on or under the Premises; and (3) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises including any complaint, notices, warnings of asserted violations in connection therewith.

(4) Indemnification of Landlord. Tenant shall defend by counsel reasonably acceptable to Landlord and Tenant, indemnify and hold Landlord, and each of Landlord's partners, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims,

ATTACHMENT A
from our caused in whole or in part, directly or indirectly, by: (1) Tenant's use, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on under, about, or from the Premises on or after July 1, 2000; or (2) Tenant's material failure to comply with any Hazardous Materials Law on or after to July 1, 2000. Tenant's obligations hereunder shall include without limitation, and whether foreseeable or unforeseeable all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration or early termination of the Term of this Lease.

The receipt and acceptance by Landlord of delinquent Rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular Rent payment involved.

No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease.

Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the Lease.

The parties hereto have executed this Lease as of the dates set forth below.

Landlord:

By: [Signature]
 Title: MANAGER MEMBER
 Date: 6/1/17
 Printed Name: JERRY W. BUTTERFIELD

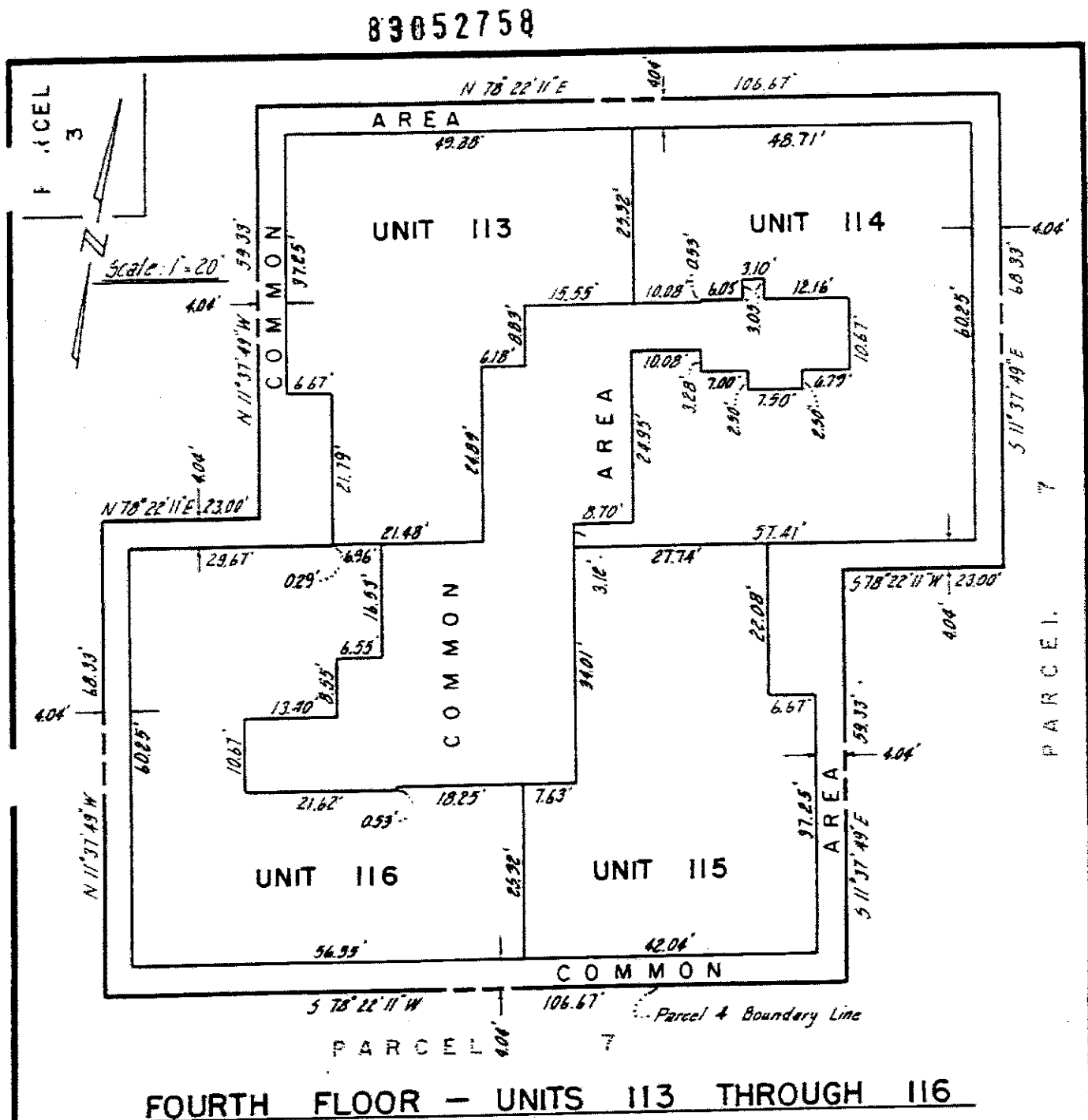
Tenant:

By: [Signature]
 Title: PRESIDENT - BUTTERFIELD + Co. CPAs
 Date: 6/1/17
 Printed Name: JERRY W. BUTTERFIELD

EXHIBIT A

Portions of units 113 and 114, as shown on that certain Condominium Plan (The "Plan"), entitled "THE WATERFRONT OFFICE TOWERS I", in the City of Stockton, attached as Exhibit "B-1" to the Waterfront Office Towers Declaration of Restrictions, recorded July 21, 1983 as Document No. 83052758 San Joaquin County Records (the "Declaration").

Said Premises shall include all non-exclusive easements of use, enjoyment, egress, ingress, and support in, over and throughout all Subdivision General Common Area and Project Common Area (inclusive of Basement Units), as defined in the Declaration, including (but not limited to the parking lot and parking spaces owned by the Waterfront Office Towers Owner's Association.



THE WATERFRONT OFFICE TOWERS I

BEING A PORTION OF DOWNTOWN STOCKTON, CALIFORNIA,
WEST OF CENTER STREET
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA

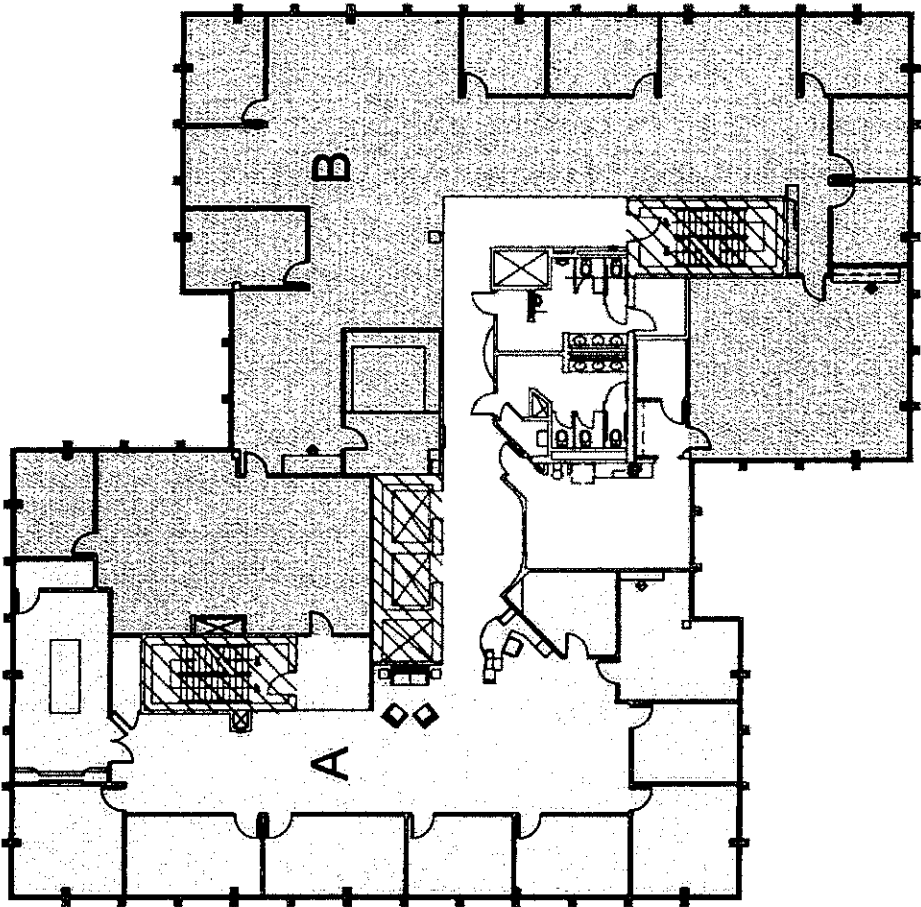
R. W. SIEGFRIED & ASSOCIATES
STOCKTON, CALIFORNIA

CIVIL ENGINEERS
FEBRUARY, 1983

Sheet No. 6 of 8 Sheets

3413-42-B
C-1929

EXHIBIT B



SUITE	USEABLE	RENTABLE
A	3621 S.F.	4468.42 S.F.
B	5621 S.F.	6936.48 S.F.
COMMON	1712 S.F.	
VERTICAL CIRCULATION		

EXISTING FLOOR PLAN - 4TH FLOOR

SCALE: 1/16" = 1'-0"



Veber Ave Stockton, California

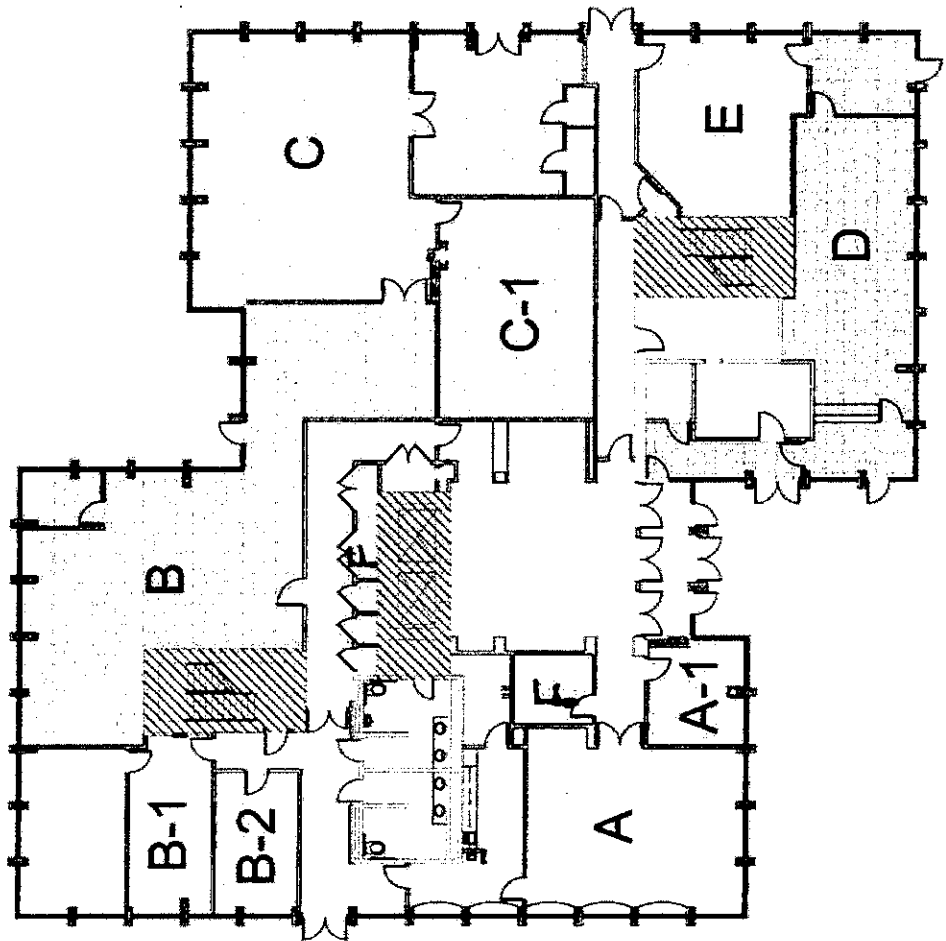
WMB ARCHITECTS

501 W



11-46

EXHIBIT B-1



SUITE	USEABLE	RENTABLE
A	1311 S.F.	1508.06 S.F.
A1	206 S.F.	237.12 S.F.
B	1619 S.F.	1960.13 S.F.
B1	636 S.F.	719.42 S.F.
B2	265 S.F.	293.62 S.F.
C	1705 S.F.	1982.67 S.F.
C1	666 S.F.	763.96 S.F.
D	1105 S.F.	1271.83 S.F.
E	666 S.F.	638.84 S.F.
COMMON	1,492 S.F.	-
VERTICAL CIRCULATION	-	-

 EXISTING FLOOR PLAN - 1ST FLOOR
SCALE : 1/16" = 1'-0"

Weber Ave Stockton, California



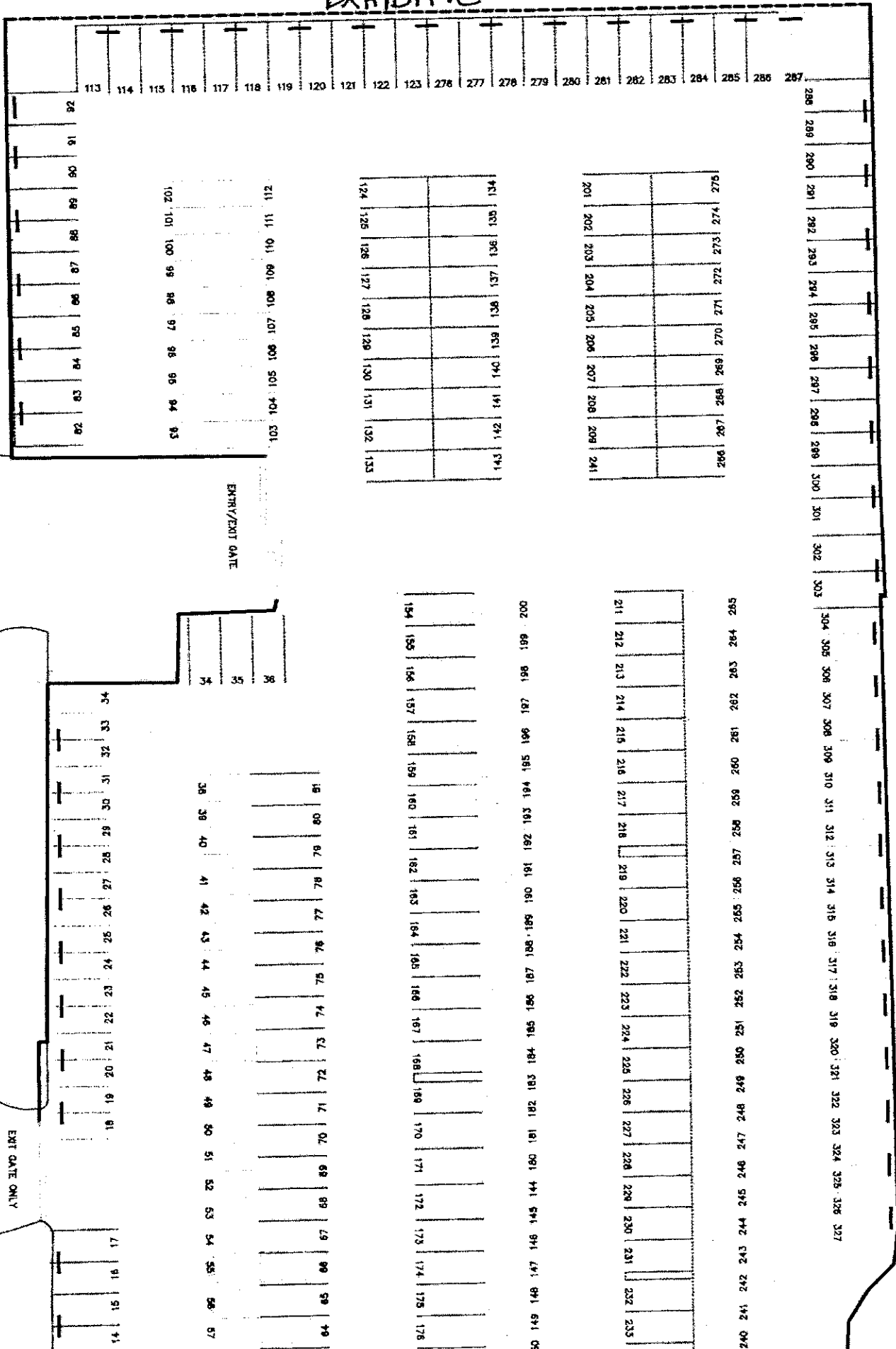
WMB ARCHITECTS

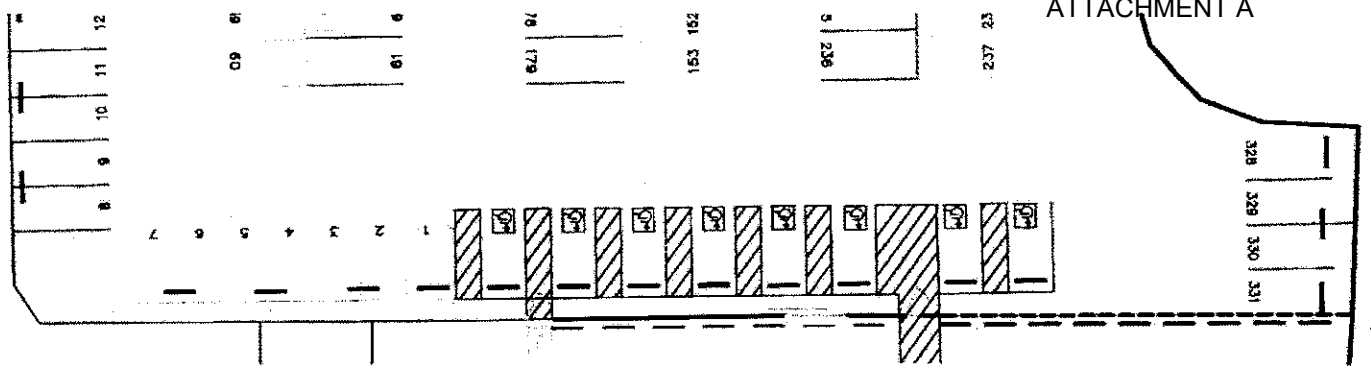
501

11-46

23

EXHIBIT C





24

STOCKTON CHANNEL

EXIST. FIRE
HYDRANTEXIST. FIRE
HYDRANTEXIST. PARKING
LOT(E) RAMP
(2) (E) H.C.
STALLS(2) (E) H.C.
STALLSEXIST. PARKING
LOT

(E) RAMP

EXIST.
WAREHOUSE

WEBER AVENUE

EXIST. FIRE
HYDRANTBUILDING I
501 W. WEBERLINCOLN
STREET

25

EXHIBIT "E"

RULES AND REGULATIONS

1. Sidewalks, doorways, vestibules, halls, stairways and similar areas shall not be obstructed by tenants or their officers, agents, servants, and employees, or used for any purpose other than ingress and egress to and from their respective leased premises and for going from one part of the Building to another part of the Building.
2. Plumbing fixtures and appliances shall be used only for the purpose for which constructed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Any stoppage or damage resulting to any such fixtures or appliances from misuse on the part of the tenant or such tenant's officers, agents, servants, and employees shall be paid by such tenant.
3. No signs, posters, advertisements, or notices shall be painted or affixed by or on behalf of any tenant on any of the windows or doors, or other part of the Building, except lettering of such color, size and style and in such places, as shall be first approved in writing by the Landlord's Building manager. No nails, hooks or screws shall be driven into or inserted in any part of the Building, except by building maintenance personnel.
4. Directories may be placed by the Landlord, at Landlord's own expense, in conspicuous places in the Building. No other directories shall be permitted.
5. Tenants shall not do anything, or permit anything to be done, in or about the Building, or bring or keep anything therein, that will in any way increase the possibility of fire or other casualty or construct or interfere with the rights of, or otherwise injure or annoy, other tenants, or do anything in conflict with the valid pertinent laws, rules or regulations of any governmental authority.
6. Corridor doors, when not in use, shall be kept closed.
7. All deliveries of furniture, freight, office equipment or other materials for dispatch or receipt by Tenant must be made by licensed commercial movers via the service entrance of the Building in a manner and during hours set by Landlord from time to time. Prior approval must be obtained from the Landlord's Building manager for any deliveries that might interfere with the free movement of others through the public corridors of the Building. All hand trucks shall be equipped with rubber tires and rubber side guards.
8. Each tenant shall cooperate with Building employees in keeping the Building and the leased premises neat and clean.
9. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in or about the Building.
10. Should a tenant require telegraphic, telephonic, annunciator or any other communication service, the Landlord will direct the electricians and installers where and how the wires are to be introduced and placed, and none shall be introduced or placed except as the Landlord shall direct.
11. Tenants shall not make or permit any unseemly, disturbing or improper notices in the Building, or otherwise interfere in any way with other tenants, or persons having business with them.

12. No equipment of any kind shall be operated on any tenant's leased premises that could in any way annoy any other tenant in the Building without the prior written consent of the Landlord.

13. Tenants shall not use or keep in the Building any inflammable or explosive fluid or substance, or any illuminating material, unless it is battery powers, UL approved.

14. Tenants, employees, or agents, or anyone else who desires to enter the Building after normal working hours will be required to close doors into the Building behind them. Locks to such doors will not be tampered with.

15. All electrical fixtures hung in the leased premises must be fluorescent and of a quality, type, design, bulb color, size and general appearance approved by Landlord.

16. No water cooler, air condition unit or system or other apparatus shall be installed or used by a tenant without the prior written consent of Landlord.

17. References to "holidays" and "legal holidays" in the leases in the Building shall include the following:

January 1st New Years Day
 Last Monday in May Memorial Day
 July 4th Independence Day
 First Monday in September Labor Day
 Fourth Thursday in November Thanksgiving
 December 25th Christmas

18. The Landlord reserves the right to rescind any of these rules (as to any particular tenant or as to all tenants generally) and to make such other and further rules and regulations as in the judgment of Landlord shall from time to time be needed for the safety, protection, care and cleanliness of the Building, the operation thereof, the preservation of good order therein, and the protection and comfort of its tenants, their agents, employees and invitees, which rules when made and notice thereof given to a tenant shall be binding upon him in like manner as if originally herein prescribed. In the event of any conflict, inconsistency, or other difference between the terms and provisions of these Rules and Regulations (as now or hereafter in effect) and the terms and provisions of any lease now or hereafter in effect between Landlord and any tenant in the Building, Landlord shall have the right to rely on the term or provision in either such lease or such Rules and Regulations which is most restrictive on such tenant.

19. Parking Rules and Regulations:

- A. Cars must be parked entirely within the stall lines painted.
- B. All directional signs and arrows must be observed.
- C. The speed limit shall be 5 miles per hour.
- D. Parking is prohibited:
 - 1. in areas not striped for parking;
 - 2. in aisles;
 - 3. where "no parking" signs are posted;
 - 4. in cross hatched areas; and
 - 5. in such other areas as may be designed by Landlord or Landlord's agent(s) including but not limited to areas designated as "Visitor Parking" or reserved spaces not rented under this Agreement.

E. Parking stickers or any other device or form of identification supplied by Landlord shall remain the property of Landlord and shall not be transferable.

Every parker is required to park and lock his own car. All responsibility for damages to cars or persons or loss of personal possessions is assumed by the parker.

G. Spaces which are designated for small, intermediate or full-sized cars shall be so used. Tenant's vehicles shall not be permitted to extend beyond the designated boundaries of any given assigned parking stall.

EXHIBIT "F"

RULES AND REGULATIONS FOR
THE WATERFRONT OFFICE TOWERS
OWNERS' ASSOCIATION

1. Nature and Purpose. The purpose of the following rules and regulations ("Subdivision Rules") is to establish guidelines for conducting a business in an office condominium project, so that all of the businesses may operate in a safe, harmonious, and orderly manner. The Subdivision Rules and Regulations supplement the Waterfront Office Towers Declaration of Restrictions, recorded July 21, 1983 as Instrument No. 83052758, Official Records of San Joaquin County, as amended by that First Amendment recorded March 15, 1984 as Instrument No. 84018671, Official Records of San Joaquin County, and by that Declaration of Second Amendment recorded December 19, 1994, as Instrument No. 94134997, Official Records of San Joaquin County (collectively referred to as "Restrictions") in part, and also establish specific rules and regulations as directed by the Restrictions. The Subdivision Rules do not supersede or relax the Restrictions.

2. Definitions. The terms defined in this Section may also be defined elsewhere in the Governing Documents, but are limited to the meanings set forth in this Section.

A. "Association" means the Waterfront Office Towers Owners' Association, which levies assessments, maintains the Common Area, and enforces architectural controls for the subdivision.

B. "Board" means the persons elected as the Board of Directors to run the Association.

C. "Building I" means the building located on Project 4 which is a Single Ownership Project pursuant to the Restrictions. The street address of Building I is 501 West Weber Avenue, and all references to such address in these Rules shall be to Building I.

D. "Building II" means the building located on Project 3. The street address for Building II is 509 West Weber Avenue, and all references to such address in these Rules shall be to Building II.

E. "Building Superintendent" means a person(s) or entity(ies) employed or contracted for by the Association for the general purpose of supervising subdivision maintenance and operation, and for such other purposes designated by the Association.

F. "Business Occupant" means the Owner, or tenants, lessees, licensees, or concessionaires of an Owner or Business Occupant occupying all or a portion of a Unit or Units.

G. "Common Area" means the grounds and related buildings used by all Owners.

H. "Employee" means any person working for a Business Occupant or otherwise using the premises of a Business Occupant, whether as an employee, a partner, officer, director, contractor or independent contractor for such Business Occupant. "Employee" does not include vendors, clients, patrons, contractors, or invitees of a Business Occupant or independent contractors performing cleaning or other part-time services for a Business Occupant.

I. "Governing Documents" means the Restrictions, the Articles of Incorporation and the Bylaws of the Association, and these Subdivision Rules.

J. "Manager" means Boyce Resource Development Company, or such other manager as the Board may from time to time appoint.

K. "Owner" means the persons or entities that have title to a Unit or to an entire Project.

L. "Single Ownership Project" means a Project all of the Condominiums of which are owned by a single Owner or Owners. Building I is located on a Single Ownership Project.

M. "Unit" means a Condominium Unit located in a building to which an Owner has exclusive title and use.

IN. "User" means all persons other than Business Occupants who are lawfully using the subdivision, including vendors, customers, clients, patrons, Employees, agents, contractors, suppliers, and other business invitees.

3. Registration. All Business Occupants, other than Owners, shall be registered with the Board. The Board shall maintain a registration record for each Business Occupant which includes the Business Occupant's name, type of business, address, telephone number, and keys or security cards issued to Employees and other persons designated by such Business Occupant to use such keys or security cards.

4. Access Keys or Security Cards. All access keys or security cards to the building shall be issued by the Board. Access keys or security cards shall not be given or loaned to persons other than Business Occupants and their Employees without prior Board approval. Each Business Occupant shall be responsible for issued access keys or security cards. Such keys or security cards may not be duplicated without the prior written consent of the Board. Each Business Occupant shall register access keys and security cards with the Building Superintendent or other designated person, and shall provide updated lists of persons having such keys and cards as necessary.

5. Buildings. The buildings shall be restricted to Business Occupants and Users. The hours for doors to be open and for elevators to operate in normal mode and in security mode shall be set by Board resolution, including those attached to these Rules as Exhibit "B." "Security mode" means a mode of operation in which the upper floors can be accessed only by key or security card.

6. Restrooms. Restrooms shall be restricted to Business Occupants and Users of the building on the floor where the restroom is located. Each restroom user shall exercise reasonable diligence in keeping the restrooms clean. Each restroom user shall report to the Building Superintendent any restroom item failing to operate properly.

7. Parking Assignments. Each floor in Buildings I and II shall have thirty-three (33) exclusive use parking spaces within the fenced Employee reserved parking area. All short-term or non-reserved parking spaces are open to use by customers, clients and invitees of business Occupants. The Board shall assign spaces by resolution. Each Business Occupant shall furnish to the Building Superintendent a list of its Employees to which spaces are assigned, to the extent such Business Occupant assigns spaces to its Employees. Such business Occupant shall also furnish any updated list as required by the Board or the Building Superintendent. Such list shall include the person using such space and the license number of the vehicle. The numbers of the spaces shall be as indicated on the diagram attached as Exhibit "A" to these Rules.

8. Parking Regulations. The following rules apply to the use of all parking areas.

A. The maximum vehicle speed in both the visitor and employee parking area shall be set by Board resolution and set out in Exhibit "B".

B. Reserved Parking. Each Business Occupant and Owner shall assign to its Employees not more than the number of reserved and numbered parking spaces allocated to such Business Occupant and Owner. An Employee shall park only in the reserved parking space assigned to such Employee. Entry to the area shall be by card key only, subject to times each business day established by Board resolution when the gate will operate on a time clock for the start of each business day. If an Employee has parked in a space reserved to another Employee, such other Employee may park his vehicle temporarily in the visitor parking area and notify the Building Superintendent immediately of such parking infraction. The Building Superintendent shall cite the individual whose vehicle is parked in violation of these Rules. Upon correction of such infraction, the Employee displaced by such vehicle shall remove his or her vehicle from the visitor's parking area and return it to the reserved space.

C. Handicapped/Disabled Parking. Spaces marked handicapped/disabled are reserved for such individuals at all times. Any employee who has been issued a license plate with a DP/DV prefix, or a temporary placard for such purposes by the Department of Motor Vehicles, may park his or her vehicle in any parking space, whether reserved or at the visitors parking area, designated for such purposes. An employee using a handicapped/disabled space in violation of this rule is subject to all measures necessary to correct the violation, under Subsection H.

D. Visitor Parking. Parking of vehicles during normal business hours in the visitor parking area, by Employees of any Business Occupant is prohibited, except as otherwise permitted in this section. Employees may use the visitor parking area: (i) on weekends and before and after normal business hours; or (ii) for short stays of not more than one (1) hour at any time for loading and unloading purposes only. The Board may establish by resolution the normal business hours of the Subdivision. "Normal business hours," for purposes of this subsection, excludes certain days each year that are designated

the federal government as federal holidays, as follows: January 1, President's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day.

E. Loading Zones. Loading zones are reserved at the southeastern boundary of the Subdivision for vehicles making deliveries and pick-ups to and from the Users and Business Occupants of the Subdivision. Employees using such loading zones shall immediately remove their vehicles from such loading zones upon completion of the loading or unloading. Employees may use such loading zones during any time other than the normal business day, including weekends. Use of any Common Area other than the designated area for loading and unloading by vendors and third parties who are not Business Occupants or their Employees during the normal business day requires the consent of the Building Superintendent.

F. Overnight Parking. Overnight parking in any parking area is prohibited unless the employee gives prior notice to the Building Superintendent or the on-site security officer.

G. Charge for Lost or Damaged Parking Lot Cards. The Board by resolution may allow the Building Superintendent to charge all users of the reserved parking area for replacement of lost or damaged parking lot cards.

H. Measures to Correct Parking Infractions. The Building Superintendent is authorized to take any of the following actions to remedy a parking violation. These measures are in addition to the powers of the Association to assure compliance of the members with the Governing Documents under the Section entitled "Enforcement Rules."

(1) Citations. The Building Superintendent will issue a citation to the individual responsible for placing a vehicle in any of the following circumstances: (a) unauthorized visitor's parking; (b) unauthorized reserved space parking; (c) unauthorized handicapped/- disabled space parking; (d) unauthorized parking in a loading zone; (e) parking so as to occupy more than one (1) space; (f) parking so as to impede the flow of traffic; (g) parking in an area posted "No Parking;" and (h) "back-in" parking, unless allowed by the Building Superintendent for purposes of loading and unloading.

(2) Records. All citations shall be filed in the office of the Building Superintendent. All citations shall include the date, name of the responsible individual, and license number of the vehicle subject to citation.

(3) Enforcement Action. Any combination of the stated number of the above infractions subject to citation, for the time period stated, shall be grounds for enforcement against the individual or the Business Occupant responsible for the individual under the section entitled "Enforcement Rules:" (a) more than two (2) citations in a thirty (30) day period; (b) more than three (3) citations in a sixty (60) day period; (c) more than four (4) citations in a ninety (90) day period; and (d) more than five (5) citations in a one hundred eighty (180) day period. Individuals who have accumulated sufficient citations will be notified by the Building Superintendent that they and their Business Occupant will be subject to enforcement action. The Building Superintendent will also inform the manager or supervisor of the individual of such notice, if such manager or supervisor is known. The Building Superintendent may report to the Board the conduct of any individual cited for a

arking violation, if such conduct causes unreasonable embarrassment, annoyance or disturbance to other individuals.

(4) Vehicle Removal. The Association and Building Superintendent may cause the removal without notice of any vehicle parked: (i) in a marked fire lane; (ii) within fifteen (15) feet of a fire hydrant; (iii) in a parking space designated for handicapped without proper authority; or (iv) in any manner which interferes with any entrance to, or exit from, the Subdivision or any Condominium or Project.

9. Heavy Vehicles. Heavy commercial or off-road vehicles in excess of three (3) tons and boat or utility trailers of any size shall not be permitted in the parking area except for special circumstances permitted by the Building Superintendent.

10. Use of Parking Lot for Special Events. Use of the parking lot within the Common Area for public events is limited to non-profit events, for use by workers and vendors involved in such event. Use of parking facilities by the public during such events is prohibited. Organizations permitted to use the parking facilities must have acceptable liability insurance covering the Association.

11. Use of Common Area Near Warehouse. Persons or organizations desiring to use portions of the Common Area shall notify the Building Superintendent, who shall consult with the Board. Such users, if granted this permission, must provide proof of adequate liability insurance and must provide for proper security and clean up during and at the conclusion of such use.

12. Obstructions. The sidewalks, entrances, passages, courts, halls, driveways, corridors, doorways, gates, elevators, lobbies, restrooms, fire exits, stairways and staircase landings shall not be obstructed or used for any other purpose than entering and leaving the Units, except temporary obstructions permissible in accordance with the subsection entitled "Obstruction of Common Area" of the Section of the Restrictions entitled "Prohibited Uses." Goods and materials shall not be stored in any Common Area except Basement Units, without prior written consent from the Board or the Building Superintendent and Secretary of the Board.

13. Moving. Moving furniture, equipment, machinery, and other items in substantial quantities, or of considerable size or weight into or out of any Unit shall be performed only in accordance with this Section. The moving Business Occupant shall notify the Building Superintendent and Secretary of the Board at least three (3) days in advance of the date of the intended move and of the estimated time and duration of moving operations. No Common Area, including without limitation, parking areas, walkways, lobbies, and elevators, shall be used for or obstructed by moving operation during hours established by the Board by rule. One (1) elevator shall remain free for general business use at all times. The Building Superintendent or Secretary of the Board may assign short term parking spaces for use by moving trucks. The moving Business Occupant shall clean and repair all Common Area used in moving, including without limitation, lobbies and elevators, as necessary to restore such Common Area to its prior condition. The moving Business Occupant shall protect floors, walls, and elevators used in the move, including the use of runners and pads if necessary. The moving Business Occupant is responsible for any damage to the building or project caused by such move. The moving Business Occupant shall use the loading zone

for parking vehicles used in the moving process, provided such vehicle is used for actual moving. The provisions of this Rule apply only to Building II.

14. State of Maintenance. Each Owner shall be responsible for the maintenance and repair of such Owner's Unit or Project.

15. Noise. Each Business Occupant shall not permit any party or other activity in the Common Area, or the Unit, which makes or causes to make noises which might tend to unreasonably interfere with the peace and quiet of the other Business Occupants.

16. Electrical Equipment. Owners shall not install any electrical equipment including, but not limited to, shop machinery, radio, stereo, or television equipment, or heavy duty office equipment which may overload the electrical circuits of the Subdivision or its Unit, or violate local fire rules and regulations, or cause an increase in the insurance premiums charged to the Association.

17. Unsightly Displays. No garbage cans, mats, newspapers, boxes, or other articles shall be placed in the Common Area.

18. Signs. All signs are prohibited within Association Common Area. An Owner or Business Occupant proposing to place any sign on the exterior of buildings or inside windows for display to persons outside such buildings shall submit plans for such sign to the Board. The Board shall not withhold consent for the placement of "for sale" or "for rent" signs provided such signs are displayed on the inside of first floor windows interiors on no more than two (2) sides of a building. The Board may impose limitations upon the type, size or location of signs in the interior of the building in such Project, either on a Unit-by-unit basis, or on a floor-by-floor basis.

19. Association and Board Liability. The Association or the Board have no liability for damage, loss, or theft of any personal property stored in the Common Area or Units.

20. Lease or Rental of Units. Any lease or rental agreement executed after the adoption of these Rules must contain the following provisions:

A. "Tenant (or Lessee) is subject to: (i) the Waterfront Office Towers Declaration of Restrictions; (ii) the authority of the Waterfront Office Towers Owners Association; and (iii) the Subdivision Rules.

B. "Tenant (or Lessee) acknowledges receipt of the Waterfront Office Towers Declaration of Restrictions, Bylaws, and Subdivision Rules."

C. "A breach of the Waterfront Office Towers Declaration of Restrictions, Bylaws, or Subdivision Rules constitutes a breach of this Lease Agreement (or Rental Agreement)." The Owner of the Unit to be rented or leased is responsible for giving the tenant or lessee copies of the Restrictions, Bylaws, and Subdivision Rules, and for any breach of such restrictions, Bylaws or Subdivision Rules by the tenant or lessee. The Owner must give notice to the Board of the occupancy of such Unit by a tenant or lessee on or before the day of occupancy.

21. Owners Liability. Each Owner shall be responsible for acts by Business Occupants, employees of such Owner, and Employees of each Business Occupant of such Owner.

22. Enforcement Rules.

A. Purpose of Enforcement Rules. The purpose of these Rules is to establish procedures for the imposition of enforcement remedies, including penalties, upon the Owners and Business Occupants subject to the Governing Documents. The Rules are intended to assure compliance of the Members of the Association with the Governing Documents, and to give the Members the assurance of procedures that are applied uniformly and predictably. These Rules are made to implement Section 5.04 of the Restrictions.

B. Powers to Remedy and Correct Violations. The Association may apply any or all of the following measures ("Remedies" and "Penalties") it deems necessary to remedy and correct violations of the Governing Documents which occur as the result of any action of failure to act by any Owner or Business Occupant or by an Employee or vendor of such Owner or Business Occupant. Any imposition of a Penalty under these Rules does not impair the right of the Association to remedy or correct any violation of the Governing Documents under any provision of the Restrictions.

(1) In the case of any failure to pay Regular or Special Assessments when due, the Association may impose interest thirty (30) days from the due date upon the unpaid amount at a rate of twelve percent (12%) per annum. The Association may also impose a late charge of ten dollars (\$10.00) for any assessment not paid within fifteen (15) days after it becomes due. The Association may collect the assessment, interest, late charge, and collection costs through judicial or nonjudicial foreclosure of the Association's assessment lien upon the violator's property, or by a lawsuit in a Court of competent jurisdiction. The Association may also impose a non-monetary Penalty, such as suspension of the Member's rights to use Common Area.

(2) In the case of any infraction which makes necessary any expenditure of money by the Association as set forth in Section 6.03C of the Restrictions, the Association may levy a Delinquency Assessment. It can be collected in the same manner as a Regular or Special Assessment.

(3) In the case of any infraction, except failure to pay an assessment, the Association may impose monetary Penalties. In the case of any infraction, the Association may also impose temporary suspension of an Owner's rights as a Member, including voting rights and rights to use Common Area. Such suspension of rights and the levy of monetary Penalties is subject to the Notice and Hearing requirements of these Rules, and is a Penalty for purposes of these Rules. The Association may also commence legal action, including injunctive relief, to compel the correction of any infraction.

(4) In the case of any infraction involving correction of an Improvement or physical condition or nuisance, the Association may remedy the violation. Any costs incurred by the Association in such an action may be recovered through a Delinquency Assessment or through a Court judgment rendered by a Court of competent jurisdiction.

remedy that is legally available to it, whether or not such a remedy is set forth in the Governing Documents. Such procedures may include the towing and storage of illegally parked or unauthorized motor vehicles from any private driveway or other Common Area.

(6) The levy of any Penalty for an infraction does not excuse or permit the continuation of such infraction, and the Association reserves the right to enforce the applicable Remedy at any time without regard to the imposition of any Penalty.

C. Types of Penalties. The Association may apply any or all of the following measures ("Penalties") to remedy an infraction or violation that it finds to have occurred:

(1) The Association may levy a monetary Penalty for any uncorrected violation of the Governing Documents. Such Penalty may be selected as a range of possible fines, which shall be fixed within such range for a particular violation on the basis of the severity and frequency of its occurrence. Monetary penalties shall not exceed One Hundred Dollars (\$100.00) for the first infraction. The Association may also levy fines on a twenty-four (24) hour (daily) basis as a separate occurrence for each day the same violation continues. The Association may fix the date for commencement of any monetary Penalty as the date of the notice described in Section D of these Rules, or any later date.

(2) For any violation occurring on an intermittent basis, the Association may "step" or increase the monetary Penalty in increments as the same violation is found to continue to occur.

(3) The levy of late charges and interest on assessments is not a penalty for purposes of these Rules.

(4) Any suspension of voting rights or rights to use Common Area may be imposed during the time the infraction continues to exist and for a period not to exceed ninety (90) days following the correction of the infraction. Upon termination of such period of time, all such rights shall be deemed to be restored, subject to the right of the Association to reimpose such a Penalty at any later time, and to impose any other Penalty at any time.

D. Notice and Hearing. All officers and directors, management agents, and employees of such management agent are hereby designated to cite Members believed to be in violation of any of the Governing Documents. Citations, notices, and hearings on alleged violations shall comply with the following procedures.

(1) Notice. The Owner or Business Occupant shall be given a minimum of ten (10) days prior notice of a hearing on the alleged infraction, the proposed Penalty, and the reasons for the proposed Penalty. Notice shall be given either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the Notice has been deposited in the United States mail, first class postage prepaid, addressed to the Member's last address, as shown on the Association's records.

(2) Hearing. At this hearing, the Member shall be given an opportunity to be heard. A Member may choose to appear, either by submission of a writing, in person, or both in person and in writing. If a finding is made that such Member is in violation and that a Penalty is to be levied, the Penalty shall be effective no earlier than 5 days after the decision is made to levy the Penalty. The hearing shall be held or a written statement considered by the Board to determine whether the proposed Penalty should take place. The finding or determination of the levy of a Penalty, or both, shall be given in writing to the Member.

(3) No Expulsion or Termination. Nothing in the Governing Documents shall permit the Association to expel a Member or to terminate a Membership in the Association.

(4) Waiver. The Board may waive a proposed Penalty, or rescind a currently imposed Penalty at any time, upon a finding that a Member has complied or for other good cause.

E. Setting Fines. The Board may set the amounts of monetary Penalties for specific infractions and may adopt a range of possible fines for a particular type of infraction. Such schedule of monetary Penalties, as adopted by the Board, shall be incorporated into these Rules as an amendment or addendum, and shall be effective upon notice to the Members of such amendment or addendum. A schedule of parking infraction fines is attached to these Rules as Exhibit "C" and incorporated into them by this reference. The Board may by resolution change Exhibit "C" to alter the dollar amounts or to add additional types of infractions, including non-parking infractions. A change solely to Exhibit "C" is effective: (i) upon notice to the members, unless the Board adopts an earlier effective date; and (ii) without the necessity of amendment to the remainder of these Rules.

23. Smoking Areas. Smoking by Users and employees of Business Occupants shall be confined to the exterior of the north side of 501 W. Weber and of the east side of 509 W. Weber. Smoking is prohibited at other sides of all buildings and in the interior of the buildings.

24. Building Safety. To ensure compliance with governmental fire safety requirements, including Title 19, Section 3.09 California Code of Regulations, each Business Occupant shall appoint employee(s) to serve as "safety wardens," whose function will be to assist all persons within the business area of such Business Occupant in the emergency evacuation of the building and in any emergency affecting the health and safety of such persons. Each Business Occupant shall also participate in reasonable fire drills and related tests of emergency services ordered by the Board of Directors. Each Business Occupant shall provide to the Building Superintendent an updated fire safety and evacuation plan.

25. Temporary Waiver. An Owner may apply to the Board for a temporary waiver of one or more of the Subdivision Rules. Such temporary waiver may be granted by a majority vote of the Board. Any temporary waiver shall be granted where good cause is shown and such waiver will not interfere with the Restrictions or the Subdivision Rules.

Rules may be added to, amended, or replaced at any time by resolution of the Board. No amendment shall become effect until written notice is given to each Business Occupant.

27. Complaints. Complaints regarding services or operation of the Subdivision shall be made in writing to the Building Superintendent and/or Secretary of the Board. The Board shall diligently proceed to remedy any such complaints.

28. Notices to Board. For the purpose of any provision of the Restrictions or these Rules requiring or permitting notice to be given to the Board or to the Association, such notice may be given as provided in the Section of the Restrictions entitled "Notices" and addressed as follows:

The Waterfront Office Towers
 - Owners' Association
 Thomas E. Bugarin
 Stockton Savings Bank
 501 West Weber Avenue
 Stockton, California 95203

29. Access to Roof and Mechanical Rooms. No person shall enter upon the roof of either building, enter any room containing only electrical and mechanical utility equipment, or tamper with any such equipment, except: (i) maintenance personnel in the course of their duties; (ii) in case of emergency to prevent injury to persons or damage to property; or (iii) by permission of the Building Superintendent or the Secretary of the Board.

The foregoing Subdivision Rules were duly adopted by unanimous written consent of the Board of Directors of The Waterfront Office Towers Owners' Association by resolution dated December 16, 1994. These Rules also reflect amendments adopted by the Board of Directors by resolution at a meeting held on December 20, 1996.

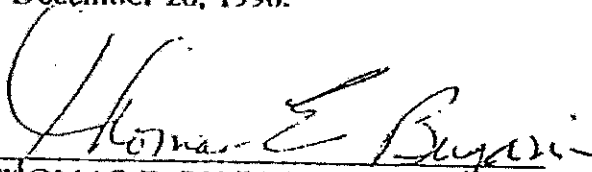

 THOMAS E. BUGARIN, Secretary

EXHIBIT "A"

THE WATERFRONT OFFICE TOWERS OWNERS ASSOCIATION
PARKING ASSIGNMENTS
UPDATED DECEMBER 21, 1994

TOTAL RESERVABLE PARKING STALLS:

FULL-SIZE	177
COMPACT	<u>155</u>
	<u>332</u>

BUILDING 1 ASSIGNMENTS:

	<u>FULL- SIZE</u>	<u>COM- PACT</u>	<u>TOTAL</u>
STOCKTON SAVINGS BANK (1-48, 54-67, 77-92, 102-165, 332)	80	63	143
DEPARTMENT OF HEALTH SERVICES (49-53, 68-76, 93-101)	<u>9</u>	<u>14</u>	<u>23</u>
BUILDING 1 TOTAL	<u>89</u>	<u>77</u>	<u>166</u>

BUILDING 2 ASSIGNMENTS:

NEUMILLER & BEARDSLEE (237-270, 276-283, 300-327) (FROM DOCKSIDE = 237-250, 262-270, 300-305, 324-327)	37	33	70
GRANT THORNTON (183-187, 190-199, 221-234, 272-275)	18	15	33
CROP PRODUCTION SERVICES (166-171, 293-299, 328)	8	6	14
KOVR CHANNEL 13 (200, 235-236, 271)	2	2	4
UNITED WAY OF SAN JOAQUIN (203-216, 329)	8	7	15
FAMILY RESOURCE AND REFERRAL (172-182, 200-201, 217-220, 285-292)	12	13	25
BETTER BUSINESS BUREAU (188-189, 284, 330)	2	2	4
ASSIGNED TO BUILDING SUPERINTENDANT	<u>1</u>	<u>0</u>	<u>1</u>
BUILDING 2 TOTAL	<u>88</u>	<u>78</u>	<u>166</u>
GRAND TOTAL	<u>177</u>	<u>155</u>	<u>332</u>

EXHIBIT "B"

SCHEDULE OF HOURS OF OPERATION

The schedule of hours set forth in this Exhibit are adopted by Resolution of the Board of Directors of the Waterfront Office Towers Owners' Association. Such Resolution is made to implement the Rules and Regulations to which this Exhibit is attached. This Exhibit may be modified or superseded by resolution without the necessity of amendment to such Rules and Regulations.

This Schedule of Hours of Operation was adopted by Resolution at a meeting of the Board of Directors on December 16, 1994.

Building Hours (Rule No. 5).

The doors to 509 West Weber Avenue shall be open between the hours of 7:00 A.M. and 6:00 P.M., Monday through Friday, and shall be locked at all other times and on holidays.

The elevators for 509 West Weber Avenue shall operate in normal mode from 7:30 A.M. to 5:30 P.M., Monday through Friday, and in security mode at all other times.

The owner of Building I shall set its own hours to be open and to operate its elevators in a security mode.

Reserved Parking Gate Operations (Rule No. 8.A).

The time clock for the gate for the reserved parking area shall permit entry without the need for card keys from 7:30 A.M. to 8:45 A.M. each business day.

Normal Business Hours for Use of Visitor Parking (Rule No. 8.C).

Normal business hours, for use of the visitors' parking area by visitors and not by Employees of Business Occupants, are set at 8:00 A.M. to 5:00 P.M. on Monday through Friday, excepting holidays.

Charges for Lost or Damaged Parking Lot Cards (Rule No. 8.F).

The Building Superintendent shall charge any user of the reserved parking area a fee of \$10.00 for replacement of lost or damaged parking lot cards for which such user is responsible.

Moving Operation Hours (Rule No. 13).

No Common Area, including parking areas, walkways, lobbies, elevators, shall be used for or obstructed by moving operation of any Business Occupant during the hours of 7:45 A.M. to 8:45 A.M., 11:45 A.M. to 1:15 P.M., or 4:45 P.M. to 5:15 P.M.,

Monday through Friday. Moving operations expected to take more than four (4) hours shall be conducted on weekends, holidays, or after 5:15 P.M. on Monday through Friday.

Speed Limit.

The maximum speed limit for motor vehicles on Association property is five (5) miles per hour.

The owner of Building I shall set its own hours for moving operations affecting its building.

EXHIBIT "C"

SCHEDULE OF PARKING INFRACTION FINES

The applicable Section of the Rules, the type of parking infraction subject to a fine, and the amount of the fine for such infraction are listed in this Section. "Cite," as used in this schedule, means a citation issued by the Building Superintendent pursuant to Section 8H(1) of the Rules. The number next to the word "cite" is the number of citations within the time period specified for enforcement action under Section 8H(3) of the Rules. For example, "3 cites" means at least three (3) citations within a thirty (30) day period.

<u>Section No.</u>	<u>Provision Violated</u>	<u>Fine for Violation</u>
8B	Reserved parking-3 cites	\$ 25.00
8B	Reserved parking-4 cites	\$ 50.00
8B	Reserved parking-5 cites	\$ 75.00
8B	Reserved parking-6 cites	\$100.00
8C	Handicapped parking-3 cites	\$ 25.00
8C	Handicapped parking-4 cites	\$ 50.00
8C	Handicapped parking-5 cites	\$ 75.00
8C	Handicapped parking-6 cites	\$100.00
8D	Visitor parking-3 cites	\$ 25.00
8D	Visitor parking-4 cites	\$ 50.00
8D	Visitor parking-5 cites	\$ 75.00
8D	Visitor parking-6 cites	\$100.00
8E	Loading zone-3 cites	\$ 25.00
8E	Loading zone-4 cites	\$ 50.00
8E	Loading zone-5 cites	\$ 75.00
8E	Loading zone-6 cites	\$100.00
8H(1)	Taking more space-3 cites	\$ 25.00
8H(1)	Taking more space-4 cites	\$ 50.00
8H(1)	Taking more space-5 cites	\$ 75.00
8H(1)	Taking more space-6 cites	\$100.00
8H(1)	Impeding traffic-3 cites	\$ 25.00
8H(1)	Impeding traffic-4 cites	\$ 50.00
8H(1)	Impeding traffic-5 cites	\$ 75.00
8H(1)	Impeding traffic-6 cites	\$100.00
8H(1)	No parking area-3 cites	\$ 25.00
8H(1)	No parking area-4 cites	\$ 50.00
8H(1)	No parking area-5 cites	\$ 75.00
8H(1)	No parking area-6 cites	\$100.00
8H(1)	Back-in parking-3 cites	\$ 25.00
8H(1)	Back-in parking-4 cites	\$ 50.00
8H(1)	Back-in parking-5 cites	\$ 75.00
8H(1)	Back-in parking-6 cites	\$100.00

EXHIBIT "G":

501 W. Weber, LLC

Building Construction Standards for Workmen in the Building

No alcohol on the jobsite at any time.

No radios that can be heard outside the construction space on the jobsite at any time.

No noises or jesters of an offensive or harassing nature to anyone in the building or outside of the building at any time.

Doors to the construction space shall be closed at all times when it is not being used for entry and exiting in order to mask noises from the rest of the building.

Any work that will create odors or fumes shall be done in off hours. This includes any painting or staining work.

No materials are to be delivered using the elevators unless the building superintendent has been notified and padding of the car has been installed.

Protection of all common area carpeting is mandatory! Carpet Mask or equal is acceptable. No work is to be performed in the building on a T.I. unless there is common area carpet protection.

Any deliveries thru the lobby that use a dolly or wheeled conveyance shall not be done unless there is protection board of a minimum of 3/8" thickness protecting the floor tile.

All areas outside of the construction space is required to be cleaned of any dirt and dust caused by construction every day.

Compliance with all rules (i.e. CC&R's) of the Waterfront Office Towers Owners Association.